

ROYAL COMMISSION LOCAL TAXATION.

MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION

LOCAL TAXATION,

WITH

INDEX.

VOLUME I.

(1st to 29th Days.)

Presented to both Houses of Parliament by Command of Her Majesty.



LONDON:

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1908

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**Terms of Reference to Royal Commission on Local Taxation.**

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To inquire into the present system under which taxation is raised for local purposes, and report whether and how far all kinds of real and personal property contribute equitably to such taxation; and, if not, what alterations in the law are desirable in order to secure that result.

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**LIST OF WITNESSES  
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1. Mr. JOHN FRANCIS ROTTON, Q.C.	Legal Adviser to the Local Government Board (England).	1
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7. Mr. JOHN HENRY ELLIS	Town Clerk of the County Borough of Plymouth, and representative of the Association of Municipal Corporations.	68
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11. Mr. JOHN SANCROFT HOLMES	Landowner in Norfolk, Chairman of Loddon and Clavering Board of Guardians, and member of the Norfolk Chamber of Agriculture.	108
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13. Mr. THOMAS HENRY HUBBARD	Tenant-farmer in Norfolk, Chairman of Mitford and Launditch Board of Guardians, and Vice-President of the Norfolk Chamber of Agriculture.	122
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17. Mr. GEORGE HUMPHREYS- DAVIES.	Surveyor and Valuer in London and Manchester, and representative of the Machinery Users' Association.	151
18. Mr. CHARLES H. FOX	Director of a Limited Liability Woollen Company, Member of Westington Board of Guardians and Assessment Committee, and representative of the Machinery Users' Association.	164
19. Mr. DAVID HOWARD	Vice-President of the London Chamber of Commerce, a chemical manufacturer in Stratford, London, and representative of the Machinery Users' Association.	167

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20. Mr. JOHN NORTH - -	Clerk to the Board of Guardians and to the Assessment Committee of Aston Union, Warwickshire.	168	489
21. Mr. FRANK CROWDER HETT	Clerk to the Board of Guardians and to the Assessment Committee of Gleanford Brigg Union, Lincolnshire.	169	489
22. Mr. JOSEPH PEACE - -	Clerk to the Board of Guardians of Dewsbury Union, Yorks, W.R.	173	490
23. Mr. SYDNEY MORSE - -	Solicitor, Chairman of the Electrical Trade Section and of the Rating Committee of the London Chamber of Commerce.	175	490
24. Mr. ROOKES EVELYN BELL CROMPTON.	Representative of the London Chamber of Commerce, Past-President of the Institution of Electrical Engineers, Chief Engineer to the Kensington and Knightsbridge Electric Lighting Company, and Managing Director of Crompton and Company, Electrical Engineers of London and Chelmsford.	184	491
25. Mr. HORATIO JOHN ADAMSON	Representative of the London Chamber of Commerce, and Director of John Howell and Company, Limited, wholesale warehousemen, St. Paul's Churchyard.	187	491
26. Mr. ALFRED TOWNSEND COBBOLD.	Clerk to the Assessment Committee of Samford Union, Suffolk, Deputy Clerk of the Peace for Suffolk, Deputy Clerk to the East and West Suffolk County Councils and the Suffolk Joint Committee, and Clerk to the Suffolk County Rate Basis Committee.	191	491
27. Mr. WILLIAM WARD DUFFIELD	Clerk to the Board of Guardians of Chelmsford Union, Essex, and Clerk to the District Council.	197	492
28. Mr. JOHN WILLIAM BOOTYMAN ANDERSON.	Chairman of the Board of Guardians of Morpeth Union, Northumberland.	199	492
29. The Rev. CHARLES THEOBALD	Rector of Lasham, and Representative of the Parliamentary Committee of the Diocese of Winchester.	201	493
30. The Rev. DAVID JONES DAVIES.	Rector of North Benfleet, Essex - -	205	493
31. Mr. FREDERIC CAMPBELL HULTON.	Clerk of the Peace and of the Council of the County of Lancaster, and representative of the County Councils Association.	208	493
32. Mr. FREDERIC MERRIFIELD -	Clerk of the Peace and of the Councils of the Counties of East Sussex and West Sussex, and representative of the County Councils Association.	218	494
33. Mr. EDWARD WOLLASTON NADIR KNOCKEL.	Town Clerk of the Borough of Dover, and representative of the Association of Municipal Corporations.	221	495
34. Mr. GEORGE SWAINSON, F.L.S.	Treasurer of the County Borough of Bolton	224	495
35. Mr. ARTHUR JOHN HARRIS -	Clerk to the Assessment Committee of Cardiff Union, Glam.	229	496
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38. Mr. ROBERT ALFRED BELLWOOD.	General Secretary of the United Property Owners and Ratepayers' Association of Great Britain.	239	497
39. Mr. WILLIAM KING	Secretary of the Southport and District Property Owners and Ratepayers' Association.	241	497
40. Mr. JOSEPH STEVENSON HORN	Clerk to the Board of Guardians of Burnley Union, Lancs.	243	497
41. Mr. ELIAS HENRY DAVIES	Chairman of the Assessment Committee of Pontypridd Union, Glam.	248	498
42. Mr. TOM CUTTER	Clerk to the Board of Guardians and to the Assessment Committee of Woolwich Union, London, and Representative of the Union and Rural District Clerks' Association.	250	498
43. Mr. ARTHUR FREDERICK VULLJAMY.	Clerk to the Board of Guardians of Ipswich Union, Suffolk, and President of the Union and Rural District Clerks' Association.	253	498
44. Mr. SYDNEY J. ELSOM	Member for West Dean on Gloucestershire County Council, Chairman of the West Dean Rural District Council, Vice-Chairman of the Forest of Dean School Board, and Chairman of the Parish Council of West Dean.	258	499
45. Mr. ALFRED DUDLEY CLARKE	Land Agent, and Representative of the Worcestershire Chamber of Agriculture.	261	499
46. Mr. WILFRED L. DODGSON	Representative of the Shropshire Chamber of Agriculture.	269	499
47. Mr. WILLIAM EVE	Fellow of the Surveyors' Institution and Honorary Examiner at that Institution on the subject of Parochial Assessments, and Representative of the London Farmers' Club.	273	500
48. Mr. ALBERT PELL	Representative of the Local Taxation Committee.	280	500
49. Mr. WILLIAM CUTLACK LITTLE, J.P.	Tenant farmer and landowner. Representative of the London Farmers' Club, Chairman of the County Council for the Isle of Ely and of the Income Tax and Land Tax Commissioners for a large district in the Isle of Ely.	286	501
50. Mr. EDWARD WHITTRED ILTYD PETERSON.	Secretary and Solicitor to the Tithe Rentcharge Owners' Union.	293	501
51. The Rev. EDWARD FRANCIS GEPP, M.A., J.P.	Vicar of High Easter, Essex, Member of the Council of the Tithe Rentcharge Owners' Union, Deputy Chairman of Quarter Sessions, and Alderman of the Essex County Council.	302	502
52. The Rev. CHARLES ABBOTT STEVENS.	Vicar of Portslade, near Brighton, and formerly Secretary of the Committee which conducted the Hackney cases.	306	502
53. Mr. GEORGE LAURENCE GOMME.	Statistical Officer of the London County Council.	308	503

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57. Mr. HARRY WILKINS	Secretary of the Lambeth Waterworks Company.	341	506
58. Captain ERNEST GEORGE PRETYMAN, M.P.	Member of the Local Taxation Committee	343	506
59. Mr. SAMUEL ROWLANDSON	Tenant-farmer in Durham and North Riding of Yorkshire, Member of the Business Committee of the Central Chamber of Agriculture, Vice-Chairman of the North Riding County Council, of the Board of Guardians of the Darlington Union, Commissioner of Taxes for the County of Durham, Chairman of the Croft District Council and of the Barton Parish Council.	359	507
60. Mr. GABRIEL PRIOR GOLDNEY	Remembrancer of the City of London	363	507
61. Mr. JOHN RICHMOND COOPER	Town Clerk of the County Borough of Walsall.	368	508
62. Mr. CLARE SEWELL READ	Tenant-farmer. County Councillor in Norfolk, and Representative of the London Farmers' Club.	372	508
63. Mr. ROBERT HENRY REW	Secretary of the Central Chamber of Agriculture and of the Local Taxation Committee, and late an Assistant Commissioner of the Royal Commission on Agriculture.	379	509
64. Mr. A. G. BOSCAWEN, M.P.	Member of the Church Committee of the House of Commons.	394	510
65. Mr. ALFRED DE BOCK PORTER, C.B.	Secretary to the Ecclesiastical Commissioners.	398	510
66. Mr. ARTHUR F. JEFFREYS, M.P.	Alderman of Hants County Council and Member of Assessment Committee, Member of Basingstoke District Council and Board of Guardians, Chairman of Bentworth Parish Council, Overseer of Bradley Parish, Member of the Council and of the Business Committee of the Central Chamber of Agriculture.	404	511
67. Mr. PHILIP RANDOLL SMITH	Rating Agent to the Great Western Railway Company, and Representative of the Railway Companies' Association.	410	511
68. Mr. WILLIAM PERCY PAINE	Rating Surveyor to the Midland Railway Company, Professional Associate of the Surveyors' Institution, Chairman of the Railway Rating Surveyors' Association, and Representative of the Railway Companies' Association.	424	512
69. Mr. SAMUEL MOWBRAY HOWARD.	Rating Agent to the London and North-Western Railway Company, and Representative of the Railway Companies' Association.	428	513

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# MINUTES OF EVIDENCE

TAKEN BEFORE THE

## ROYAL COMMISSION

ON

# LOCAL TAXATION.

### FIRST DAY.

Thursday, 11th March 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

THE VISCOUNT EMLYN.

THE RIGHT HON. C. B. STUART-WORTLEY, Q.C., M.P.

SIR E. W. HAMILTON, K.C.B.

C. N. DALTON, Esq., C.B.

H. E. CLARE, Esq.

T. H. ELLIOTT, Esq.

ARTHUR O'CONNOR, Esq., M.P.

E. O. SMITH, Esq.

JAMES STUART, Esq., M.P.

J. L. WHARTON, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

MR. JOHN FRANCIS ROTTON, Q.C., called and examined.

Mr. J. F.  
Rotton,  
Q.C.

11 Mar. '97

Memorandum prepared by Local Government Board. Scope of, and contents.

1. (*Chairman.*) You have been legal adviser to the Local Government Board for the past 14 years?—That is so.

2. Previously to that appointment were you an Assistant Secretary to the Board?—Yes, for about six years.

3. I believe you have at the request of the Commission and on behalf of the Local Government Board, prepared and handed to us this memorandum which I hold in my hand?—It was not prepared by me, but of course it was seen by me and therefore I am responsible for it.

4. I understand that you are here rather to give us information as to facts and existing circumstances and conditions than to express any opinion in favour of one reform or another, or indeed to make any suggestions for the future?—That is so. I have not any instructions as to the recommendations which the Board might be prepared at some future time to give, and therefore I should prefer, of course, not to express any opinions with regard to that part of the subject.

5. Taking the memorandum itself it is divided into two parts, is it not, one of which is a statement as to the statutory provisions relating to the general principles and machinery of valuation for assessment to local rates, and the properties which are assessed to such rates in England and Wales?—That is so.

6. The second division shows, with respect to local rates in England and Wales the several rates leviable, the purposes for which they are raised, the Local Authorities who expend them, the properties which are assessed to them, whether the rates are paid by the

owners or occupiers, and whether they are raised on the full annual value of the properties, and if not, on what portion of such value, and after what deductions if any?—That is so; and there is a third division showing the purposes for which new or additional local taxation has been authorised by Parliament to be raised in England and Wales since the year 1869.

7. I do not propose to take you at length through the various paragraphs, because I think they are so drawn up as to be in themselves practically a complete statement of the information which you can supply to us. The second paragraph gives us a statement of what is called rateable value, does it not?—Yes.

8. And then you proceed to tell us the places in which the Union Assessment Acts are in force, that is practically throughout the whole of England and Wales with some exceptions, amongst which exceptions, however, the Metropolis is included?—In the Metropolis it is varied in some considerable particulars by the Metropolis (Valuation) Act. The Union Assessment Acts are in force to a certain extent in the Metropolis, but subject to the provisions of the Metropolis (Valuation) Act.

9. Are the excepted places excepted for any particular reason common to them all, or is their exception accidental?—The exception arises from these circumstances. The Act originally applied merely to unions formed under the Poor Law Act of 1835; it did not apply either to parishes which were not in unions, or to incorporations of parishes under local Acts, but a power was given by, I think, the Act of 1864—by one of the Acts at all events—to the Poor Law Board to apply it to parishes on application, and to incorporations. These

Mr. J. F.  
Rotton,  
Q.C.

11 Mar. '97

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J. F.  
Ratton,  
Q.C.

Mar. '97

Valuation  
lists.  
Union and  
County.

excepted places remain; they are certain parishes which have not applied and to which it has not been made applicable, and certain surviving incorporations—the greater number of the incorporations under local Acts having been cleared away, these are the surviving incorporations to which the Act has not been made applicable. Therefore it is a mere historical ground on which these exceptions depend.

10. I understand the effect of the statement to be this: That you have for local rating purposes in England two distinct lists, one the valuation list of the boards of guardians formed by the Union Assessment Committee, and the other the basis of assessment for county purposes?—That is so.

11. And in your memorandum you describe to us fully how these two lists are respectively made up?—That is so.

12. Have you anything with regard to them to add which may have occurred to you since your memorandum was printed?—I have not anything to add, but perhaps as you have referred to the two lists it would be well for me to call attention to the fact that those two lists are essentially different, the list formed by the Union Assessment Committees, the valuation list, so-called, being a list which contains the values of the several hereditaments which are to be rated, whereas the county basis is merely a list containing the values of the several parishes in the county; it does not contain the values of the several hereditaments.

13. Is the county basis not formed upon the other one?—The county basis is not necessarily formed upon the other one. Of course the valuation list is in a great many cases used by the county committee as a part of their materials for making the county basis, but they are not necessarily dependent upon it.

14. I understand that with the exception of the Metropolis there is no distinct period at which the valuation list must necessarily be revised?—That is so; there is no distinct period and it is not periodically revised.

15. Do the valuation lists, as a matter of fact, continue and endure for long periods of time?—It would be exceedingly different in different places. In some places the valuation list would be frequently altered and revised; but in some other places I believe we have evidence—which Mr. Dalton, perhaps, would be able to give you—showing that the valuation lists go on for a great many years, almost since the Union Assessment Committees Acts were first passed.

16. Not without any alteration I suppose?—Not without some alterations, but without the making of a new list, without any general revision. Of course, there would have to be alterations, necessitated by the putting together or by the division of properties, and by the building of houses, and so on; but there has been no general revision in some places.

17. Under the Act of last year there has been, I think, as far as agricultural land is concerned, something approaching to a general revision?—The Act involved a division of the value wherever there was agricultural land shown as one item with buildings, but provision was made in the regulations that the value of the totals should not be altered; it was in this respect merely an Act for dividing land and buildings, not for the purpose of revaluing the land and the buildings.

Valuation  
list.  
When  
revised.

18. Who are the officers who are really responsible for the correctness of the list?—The officers who are responsible for the correctness of the list in the first instance are the overseers of each parish. They have, in the first place, the duty, as a general rule, of preparing the valuation list, which is, by them, after its depositing and so on, submitted to the Union Assessment Committee. They are the persons, assisted in many parishes by a paid officer, the assistant overseer.

19. They are the persons, in the eye of the law, responsible, but what I want to get from you is, who is it that does the work, is it a local officer in each union or is there any correlation between the local valuation and the valuation for inland revenue purposes?—There is no correlation between the two. The officer who in many places really performs the duty of making out the list is the assistant overseer, but he is a parochial officer.

20. And a paid officer?—Yes, a paid officer, paid from the funds of the parish. The Assessment Committee

may if they think fit employ a valuer; they may employ another person to make a list; but that is merely by way of exception; the ordinary rule is for the ordinary parochial officers to make out the lists.

21. Would you describe to me the system in the Metropolis?—In the Metropolis the basis of the system is the same thing; it is the overseers or in many cases the vestry who really act as overseers under the Local Acts who are in the first place bound to make out the lists.

22. But it is compulsorily revised, is it not, every five years?—Yes, a fresh list has to be made out every fifth year. There are other provisions which facilitate it in the Metropolis; there are returns to be had from owners and occupiers, for instance, in the Metropolis, which there are not in the country. The machinery for making it is more perfect in the Metropolis, therefore, but still it has, in the same way, to be started by a list formed by the parish officers.

23. The basis upon which the first entry is made is supplied in the Metropolis from the owner or occupier?—He has to make a return every five years.

24. But which, the owner or the occupier?—I think it is both. In paragraph 21 of the memorandum you will see there has to be a return from owners and occupiers: "In every year in which a new valuation list is made, or in the month of March preceding any such year, every person who is liable to be charged with any rate or tax in respect of which the valuation list is made conclusive, is, when required, to make to the overseers of his parish such a statement or return as a person chargeable under the Income Tax Acts is bound to make." Then the memorandum describes how overseers are to send out returns and that the returns are to be made within 21 days.

25. Is there any corresponding provision to that outside the Metropolis?—No.

26. Then what does either the overseer or the paid officer do? Is it purely guesswork or has he any compulsory power to get information from the owner or occupier?—I do not remember that the overseer has any such power. The Assessment Committee may call for information.

27. Do the Assessment Committee come in at all unless there is an appeal?—Yes, the Assessment Committee come in without any appeal; because the list which is made out by the overseer and signed by the overseer and deposited by him is then sent in by him to the Assessment Committee and the Assessment Committee have to consider that list and have power to make alterations in that list independently of any appeal according to their own opinion.

28. But in the light of what information?—They have the power to obtain information. In paragraph 4 of the memorandum you will see: "The Committee may require the overseers, assistant overseers, constables, assessors, collectors, and any other persons having the custody of any books of assessment of any taxes or rates, Parliamentary or parochial, or of the valuations of any parish, or having the collection or management of any such taxes or rates, to make returns in writing."

29. But that apparently applies to public officials, not to the owner or occupier of the property?—No, they have no power to call upon the owner to state the facts.

30. As a matter of fact they do not do so, do they?—No I do not think they do so; of course they would have in the case of the rent the information from the income tax collectors.

31. Perhaps you misunderstood me before: there is communication between the local official, who is entrusted with the making up of the valuation list, and the Inland Revenue Department?—The Assessment Committee are entitled to call on "any other persons having the custody of any books of assessment of any taxes or rates, Parliamentary or parochial" and they could in fact obtain the information from the income tax collector.

32. As a fact does the valuation of the property for local purposes bear any distinct relation to its valuation for income tax under, for example, Schedule "A"?—I believe the income tax is usually more approaching to the gross value but it is not at all necessarily the

Mr. J. F.  
Ratton,  
Q.C.

11 Mar. '97

Valuation  
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Metro-  
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Officers  
responsible  
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Valuation  
list.  
Metro-  
polis.  
Quin-  
quennial  
valuation.

Valuation  
list.  
Metro-  
polis.  
Informa-  
tion how  
obtained.

Mr. J. F. Rotton, Q.C.

11 Mar. '97

County rate. Basis for.

County rate. Settlement of, and officers employed.

Valuation. Relation of inter-parochial valuation for county and union purposes.

Repairs. Allowance for, statutory only in London.

Hereditaments which are rateable.

Tithes. Rateability of.

same; the Income Tax Commissioners may put the property at a higher rate and that would not necessarily lead to the Assessment Committee raising the assessment.

33. Would you just describe to me the basis or standard for county rates. You said a moment ago, and I think I understand it but I should like to be quite sure, that the basis or standard of county rates does not affect the individual valuation?—No it does not.

34. But that it simply affects the contribution which the parish has to pay towards the county expenditure?—That is so. The basis of the county rates is simply a list of the parishes in the county, with their gross value and rateable value.

35. As I understand it, the basis for the contribution which a parish pays towards the union rate does not necessarily bear the same proportion to the neighbouring parish for the county rate as it does for the union rate?—That is so; it does not.

36. Who settles it for the county rate?—A committee of the county council settles the county basis.

37. Have they a paid officer to do their work in that way as well as the overseers?—Not necessarily a special officer, but they have a clerk. Of course, the county has power to appoint officers for that purpose as for any other, and therefore they may appoint valuers or assistants to their committee, and in many cases there are officers of the counties, no doubt, who aid in the business.

38. Are you able, as a matter of fact, to say whether, when for union purposes the inter-parochial valuation is settled, it bears the same relation for county purposes inter-parochially; does one bear any fixed relation to the other?—No, it does not necessarily bear any fixed relation to the other. Of course, the difference between the relations of parishes would more frequently occur as between parishes in different unions than as between parishes in one union, because the difference between the county basis and what I may call the union basis, that is, the totals of the parishes as they stand in the union, arises from the fact frequently of the Assessment Committee of one union proceeding upon a different principle from the Assessment Committee of another union, making a greater allowance for repairs and necessary expenses of that sort, or generally in the rate book treating people more leniently.

39. Is the allowance for repairs not statutory?—The allowance for repairs is not statutory except in London. In London there is a scale, but not elsewhere. Of course, if you have one union where people frequently revise their valuation list, and a neighbouring union where the valuation list has not been revised perhaps for 10 years, you would very likely get a great difference between the two, and that would make a difference as compared with the county basis.

40. May I carry it a step further and say that the man who keeps himself up to date, and perpetually revises his valuation, is thereby put at a disadvantage over the man in the parish that does not?—He is at a disadvantage to this extent, that of course he is more likely to be highly charged by the county basis than if he had left the lists alone; but the county basis may put him up, although he has been careless.

41. Please turn to page 26 of your memorandum; would you give me shortly a list of the hereditaments which appear upon your valuation list?—They would be all the hereditaments which are rateable; that is to say, they would be the land and the houses, and the railways of course, which are land in a certain sense, and tithes and shooting rights which are severed from the occupation and let, and which are therefore separately rated, and there would be mines of different sorts. That, I think, about completes the list. There are, of course, woods and underwood, which are rated on a different basis.

42. Take the tithes; in what way do they appear upon the list?—They appear as tithes of the parish of so-and-so.

43. Separately from the value of the land?—Yes, they are separately rateable under the Statute of Elizabeth. Tithes are specially mentioned in the Statute of Elizabeth.

44. Are tithes the subject of sale or gift apart from the lands on which they are produced?—Tithes

are entirely separate from the land. [They are a payment under the Tithe Commutation Act now, by the owner of the land to the tithe-owner; that tithe-owner may be either the vicar or some ecclesiastical person, or the tithes may have been entirely severed; they may be inappropriate and be in the hands of a lay owner, and he will deal with them as with any other part of his property; he may have them collected for him for his own benefit, or he may let them.

45. Do you distinguish between owners and occupiers in your valuation lists?—The name of the owner and the name of the occupier have both to be entered on the list.

46. I understand that shootings in the hands of the owner are not shown separately upon the roll?—Shootings are treated in three different ways. If the shooting or any sporting right as defined by the Act of 1874, is not severed from the occupation of the land, that is to say, if the tenant of the land is entitled to exercise the right, then it does not appear separately in the list at all. It is merely considered as one of the circumstances which increases the value of the occupation of the land. That is a case where it is not severed from the occupation. Supposing the sporting rights are severed from the occupation and not let, that is to say supposing the owner reserves the right of shooting and does not let it, then in that case also it does not appear as a separate value in the valuation list, and not the owner but the tenant of the land, although he does not exercise that right, pays the rate. But the Assessment Committee on the application of the tenant are required to state in the valuation list or elsewhere the value of the sporting right, and the tenant deducts the amount which he has paid in respect of it from his rent. The third case is the case where sporting rights are severed from the occupation and let, and then they are separately entered in the valuation list and separately rated, and the rate is paid by the person who is in the occupation of the sporting rights.

47. And the figure at which they are actually rated is entered in the last case?—That would be valued I should suppose. I do not think that the Act of 1874 prescribes anything else. They are valued just in the same way as any other rateable hereditament.

48. By guess work?—Yes, if you like to call it guess work; it is what the hypothetical tenant would give for them.

49. But when they are actually let, is there any means of finding out what, not the hypothetical tenant, but the actual tenant does give for them?—I suppose they have no difficulty in finding that out. There is income tax paid on his rent and there are deductions made.

50. Would you expect they would get that from the Inland Revenue Authority?—Yes, I suppose that is how they would get it; I should think so.

51. In paragraph 48 you mention that in the Act of 1601 coal mines are specially referred to?—Yes.

52. Let us take the case of a coal mine, how does a coal mine appear upon your valuation list?—A coal mine would usually appear in the valuation list in two divisions, that is to say, there would be the mine and there would be the surface soil and machinery, and they would be separately valued.

53. It is the occupier of the coal mine who pays the rate?—Yes, the occupier pays the rate.

54. But on what basis is he rated, what is he supposed to pay for, is it on his profit or how is it done?—It follows the same rule, on what it is worth. Of course, supposing he is not merely paying a dead rent but is paying a tonnage rent, his rent will afford a very considerable evidence of the gross value of the mine, but in the case of a dead rent it does not afford any such conclusion, because a man may be paying a dead rent for a mine which is not worth anything.

55. What you call the dead rent then would be the amount which would appear in the valuation list?—No.

56. What would appear in the valuation list in that case?—The estimated rent—the rent according to the Parochial Assessments Act, which the memorandum starts with (paragraph 2)—“The rent at which the same might reasonably be expected to let from year to year, free of all usual tenant's rates and taxes, and tithe commutation rent charge, if any, and deducting therefrom the probable average annual cost of the repairs, insurance, and other expenses, if any, necessary

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Valuation list. Names of owners and occupiers entered.

Sporting rights. Rateability of

Sporting rights. Basis of assessment.

Coal mines. Rating in respect of.

Coal mines. Basis of assessment.

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Rates.  
Classification  
of.  
Objects on  
which  
expended.  
Rates of  
benefit and  
rates of  
burden.

"to maintain them in a state to command such rent." That is in the case you are speaking of, coal mines.

57. Now, passing to the second part of your memorandum you give a list there of the different rates which are levied and the purposes for which they are raised;\* as I understand this statement is not arranged according to any principle, nor according to the object with which the rates are levied, but that it is historical?—It seems to me to start with the poor rate, and with the expenses which are payable out of the poor rate, or with the rates which are connected with the poor rate, and then it goes to the rates which are not connected with the poor rate. I think that is pretty much the principle on which it proceeds.

58. Would there be from this table a possibility of separating these rates which might be said to be distinctly for the benefit of individual properties from those which are not so? Taking a concrete instance, one would of course say that there are some rates without which property could not be enjoyed, such as a sewer or drain rate, perhaps a road rate or a lighting rate, and so on; and that there are others which bear no distinct relation to the enjoyment of the particular property, such as the poor rate. Now, would there be a possibility from this table, by carefully going through it, of dividing the rates into one or other of those categories?—I think that this really does not deal, if I remember rightly, or at all events does not adequately deal with the rates so called, which are distinctly for the benefit of private property. This memorandum, for instance, says nothing about sewers rates under Drainage Acts and such like, although it does refer in paragraph 103 to water rates, which means the rates which are paid for the supply of water to houses; and it refers also to private improvement rates. I think for my own part it perhaps would have been better if those had been omitted, and if it had dealt simply with rates for public purposes. I think all the other rates here are rather for public purposes than for private purposes, even a lighting rate I should not say was for the benefit of a particular property; I should say it was as much for the benefit of the public.

59. But you would probably agree with me that if we are to carry out the terms of the reference to us which are to find out, if we can, "how far all kinds of "real and personal property contribute equitably to "local taxation" it would be necessary to attempt, at any rate, some differentiation of the kind which I have indicated in my last question?—If you thought that that problem included the question as to these rates for private purposes.

60. What do you mean by a rate for private purposes?—I mean just such a rate as you are indicating, a drainage rate for the drainage of a particular level, or a rate for keeping up a sea bank.

61. We need not go perhaps so much into that; but is a drainage rate necessarily a private rate—is there no such thing as a drainage rate over the whole of a local area?—Drainage rates are, in general, distinctly for the benefit, or were supposed to be for the benefit, of particular properties, and drainage rates are very frequently levied upon quite different principles from public rates. Take, for instance, the drainage rate in a place like Romney Marsh, or in Lincolnshire. There the properties are very frequently rated in proportion to their danger. If the land lies very low so that it requires a great deal of pumping to get the water out of it and to keep the water off it, it is charged a higher rate than the land which lies higher.

62. Naturally that would be so, but perhaps it was my ambiguity in taking the drainage rate as a typical example. I will take a lighting rate; you have separate rates over different areas, levied by a public authority for the purposes of lighting, have you not?—There are such cases under the Lighting and Watching Act, and some cases in towns.

63. Would you agree with me that a lighting rate when so levied is a purely local charge for which nobody but the locality gets any direct benefit?—As to the direct benefit, yes, but I think there is a certain advantage to the community in having any district lighted as compared with its being in the dark. I mean for police purposes.

64. Would you admit that a lighting rate in that aspect bears a different relation to the wants and legitimate burdens of a locality than, for example, an education rate?—This is a speculative point which I do not know that I can express an opinion about. I

\* Summarised in tabular form in Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 77 to 83.

think that historically the tendency is not to limit the area of the charge of lighting rates, but to extend it over the ordinary area of local charges. In a great many local Acts in the last century it was the practice to provide that the expense of lighting should only be paid by the houses which were, for instance, within a certain number of feet of a lamp, but the modern practice, and, I think, the more reasonable one, is rather to spread it, and to say it is an advantage to everybody that every part of a town should be lighted, and it is not worth while to make a distinction whether a house is within so many feet or not, but that the whole area should be rated. That is the modern tendency—not to limit the area to those who are most immediately affected.

65. I will put the question in a more general form: When one hears that the rates in one district are 5s. 6d. in the £ and in another district are 2s. 6d. in the £, is it not the case that without finding out what the produce of those different rates is to be, one district being much better served than another, you cannot form any really reliable estimate whether the contributions of the two localities are equitable towards such purposes as might be agreed upon as of general national importance?—That certainly is quite true, and in a great many cases people pay little because they get little, or get little because they pay little.

66. Following upon that, will your second part, which I am now dealing with, afford to this Commission the means of separating the different rates which are levied under the Acts mentioned into one or other of the two categories, as far as it is possible, so to separate them?—I do not quite see how it can. I take the school rate for instance; of course the school rate is not paid everywhere, as in many places the schools are provided by subscriptions and not by rates.

67. Clearly of course we should have to find out from the localities where a school rate is imposed and where it is not; but most of the rates which you mention here are general. The rural rates over the rural districts and the urban rates over the urban districts?—That is so; but of course they do represent enormous differences in the amount of rate, and in the amount of work which is paid for by the rate as between different rural districts and different urban districts. There is no general level of work in rural districts; some have been very careless and some have been very active.

68. Have I made clear to you the object with which I am putting these questions?—Yes, I think so; but I am afraid it is one in which this memorandum affords but little help.

69. Can you give me any suggestion as to how I can get at the separation that I am aiming at?—It would require, would it not, a statistical statement which would distinguish not merely the totals of a given rate, but also would show in what classes of expenditure it had been used.

70. Clearly, but before I proceed to make up that statistical table for questioning the local authorities upon, either by circular or otherwise, we must agree upon the names and get clearly in mind the names of the rates which are to be put upon one side and upon the other?—Yes, of course.

71. Will your table give us clearly, by going through it, the names of the rates which we in our opinion will have to put upon one side or other of the line which I have indicated?—I am afraid, it is probably my fault, that I do not quite understand what that line is because it seems to me that it is rather a line dividing expenditure than a line dividing rates. Take for instance the general district rate in an urban district.

72. I took what I thought was perhaps the extreme upon each side, because there may be a difference of opinion about some rates; I should have said myself, and of course in this matter I am speaking entirely for myself, that the poor rate was not one which ought to be in theory exclusively borne with regard to property but that the drainage or sewer rate, whichever you choose to call it, was one which distinctly benefited the properties which were drained or sewered?—Yes, that would be so.

73. I can conceive many rates which are in the intermediate line between those two and what I want to know is whether this table gives us with sufficient distinctness the names of the purposes for which each rate is applied to enable us by carefully going through it to put the rates on one side or other of the line which I have endeavoured to indicate, those which distinctly

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Rates.  
Method of  
classi-  
fying.

Classification  
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rates.  
Rates of  
benefit and  
rates of  
burden,  
illustration  
of each.

Rates.  
Classification  
of.  
Difficulty  
of deter-  
mining  
who derive  
benefite  
from ex-  
penditure.

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Rates. Classification of Rates of benefit and rates of burden. Difficulty of distinguishing in certain cases.

New rates since 1869.

Valuation list in Metro-polis conclusive for local and imperial purposes.

Valuation lists. Outside Metro-polis. Five in number for various purposes.

Valuation in Metro-polis. Rights of surveyor of taxes.

Assessment Committee in Metro-polis. Position of County Council, with regard to.

benefit property and those which are of more general benefit to the community or necessary for the community to pay without regard to their distinct benefit to individual properties?—I should rather have said that I do not see quite that there is a distinct line which can be drawn. I think that you may place these rates in a series at one end of which there shall be such a rate as the poor rate for instance and at the other end of which there shall be an agricultural drainage rate, but there would be a lot of rates in the middle which it would be very difficult to say to which class they most belong.

74. And there would be a great deal of difference about them, no doubt?—Take for instance, the question of the drainage of a town. The drainage of a town is, of course, an enormous convenience to the occupiers of the individual properties, they get all their filth removed in the quickest way without any expense to themselves, but at the same time it affects questions of general health, and is of wider interest, therefore, to the community.

75. I will not carry it further at the present time. With regard to the third part of your memorandum, I suppose the rates mentioned there are also covered by your general description in the second part?—Yes, certainly.

76. The third part refers purely to rates which are new since the date mentioned, namely, 1869?—That is so.

77. Are they new in fact as well as new in name in every case, or are there those among them which although changed in name are, so to speak, the lineal descendants of charges which have been made before?—I think they are all new rates for new purposes.

78. We know, for instance, that the school rate is entirely new since 1869?—Yes, that is so.

79. Is the same true of the rate for vaccination officers, for example?—That is an instance I was going to mention. The paragraph (no. 118) about vaccination officers is put here because the Vaccination Act, 1871, was the first Act that made that expenditure compulsory. Some expenditure which was to a certain extent analogous to it, was within the power of boards of guardians under earlier Acts. An Act which was merely an empowering Act before 1869 but which has been altered since into a compulsory Act, comes into this third part.

80. Is that the line of distinction you have drawn, the first time the thing becomes compulsory?—Yes.

81. Is there anything as regards the third part that you would like to add?—No.

82. (Mr. Dalton.) In London the valuation list is conclusive, is it not, not only for all local but for all Imperial purposes?—Yes, that is so.

83. On the other hand, outside of London you have a large number of valuations?—Yes.

84. You have the poor rate valuation?—Yes.

85. The county rate basis?—Yes.

86. Besides that, there is a valuation for the borough rate in certain cases?—Yes, possibly there may be.

87. Also an income tax valuation?—Certainly.

88. And another valuation for the land tax?—Yes.

89. You have five valuations entirely independent?—Yes.

90. Is that not an antiquated state of things?—It is an inconvenient state of things, no doubt.

91. When they substituted in London a single valuation for the large number of then existing valuations they allowed the surveyor of taxes to have a right of appeal so as to preserve the rights of the Inland Revenue, did they not?—Yes, and they gave him even more—they were bound to put in his value, I think, if it was not shown to be wrong.

92. Is there any similar representation on the part of the county council in London? Have they any authority to appeal or to be represented on the Assessment Committee?—They are not represented on the Assessment Committee, and their power of appeal by the power of intervening is rendered somewhat doubtful by the case of *Reg. v. The Justices of the County of London and the London County Council*.

93. They are bound by the valuation list, and may not make a separate county rate basis of their own?—Certainly, they are bound by the valuation list.

94. In the provinces there is a provision, is there not, in very exceptional cases for allowing town councils to be represented on Assessment Committees?—There is.

95. Could you kindly give us the circumstances in which it is applicable?—The only case in which it is possible is where the borough is continuous with the union, and where the guardians send a notice of the appointment of the Committee to the town clerk, so that, in fact, just the very case in which it is not likely to be of any use is the only case in which the provision applies.

96. There are comparatively few boroughs which are co-extensive with unions I suppose?—I should suppose there are but few; I do not remember how many.

97. In those cases it is entirely optional with the guardians whether the town council should be represented on the Assessment Committee or not?—It is.

98. If there was a uniform valuation in the provinces in the place of these five separate valuations, do you consider that the different authorities who are interested in the valuation should be represented in any way on the Assessment Committee or have a right of appeal, as the surveyor of taxes has in London?—That appears to be the one natural way; but that is rather a question of remedies, which I perhaps might be excused from giving any opinion about at the present time.

99. At present in the country, where there is no new valuation, the only method of altering a valuation is by the supplemental valuation lists of the overseers, I think?—Of course the Assessment Committee may, on the complaint of an individual, either direct the overseers to make a new list, or they may, if they think fit, appoint somebody else to do it.

100. But the overseer himself, with whom the responsibility rests, would not in any way necessarily be aware of any change in the rent of the premises?—No, he would not.

101. Therefore, the man whose primary duty it is to make these supplemental lists when there is any alteration in the value of property, has no means in a large number of cases of ascertaining whether there has been any change in the value of the property or not?—I do not really know how they manage it. I suppose in the country everybody knows everything about everybody else, but how it is done elsewhere I do not know.

102. Coming to my next point, namely, the properties which are liable to be assessed to local rates; prior to the Poor Rate Exemption Act, 1840, which has since been annually continued, certain classes of personal property were liable to be rated?—So the courts said.

103. Could you tell us for what reason that Act has been continued annually, and has never been made absolutely permanent?—I suppose that it was originally made temporary because it was intended that the whole subject of local taxation should be inquired into and settled on general principles; and I suppose that some such hope perhaps has induced them merely to continue the Act from year to year.

104. If it was not continued in any year, certain classes of personal property in certain circumstances would still be rateable?—That is so, no doubt, in law.

105. Shipping, in certain cases. Could you give us a list of these personal properties?—No, because I do not know that there is any limitation to the personal property which is rateable, except that it must be personal property which has a locality. I do not think a court has ever gone so far as to say that shares or stock could be rateable; it was always confined to property which had a locality. Except so far as that limits it, I do not think that any limit could be stated. It is evidently exceedingly indefinite, because the Statute of Elizabeth says nothing about the rating of stock; it merely says the inhabitants were to be rated. Apparently they thought that they could somehow get at a man's ability, which is also not mentioned in the Act, by rating his stock.

106. With respect to the exempted properties referred to on pages 28 to 30 of the memorandum, there is no very clear principle by which these properties have been selected for exemption from rating, I think?—No, there is no principle at all.

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Assessment Committees. Representation of Town Councils.

Valuation list in provinces. Method of altering list. Supplementa lists.

Poor Rate Exemption Act, 1840. Exemption of personal property.

Exemption of certain persons in respect to certain properties.

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107. I see that Sunday, infant, and ragged schools are exempted from rating, but other schools are not?—Yes, that is so.

108. But when land is purchased or acquired under the Burial Acts for the purpose of a burial ground no higher or more improved rent than the value or rent at which the same was assessed at the time of such purchase or acquisition is chargeable?—Quite so.

109. There is no similar provision, I think, for property which is purchased by public authorities for other purposes, such as waterworks or gasworks?—I am not aware of any, and even if it were purchased for the purposes of a burial ground under the Public Health (Interments) Act it would not have the exemption, I think.

110. But there is in the Burial Act to which you refer here, the germ of a principle that the local authority is not to pay rates on the improved value of the public works it carries out; would you suppose that was the intention of it?—I suppose that was the intention. There were other cases. Lunatic asylums, I think, were on the same basis as burial grounds until the Lunacy Act of 1890.

111. The modern tendency has been to do away with the exemption?—That tendency is to do away with the exemption.

112. As regards the statement on pages 54 to 76 showing the purposes for which new or additional local taxation has been authorised by Parliament to be raised in England and Wales since the year 1869, I think the history of the rates up to that date is pretty well given in Mr. Goschen's report, and that that has been the reason this has been selected as the date for commencing. The statement that has been prepared, I see, is chronological?—Yes.

113. And in nearly every year Acts of Parliament have been passed throwing more or less large charges upon the rates?—Yes.

114. Taking the first year, there was the Elementary Education Act, establishing School Boards, the Tramways Act, and the Medical Officers Superannuation Act; in the second year the Vaccination Act, the Pauper Inmates Discharge and Regulation Act; and in the third year the Reformatories and Industrial Schools Acts Amendment Act, and so forth; there has hardly a year passed since then in which new charges have not been thrown upon the rates?—That is so, no doubt.

115. Some of these rates, although they are public rates, clearly do not benefit private property, is that not so? Take the school board rate, can that be said in any way to benefit the private property in the district?—Surely it is scarcely correct to speak of a benefit to property; the only thing you can benefit is the person. I do not know whether the school board rates benefit the person or not; they are supposed to do so.

116. Certain rates would benefit property clearly, would they not; the rates for street widening for example?—Yes, that increases the value of property.

117. Does the school board expenditure increase the value of property in a district?—No, I do not think it does.

118. But such town improvements as are carried out on a very large scale, I suppose, undoubtedly do increase the value of the property in the town?—Of certain properties.

119. Is that not a line of distinction that could be drawn between certain expenditure, although there may be other expenses that are intermediate between the two?—Certainly.

120. (Mr. Elliott.) I think you call attention to the fact that under the Poor Relief Act of 1601 it was the inhabitants who were to be rated or taxed—taxed I think is the word?—Yes.

121. And not particular properties?—I think that is so.

122. Could you give us any indication as to what you conceive the Act of 1601 to have intended?—I think the Act of 1601 as following the Act of, I think it was 1598, of which it was very nearly a copy, must be considered as an attempt to give legal compulsion to what was under the earlier Acts rather in the nature of a charitable contribution. The first collections which were made for the poor by the parish officers were appar-

rently the merely getting in of more or less voluntary subscriptions—weekly subscriptions; but gradually there was an attempt to impose compulsion and the Acts of 1598 and 1601 had that purpose. But it was not sufficiently considered at the time that the indefiniteness which was not unreasonable in the case of a voluntary subscription became impracticable when legal compulsion was added.

123. And that indefiniteness would be still more undesirable as the ability of the persons who contributed assumed a more complex form?—Certainly.

124. I think the Act of Elizabeth requires not only that the inhabitants should be taxed, but that in addition occupiers of lands, houses, tithes, &c. should be taxed?—Yes, these are the words; the overseers "shall take order from time to time, by and with the consent of two or more such justices of peace as is aforesaid, for setting to work the children of all such whose parents shall not, by the said churchwardens and overseers, or the greater part of them, be thought able to keep and maintain their children; and also for setting to work all such persons, married or unmarried, having no means to maintain them, and use no ordinary and daily trade of life to get their living by, and also to raise weekly or otherwise (by taxation of every inhabitant, parson, vicar, and other, and of every occupier of lands, houses, tithes inappropriate, propriations of tithes, coal mines, or saleable underwoods in the said parish, in such competent sum and sums of money as they shall think fit), a convenient stock of flax, hemp, wool," and so on.

125. Would you say that it would be correct to describe the intention of the Act of Elizabeth as imposing a kind of local income tax?—Yes, I think it was so.

126. It would not be correct to say that the Act of Elizabeth contemplated the rating of particular property?—Of course we do not say now that a property is rated; we say that A.B. is rated in respect of certain property.

127. And no such limitation appears in the Act of Elizabeth?—You see it does not say by taxation of lands and houses, but it is by taxation of every occupier of lands, houses, tithes inappropriate, and so on.

128. I understand from the memorandum that, in pursuance of the Parochial Assessments Act, 1836, the value of the several rateable hereditaments was to be ascertained in a particular manner?—According to a certain rule.

129. There was enacted a uniform definition of value?—Yes.

130. And that four years afterwards the Poor Rate Exemption Act prohibited the taxation of any inhabitant in respect of his ability, derived, not only from the profits of stock-in-trade, but from any other property?—Yes, that is to say any other personal property.

131. Is not the exemption of individuals from being rated in respect of personal property, based entirely upon that Poor Rate Exemption Act of 1840?—Legally it is so; but of course one is aware that the practice of rating inhabitants or occupiers only in respect of their land had grown up at a very early period, very soon after the Statute of Elizabeth, as the general rule, although subject to local exceptions.

132. Although the first change on the Statute Book was made in 1840, yet between 1601 and 1840 there had been a gradual change of practice as settled, not only by the overseers, but in the law courts?—Yes; the law courts were for a long time of course opposed, except under particular circumstances, to the rating of anything but hereditaments.

133. Would it be possible for you, without any great inconvenience, to give the Commission a memorandum stating the course of events as they are known to the Local Government Board, and as they appear in the Law Reports, which led to that change as between 1601 and 1840?—I think very nearly everything the Commission would want is set out in the memorandum which was prepared by Mr. Dalton for the purposes of the Commission on Agricultural Depression. That gives a pretty complete history, I think, of the change. I could give you a reference to it; it is published as one of the appendices to one of the reports of that Commission.\* I think you will find that that presents nearly the whole of the history. If anything more is

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New rates since 1869.

Rates. Expenditure which benefits owners of property.

Poor Relief Act, 1601. Taxation of inhabitants.

Poor Relief Act, 1601. Intentions of the Act.

Parochial Assessments Act, 1836. Method prescribed for ascertaining value.

Poor Rate Exemption Act, 1840. Exemption of personal property and stock-in-trade.

Rating inhabitants or occupiers in respect of lands. Growth of practice. Legal decisions.

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Rates, apportionment of. Power of occupier deduct from rent

Tithe rent-charge deducted from gross rent of occupier.

Extraordinary tithe rent-charge. Rateability of.

necessary, and I can supply it, I shall be glad to do so; but my impression is that it would not be very easy to give much more information unless one had time to search the old rate books, if any of them are still in existence. Probably almost all the cases were got out in that memorandum. There is a very good statement of the case in Mr. Cannan's book on rating.

134. Have you had an opportunity of examining that portion of Mr. Cannan's book which describes the decisions in the law courts and the statutes?—I have not compared it with the memorandum which I am speaking of.

135. One more question with regard to the Act of 1601; I think there was a provision in that Act, was there not, that where the inhabitants of a parish were unable to raise sufficient monies, then the justices might rate other parishes within the same hundred, or the justices in Quarter Sessions might rate any parish within the county?—Yes; by what was called a rate in aid; they might not only rate another parish, but apparently they might rate an individual in another parish.

136. There was really nothing whatever under the Poor Relief Act of 1601 to prevent the poor rate from being made a county rate; it might have been spread over the whole of the county if the justices in Quarter Sessions pleased?—I think only in the case, if I remember rightly, of the parish being unable; I do not think there was a general power of spreading it. Only in case of a parish being unable to support its poor was a rate in aid possible, I think.

137. What meaning do you attach to that word "unable"?—That the charge was a very grievous one—an impossible one in the practical sense. Of course such things as rates in aid were known—it was not merely a speculative trouble. There were plenty of rates in aid at the end of the last century—perhaps I should not say plenty; there were not a few.

138. And those rates might be made by the justices in their discretion?—Yes, I believe so; I do not remember whether it was the justices or the Quarter Sessions.

139. With regard to the law as it stood between 1601 and 1840, can you say what would have been the position of mortgagees, ground landlords, and other persons possessing interests in or charges upon rateable property? Assuming that a ground landlord, or a mortgagee in a parish, were resident in a parish, would they have been rateable in respect of their interests in the property, or would the occupier of the property alone be rateable?—I think the occupier of the property alone would be rateable; that is to say, I do not think there is any evidence of a mortgagee ever having been rated in respect of his charge. Of course the charge for the ground rent is not deducted from the value of the property, therefore the tenant does pay in respect of the ground rent as well as in respect of the rest of the property. I do not remember any case of a ground landlord being rated, whether he was an inhabitant of the parish or not.

140. There was no attempt under the law as it stood between 1601 and 1840 to apportion the rates according to the interests in the property?—I think none at all.

141. But there are some cases, are there not, in which something of that kind is done? You mentioned, I think, the case of sporting rights, where the occupier who is rated when the sporting rights are severed from the land and not let can deduct the rates out of the rent that he pays to his landlord?—Yes, certainly.

142. I think you mentioned that the occupier in such a case was entitled to obtain a certificate from the overseer?—Yes. But if I might say so, I should not quite agree to that being considered as an attempt to apportion the rent in respect of interests in the property, because there it is not an interest in the property, but it is an interest in the occupation. It is not that A. B. has a sporting right which is a separate property from the other interests in the land, but there is a different occupier of the sporting right from the occupier of the land.

143. But in that case the right of deduction is exercised?—Yes.

144. Is the Local Government Board aware of any practical difficulty having arisen with regard to the exercise of that right of deduction?—I do not think we have any information as to any practical difficulty in the matter. The Assessment Committee are bound to

make the entry, and I presume they do so; I am not aware of any difficulty having arisen.

145. Then, in the event of it being suggested that the rates chargeable upon property should be apportioned between the various interests in that property, you do not anticipate that any practical difficulty would arise by the adoption of a system of deduction?—That is a question I could not answer.

146. But there are cases, are there not, in which a system of deduction is operative—the case which you have just mentioned, for instance—and I think there are other cases, are there not?—There used to be another case in the matter of tithes, when tithes were rated in some instances where they were paid by the occupier; but that is cleared away, because the rating of tithes is now altered by the Tithe Act. I am not aware of any other case.

147. Is not the Metropolitan sewers rate a case?—Perhaps it may be, I do not remember.

148. Are there not other cases? Would you not say that the lighting rate in the Metropolis was another case?—It may be so.

149. Is not a deduction made in that case by the occupier from the rent which he pays to the owner?—Of course there may be such cases. In the case of private improvement rates, that is the rates for improvements done to a property by the local authority, for which they are repaid by means of a rate—that will be in the same way deductible from the rent by the person paying it.

150. With regard to the position of the tithe rent-charge, I rather understood, from your memorandum, that the value of property in the hands of the occupier is to be ascertained after deduction of the tithe rent-charge, that is, the value is to be on the assumption that the occupier pays the tithe rent-charge?—Yes, quite so.

151. So that from the gross rent which a tenant contracting to pay the tithe rent-charge would pay, a deduction should be made in respect of that tithe rent-charge?—Yes, that is so.

152. That provision, of course, was made before the Tithe Act of 1891?—Yes.

153. Does it occur to you that the altered position of a tenant under the Act of 1891 makes necessary any change of law in that respect?—No; we do not think it made any difference.

154. Does the tenant now know anything about the tithe rent-charge?—No, he does not know anything about the tithe rent-charge except that he would ascertain what the tithe rent-charge was first, in order to see that it was deducted from his rateable value.

155. Is there not some difficulty, if he does not know anything about the tithe rent-charge, in his exercising the right which the law gives him?—I see no practical difficulty because, of course, it is to the interest of the owner who pays the tithe rent-charge, and therefore knows what it is, to get a deduction made from the rateable value of his property, although he does not pay the rate; therefore he could scarcely refuse the information which is necessary for the purpose.

156. Are you aware whether the Local Government Board have received any complaints that where land is subject to a tithe rent-charge, there is anything like a double assessment of the land and of the tithe rent-charge?—I do not think so; I would not say that there may not have been such cases by way of exception, but I do not think there are many.

157. I am speaking now, of course, of complaints received by the Local Government Board?—I do not remember any.

158. Is extraordinary tithe rent-charge rateable?—I believe so, but I am not sure, so that I cannot answer the question now.

159. I was under the impression it was stated in your memorandum that extraordinary tithe rent-charge is not rateable?—It may be so; I do not remember it.

160. Assuming for a moment that I am right in what I recollect as to the contents of the memorandum, do you see any reason why a tithe rent-charge should be rated and an extraordinary tithe rent-charge should not be rated?—I am afraid I cannot answer that question. I do not remember at the present time what were the provisions of the Act in regard to the extraordinary tithe. There was an Act passed, I should say,

Poor Relief Act, 1601. Rates in aid.

Non-rateability of mortgagees, ground landlords, and other persons in respect of charges on property.

Sporting rights severed from the land. Liability for payment of rates.

\* See Pt. I. of Appendix to Vol. I. of Minutes of Evidence, p. 23, (par. 64)

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 in 1886 or 1887 or about that date; but I do not remember what its provisions were. I am not quite sure whether there was not some provision made for its gradual extinction, or something of that kind.

Grading System of Relative liability of owners and occupiers of land and other property under Lighting and Watching Act, 1833.

161. Then in regard to the question of classified or graded rating, I think in paragraph 105 of your memorandum it is stated that under the Lighting and Watching Act of 1833, owners and occupiers of property other than land pay a rate three times greater than that at which owners and occupiers of land were rated?—Yes.

162. Was that the first example of grading?—I do not remember an example in general legislation, but of course it was a very common thing in local Acts that improvement rates should be chargeable in a different proportion on land and houses, and that no doubt was where it was derived from.

163. Then that Act of 1833, and the previous isolated instances which you have mentioned, may be said to be the origin of the system of grading which was embodied in the Act of last Session?—Yes.

164. It was the first example of the kind?—I would rather say of the grading which was in force under the Public Health Acts and the Local Government Acts. Those Acts were, of course, founded on the Improvement Acts which had been passed in the earlier part of the century, and it was from those Improvement Acts really that the principle of the differential charge was derived.

165. To what areas or districts does the Lighting and Watching Act of 1833 extend?—Merely to the parishes or parts of parishes in which it has been voluntarily adopted.

166. Then are the purposes for which that Act was passed carried out in other districts under other Acts?—Yes, certainly.

167. Under those Acts does the same principle of grading apply?—To the other districts where they are carried out, that is to say, in urban districts the expense of lighting would as a general rule be paid out of the general district rate, to which land pays only on one quarter.

168. The main purposes, I suppose, for which the Lighting and Watching Act was passed were indicated in its title?—Yes.

169. Is land rated at this proportion for all expenses analogous to those contemplated by the Lighting and Watching Act?—Watching, of course, now comes to a large extent in police, and practically the Watching Act is obsolete so far as watching is concerned. Of course the police is now borne, in the case of the counties, by the county rate, which is paid out of the poor rate, to which land pays its full share; and it is borne in boroughs for the most part out of the borough rate, or possibly the watch rate, which is levied on the same principle, and to which also land pays on the whole value, not on part. Then as to lighting. The lighting is in general carried out in urban districts under the local government powers, and is paid for out of a rate to which land contributes only on one quarter.

170. Is the position this: that although as far back as the year 1833 these purposes of lighting and watching were considered to be such as to justify the assessment of land at one-third of its value, that principle, even now, notwithstanding the Agricultural Rating Act of last Session, has not been carried out entirely throughout the country?—No, certainly not. It was supposed, evidently, that the Lighting and Watching Act was applicable to the country only by way of exception—where people wanted the luxury of light or the luxury of watching, they were to adopt the Act.

171. Under a different condition of things, we have not hitherto treated land in the same way as the Act of 1833 treated it?—No.

172. Some measure of relief has been given to land, but not the full measure of relief which was given by the Act of 1833?—Only one-half instead of one-third.

173. With regard to the general district rate, I believe that agricultural land is rated to the general district rate at one-fourth, is it not?—Yes, and the tithes, railways, canals, and so on.

174. The provisions as to the rating of agricultural land at one-fourth are contained, are they not, in the Public Health Act, 1875?—Yes, that is the Act.

175. Was that the first occasion on which that provision was made in the case of agricultural land, as regards the expenditure required for the purposes of the Public Health Act, 1875?—No, not the first. It certainly was so under the Local Government Act, 1858, and my impression is that it was so under the Public Health Act, 1848, but I have not got the Act with me. It was a principle introduced by the Public Health Act, 1848, I am almost sure.

176. It would be, I think, useful that we should see the gradual growth of this system of grading. To what areas does the general district rate extend?—The general district rate extends in general to all districts which are under Urban district councils, not being boroughs, and to a very large proportion of the boroughs, I cannot say exactly what proportion, but to boroughs where the expenses payable under the Public Health Act are not payable out of the borough rate. A similar rate of course applies for certain purposes in a rural district, that is to say, for purposes which are defrayed as special expenses, not as general expenses.

177. With regard to that I should like to ask the same question that I asked with regard to the Lighting and Watching Act. Are not rates levied in some areas for the same purposes as those for which the general district rate is levied in other areas, but on a higher scale than one-quarter?—The purposes under the Public Health Act in rural districts are divided between general and special expenses; those only which are special expenses are paid out of a rate to which land contributes only on one-fourth, the others are payable out of a rate to which land contributes on its full value; but as a general rule all those purposes are payable in urban districts out of the general district rate, to which land contributes only one-quarter.

178. (*Mr. Arthur O'Connor.*) Where the valuation list which you told us of early in your examination is not the basis of the county list, how is the county list compiled?—The county list is compiled by a committee of the county council.

179. What materials have they independent of the valuation?—They have a right to call upon all overseers and others to provide them with any information that is available for the purpose.

180. Could you tell us whether they use those powers, and how, as a matter of fact, they do compile their lists?—I can scarcely say how, as a matter of fact, they do; I am not familiar with the fact, but I can give you here the reference; it is the County Rates Act, 1852 (15 & 16 Vict. c. 81. s. 7).

181. Thank you, I will not trouble you to read it, the reference will be enough?—It gives power to inspect documents, and to require overseers and others to produce to them the assessments which are in force.

182. Shortly, do they actually proceed under that section, and get the information in terms?—I think so.

183. The next question I have is with regard to overseers and assistant-overseers; does the definition of the word "overseers" in the Acts which relate to these rates include assistant-overseers?—Which Act are you thinking of?

184. You told us that much of the work was done by assistant-overseers, but I think the word "overseer" is the only one used in the Acts generally?—The overseer is the person who is legally responsible generally for the work being done, the assistant-overseer is merely a paid assistant.

185. Is he an assistant of the overseer appointed by the overseer, and for whom the overseer is responsible, or is he himself directly the officer of the local authority?—The assistant-overseer is nominated by the vestry, and appointed by the justices, and his appointment is subject to revocation by the vestry not by the overseer.

186. He is independent of the overseers?—He is, to that extent, independent of the overseers; I should say that he is now appointed in rural districts by the parish council.

187. The next point I have is with regard to the revision of the valuation; I understand that in the Metropolis the revision is under statutory authority?—Yes.

188. And that it is compulsory every five years?—Yes.

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General District Rate. Area to which it extends.

Public Health Act, 1875. General and special expenses in rural districts. Position of owners and occupiers of land.

Valuation list. County list compiled by County Council. Powers of County Council.

Overseers and assistant-overseers. Position and appointment of.

Valuation in Metropolis. Quinquennial

Grading System of Relief obtained under Agricultural Rates Act, 1896.

Public Health Act, 1875. General district rate; railways, &c. rated at one-fourth.



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Valuation outside Metropolis. No compulsory revision.

County rate. Reasons for avoiding a revision of valuation.

Valuations or assessments made for certain purposes not to be made public.

Deductions. System of making deductions in different unions.

Sporting rights. Assessment on copyhold lands.

189. Elsewhere practically there has not been any general revision?—There is no compulsory period for revision, and in many cases revision may only have taken place at long intervals, or not at all.

190. The point upon that which I should wish to put to you is this: is the absence of revision due to the fact that revision involves a considerable amount of pecuniary charge, or would you say that it is due either to the remissness of local authorities, or to the incompetence of overseers, or to the difficulty — to what would you ascribe it?—I think it is not easy to answer that question directly. The absence of a revision may depend upon the remissness of the officers, or because they have no particular interest in getting a revision. For instance, if you take a whole union, it may not so very much matter to that union whether there is a general revision or not. A general revision might raise the whole union, and then, everybody would pay on a larger valuation at a less rate; therefore, for the purposes of the union a general revision might not be necessary, and until they began to feel the pinch in the county rate or in something else, a revision may have no great reason to them.

191. In connexion with the county rate, may there not be an interest in a smaller area in avoiding a revision, inasmuch as a revision would probably involve, with an increasing population, a higher general assessment and a higher charge under the county rate?—Yes, no doubt in many cases that would be an object in avoiding a revision, but then, of course, a revision can be compelled so far as the county rate is concerned, because the county themselves can do it.

192. We have then, two points: first of all the presumable expense attending a revision; secondly, the possible interest of a limited area in not moving in the question at all?—Certainly, both may be present.

193. May I ask you to go to paragraph 4 of your memorandum; I read there these words, "Nothing contained in the foregoing provision is to authorise the production of valuations or assessments which by any provision of law are not suffered to be made public." The explanation of that does not appear upon the face of this memorandum, but I would like to ask you whether that refers among other things to returns or declarations made in connection with income duty?—That was no doubt the purpose for which that exception was put.

194. The reason I asked was this, because in reply to certain questions already put to you, you have appeared to intimate that declarations or assessments in connection with income duty, might be made known to the local authorities, and perhaps, if our proceedings are to be published at all, it is just as well that the public should be assured that with regard to declarations made under the protection of the Income Duty Acts, there is no divulging of that which has received statutory protection?—Certainly; the Income Tax Returns, which would be particularly of interest in matters of assessment would be those under Schedule A., but if I remember right the Income Tax Returns which have a special protection against publication are those in regard to businesses and professional incomes under Schedule D.

195. The next point I have noted is a difference in principle, referred to by you, I think, in one of your answers, adopted by the Assessment Committees of different unions; might it not be the principle of a union to adopt what I may call a very mild principle of assessment?—I was there specially referring to the deductions which should be made from gross rental to find rateable value, that is to say, to deductions in respect of necessary repairs and insurance. Of course, it would be the interest in a union which wished to diminish its assessments to have large deductions.

196. That is, however desirable it may be in the eyes of the local authorities to be absolutely fair as between the different inhabitants of their area, yet when it comes to the total for their own area as compared with the total for neighbouring areas, it may be to their interest to keep theirs as low as possible?—It may be so.

197. The next point I have noted is with regard to the sporting rights, is there any difficulty about shooting or sporting rights over copyhold lands and their assessment?—I am not aware of any difficulty in the matter. The only case, I think, in which any question could arise as between copyhold rights and others would be where there were rights of free warren. I

should suppose that a right of free warren would be treated as a sporting right in the same way as any other sporting right, but I am not sure about that.

198. There would be no complications in connection with the nature of the tenure?—No, I do not think there is any difficulty with regard to copyhold lands.

199. Then with regard to the mines and the valuation of them, the hypothetical tenant might be prepared to pay, besides the dead rent, so much royalty, but is there any deduction made for possible flooding or for the giving out of seams or for strikes?—Those are all matters which would enter into the consideration of the hypothetical tenant. If a mine were specially liable to flooding, I presume it would diminish the rent which a man was prepared to pay for it. But I should say not the giving out of a seam, because the giving out of a seam would mean that the mine was coming to an end, that is, would cease to be rateable; supposing the whole of the seams gave out the mine would cease to be rateable.

200. No doubt the hypothetical tenant would take all those things into consideration, but then the local authority has to act for the hypothetical tenant and my point is this, would they consider all those things in estimating?—Yes, I think so.

201. They would?—I think they are entitled to consider everything which the hypothetical tenant would consider.

202. (Mr. Wharton.) With regard to the county assessment you said that in many of the counties the assessment is continuous in some cases for a number of years?—I do not think I said it in regard to the counties. What I intended to say was that there are some unions in which it is so; it may be the case in regard to some counties, but I could not speak of my own information on that matter.

203. No doubt in some of the counties, in purely agricultural counties, for instance, the circumstances change but very little, and consequently the assessment may have changed but very little; but in the busy counties—say in the mining counties, or in the manufacturing counties, and so on, no doubt circumstances change frequently, and, consequently, there is a re-assessment more frequently in them, especially in the mining counties, than in the other counties?—Yes, re-assessment there is frequently arising.

204. You said that an Assessment Committee have the power of gaining information in various ways, and probably you are aware that in the most busy counties, in the mining counties for instance, they have usually a county valuer?—Yes, I am.

205. To assist the Assessment Committees?—To assist the county basis committee, that is to say.

206. Quite so. You have told us that in rural districts—in counties—there are five separate valuations?—There may be.

207. Whereas in the Metropolis there is only one?—Yes; that is so.

208. Without asking you to suggest any method for the amendment of the law, no doubt you would think it very desirable if the number of assessments could be decreased?—Certainly it would be.

209. I mean from the point of view of economy, because there must be considerable expenditure in each assessment and that would be a saving to those who are mulcted in that way, and it also would simplify the process of valuation?—Yes.

210. (Mr. Elliott.) I think that the questions which I have already addressed to you would be easily answered if you would be so kind as to put in a memorandum showing for what purposes rates may be levied to which land contributes on a lower proportion than one-half in some districts, and on one-half or more in other districts; would you see any objection to putting such a memorandum in?—I think that could be put in with a certain degree of generality, that is to say, as referring to the possible purposes, not the actual purposes.\*

211. The possible purposes would quite meet my purpose. One question with regard to the power of appeal: have the owners of property any powers of appeal?—Owners of property have power to appeal where they pay rates as owners in place of the occupier; but not, I think, as a general rule, where they are merely owners and not paying rates.

212. Although possibly the rent of his property may be affected by the amount of rates charged upon it,

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 77 to 82.

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Mines. Assessment of.

Re-assessment more frequent in mining or manufacturing counties than in agricultural ones.

County Valuers.

Valuation lists. Desirability of reduction in number outside Metropolis.

Proportion of contribution in respect of land to rates for certain purposes in different districts.

Appeals. Owners have no power to appeal unless paying rates.

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Valuation. Basis of, is annual value to tenant.

213. (*Mr. Clare*). Is not the basis of valuation for the purpose of assessment the valuation of the occupation to the tenant?—Not necessarily to that particular individual tenant.

214. No, but to the hypothetical tenant?—Yes.

215. That is to say what rent will the premises let at from year to year to a hypothetical tenant?—Yes.

216. For the purposes to which they can be appropriated?—Yes.

217. As they exist?—As they stand.

218. *Mr. Dalton* asked you some questions, I think, with a view to getting your opinion as to whether property belonging to a local authority should be exempt from rating?—He asked me some questions as to the exemptions from rating.

219. If property belonging to local authorities is exempt from rating, do you not think that the Government might properly refuse to pay rates upon Government property?—That is a hypothetical question, and I do not think I am prepared to answer it. My own opinion is that nobody should be exempt from rating.

220. You rather agree that local authorities' property ought not to be exempt from rating?—That is certainly my personal opinion; I do not express an official opinion on that.

Rating. Exemption of property belonging to local authorities and Government.

Valuation outside Metropolis. No compulsory revision. Supplemental list.

221. I shall not differ from you on that point. Outside the Metropolis I think the valuation list is prepared annually?—Not necessarily. There is no necessary time at which a valuation list is to be made. Immediately after the Union Assessment Committee Act, 1862, a valuation list had to be prepared, and there is nothing to prevent that valuation list, with alterations which the altered circumstances require, going on until the present time. It is the duty of the overseers whenever any alteration takes place in the value or the distribution of property, to send in a supplemental or a substitutional list, and the Assessment Committee either without complaint from outside or upon the complaint of any ratepayer, may require the overseers to send in a partial, that is to say a supplemental or substitutional, list, or to make a new list; or they may appoint a person to make a new list; but if they do not choose to do so, and if nobody moves them to do so, it may go on, and the old list, which was settled in 1863, might be the list at the present time.

222. But if the value of the property does not alter, there is no necessity to alter the list, is there?—None at all. Of course, if the property is divided the list ought to be altered.

Rating areas. Complication of, in certain municipalities. Valuation in municipality. Uniform system desirable.

223. You know that in certain municipalities there is a good deal of complication of local areas, such as unions and parishes, that is to say, that a municipality may contain several parishes and possibly several unions or parts of unions?—Certainly.

224. Do you not think, as a matter of principle, it is desirable that there should be a uniform system of assessing property throughout the whole of the municipality?—Yes, I think there should be, certainly. I think that wherever an equal rate is levied, there ought to be an equal valuation.

225. There ought to be the same basis of valuation throughout the whole area where an equal rate is levied?—Yes.

226. And it is a distinct unfairness or inequality to have different bases for arriving at a valuation in the area over which one rate is levied?—There certainly is an inequality.

227. So that any steps which can be taken in the direction of bringing about a uniform system of rating will, in your mind, be beneficial to the local administration?—Any steps that were successful for that purpose.

Poor rates. Collection of.

228. I think the poor rate is collected by the overseers?—The work of collection may be done either by the overseers themselves or by an assistant overseer, or in some cases by collectors appointed by the guardians.

229. It is either collected by the overseers or by some staff under their control or under the control of the guardians?—Under their control I should say; at all events it goes into their account.

230. So that if you get an area, we will say a municipality with six or seven different parishes in it, it means that there are six or seven different collecting staffs for the poor rate?—Yes, unless there is the same individual; in some cases of course the same individual is employed, but it is legally a different collection.

231. Supposing that in a case of that kind a municipality also has rates of its own, which it collects, does it not follow that the rate collectors of the municipality go over the same ground as the collectors of the poor rate?—That is to say, in the case of a municipality collecting the general district rate which is not collected through the overseers?

232. Yes?—That is so, of course.

233. Do you not think as a matter of local administration it would tend to economy and be more simple; if the same collector collected both the poor rate and the municipal rate in his particular district?—Yes, generally one would suppose that it would. I have no personal information on the point except from the general rule that it is cheaper to pay one man to do a thing than to pay two. I can scarcely give an opinion upon it.

234. I take it that the Local Government Board as a general principle would always advocate anything which tended to economy and simplicity in administration?—I should hope that would be their general rule.

235. The Local Government Act, 1894, I think, gives power to the Local Government Board, by Order, to transfer to the councils of municipal corporations either the powers and duties of overseers or the power of appointing overseers and assistant-overseers?—That is so.

236. May I ask what policy the Local Government Board have adopted with regard to exercising that power?—The Board have in many cases conferred upon urban authorities the power of appointing overseers; they have not, so far as I know, in any case, conferred on any authority the powers of overseers.

237. Have they also conferred the power of appointing assistant-overseers?—Yes, in many cases.

238. Have they done that in spite of the opposition of, we will say, the poor law authorities in the district?—What do you mean by the poor law authorities, do you mean the guardians?

239. I mean either the guardians or the overseers?—I am not sure. I think that they have, but if they have in some cases refused to do it, I think, would be rather the opposition of the vestry that would be considered than the opposition of the overseers.

240. Have the Local Government Board, so to speak, refrained from carrying out an improvement in local administration, which, on general principles, ought to be adopted, simply because opposition has been raised by the poor law authorities in some shape or form to the proposed alteration?—That I cannot answer, as I do not know. I have not all the cases in my mind. Very likely the majority of these cases would never come to me and I could not speak to that.

241. Assuming that under the Local Government Act, 1894, the Local Government Board come to the conclusion that they have not the power, or do not choose to exercise it, of forcibly compelling the overseers to hand over both the duty of assessing property and the duty of collecting the poor rates to the municipalities, do you not think as a matter of principle it would be useful if the law was altered so as to make that compulsory?—That question I could not answer. It is a very large question, it involves a great many different considerations, and I could not express an individual opinion upon it, and I have no authority to express an official one.

242. From your general experience of local government matters may I take it that you do think that as a matter of principle it is advisable to have one assessing authority in any given area and to have one rate-collecting authority in that same area?—Yes, as a general rule that would be so.

243. I do not want you to commit yourself?—Of course I do not want to say it is so in all particulars. I do not wish to express it any more than as a general opinion, that if you can have one authority to do the work it is better than having two.

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Poor Rates. Collection of, in municipality comprising different parishes.

Overseers and assistant overseers. Power of Local Government Board to transfer to urban authorities on application the powers and duties of, under Local Government Act, 1894. Policy of the Local Government Board.

Valuation. One assessing authority and one rate-collecting authority desirable in a given area.

Mr. J. F.  
Rotton,  
Q.C.

11 Mar. '97

Valuation.  
Desir-  
ability of  
system of  
assess-  
ment and  
valuation  
in Metro-  
polis being  
extended  
to the  
country.

Valuation  
list outside  
Metro-  
polis.  
Necessity  
for  
revision.

Valuation.  
Interest of  
parishes  
and  
unions to  
have low  
assess-  
ment.

Rating in  
respect of  
personal  
property.

244. (Mr. Smith.) I gather from your evidence and from the questions that have been put by other members of the Commission that you are distinctly of opinion that it is time that Parliament passed a Valuation Act for England and Wales, making, not necessarily the same, but similar provisions with regard to the assessment and valuation in the country to those that exist at present in London?—I put it rather thus: I would not say "similar" provisions, but some alteration of the law with the same object I think would certainly be desirable.

245. I think you have been a good many years at the Local Government Board; you must therefore recollect a great many valuation bills?—Yes, a great many.

246. Have they all been framed with a view to establishing some general principle of valuation allowances, and with reference to the periodical revision of assessments?—Yes, I believe that is so.

247. Should I be in error if I said that within my recollection, which goes back, now I am sorry to say, nearly 30 years, there have been at least 15 or 20 Bills introduced with that object?—I daresay that is very likely to be right.

248. And Parliament has never found time to pass them. I suppose there can be no doubt from the general tone of your evidence that you think it is time there was some provision made whereby it would be impossible for a district to leave its assessment unaltered for such a time as you have indicated?—I should think the circumstances can scarcely have been so little changed as to warrant a valuation remaining unaltered.

249. The worst of it is there is a particular interest in neglecting the work, is there not?—There may be so. But I think in many cases it has arisen simply from carelessness without any particular interest one way or the other.

250. I do not suggest any motive. It is obvious that as between parishes within unions, a parish has an interest in having a low assessment?—That is so.

251. And as between unions and counties, a union has an interest in having a low assessment?—That certainly is the case.

252. With regard to the parish, there is the control of the Assessment Committee?—It is so.

253. With regard to the union and the county, there is very little control, is that not so?—There is the control of the county basis.

254. But by a low valuation they would, in both instances, escape their proper share of what I call the common charges?—Yes.

255. That is, if they neglected to keep up their valuation?—Yes.

256. To pass to a totally different subject, namely, the question of the rating of personalty, I suppose one great difficulty has been the difficulty of localising personalty for the purposes of rating; that would be the principal reason, I suppose, why it has been exempted by Act of Parliament ever since, I think, 1840?—Yes, I think so. Of course, if you restricted it to personalty which was locally situate in the parish, which I think was almost always the case in which there was an attempted rating, then it would be to some extent got over; but then you are altogether giving the go-by to a system of rating based upon personal ability.

257. It must be personal ability localised?—It is personal ability considered merely with reference to a given place.

258. To take the famous case of Lord Campbell. He, I believe, was rated on his salary as English Lord Chief Justice in a Scotch parish?—Yes.

259. You would not say that was locally earned?—No.

260. That, I suppose, is the real and great difficulty why the principle has never been applied?—Yes, I suppose that was the difficulty. Might I read what Lord Hale said about it; it is quoted in Cannan's book on rates, which I have been mentioning:— "Because those places where there are most poor consist for the most part of tradesmen, whose estates lie principally in their stocks, which they will not endure to be searched into to make them contributory

"to raise any considerable stock for the poor, nor indeed so much as to the ordinary contributions. But they lay all the rates to the poor upon the rents of lands and houses, which alone, without the help of the stocks, are not able to raise a stock for the poor, although it is very plain that stocks are as well by law rateable as lands, both to the relief and raising a stock for the poor."

261. Of course, since that judgment, or dictum rather, was it, of Lord Hale's?—It was not a judgment or even an opinion expressed judicially.

262. Then, since this observation of Lord Hale, personal property has increased to an enormous extent—an extent never contemplated in his time?—Yes.

263. It is probably for that reason that Parliament has of late adopted a principle of making subventions from Imperial taxes to meet that difficulty—that they have probably adopted this principle of Treasury grants, or Exchequer contributions, as we call them now?—That may have been at the bottom of it.

264. That is a method, is it not, of taxing personalty for local purposes?—That may be.

265. And operates to the extent of, I think, 7,000,000 a year?—Something of that sort; but of course that is not by any means all contributed by personalty.

266. It is contributed to some extent by personalty of every description, is it not?—Certainly.

267. By Schedule D, Schedule E (official salaries), out of the general taxes of the country, and out of the indirect taxes?—Yes, and of course out of one class of property, which has no locality and which could scarcely, upon any imaginable principle of local rating, be touched by local rates, such as bonds and foreign securities.

268. Property which I said at first it is impossible to localise?—Practically.

269. (Sir E. Hamilton.) I suppose you would say that practically the valuation is really in the hands of the overseers, is it not?—I think it is very different in different places. In small country parishes, agricultural parishes, the overseers, with the assistance of the assistant-overseer, would practically do the work; they know the different farms, they know just about what their values are, and they know whether a man's rent has been raised or not. When you come to a large town parish, the permanent and paid officers, of course, become of more importance in the work; they are people of higher qualifications, and they would do more of the work; and in the case of manufactories, in the case of mines, and in the case of railways, where railways are concerned, skilled valuers have very frequently to be called in either by the overseers themselves, or by the Assessment Committees.

270. Are overseers, as a rule, people with technic knowledge about valuation?—No. In country parishes they are the farmers: one or two of the farmers take it by turn, you may almost say. In small country towns they would be shopkeepers, and not persons usually, I imagine, with any special technical knowledge; very often they would be people who have interested themselves in parish affairs for a good many years, and have the sort of general common sense knowledge which a man gets from practice.

271. Can you say whether you consider that overseers have primarily in view the interests of the taxing authority or of the ratepayer; I suppose they are presumed to be unprejudiced people, but whose interest do you suppose they primarily look after?—They look after the interests of the ratepayer, no doubt.

272. Not of the taxing authority?—Not of the taxing authority. They are ratepayers themselves, they are persons who are merely overseers for a year or two, and then become ratepayers and not overseers; their personal interests are the interests of the ratepayer.

273. (Viscount Emlin.) You told us that the Assessment Committees and the county basis authority have access practically to the Inland Revenue information and returns?—That is so.

274. But that information is not at the command of the overseers who practically start the valuation for the parish assessment?—I believe that is so.

Mr. J. F.  
Rotton.  
Q.C.

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Rating in  
respect of  
personal  
property.  
Grants  
from the  
Treasury  
a method  
of taxing  
personalty  
for local  
purposes.

Valuation  
officials.

Assess-  
ment Com-  
mittees.  
Access to  
informa-  
tion of  
Inland  
Revenue.

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275. Can you see any reason why the general information upon the subject of rating, whether from the parochial people or the Inland Revenue people, should not be at the command of those who first get out the assessment lists?—Theoretically I should say that I do not see any reason, but I am not aware that any practical difficulties arise in this matter. I am not aware that the overseers have any real practical difficulty in many cases in finding out what is the proper rent of a property. If a man will not tell his rent, and if a man will not give any information, they stick a good heavy sum on him and let him appeal, that I expect is the way it is done. Perhaps some of the members of the Commission know more about it than I do. But that is what I suppose it would be. It is a very easy remedy.

276. But there seems to be no reason why that information which is at the command of the Inland Revenue should not be given to the first person who makes out the list?—It is an Inland Revenue question, and I should not like to say whether they would be prepared to put their documents at the disposition of the overseers or not.

277. (Mr. Elliott.) With reference to your statement that the Exchequer contributions came out of the general revenues of the country, does that view receive any support from the Acts of Parliament bearing on the matter?—You mean to say that they are paid out of the probate and assessed taxes. I really forget now what they are paid out of?

278. I was asking whether the view you expressed received any support from the provisions of the Acts of Parliament which bear on the matter?—I do not know that they do, I do not remember what the provisions of the Acts of Parliament are.

279. There are specific provisions in Acts of Parliament, are there not, declaring out of what funds these Exchequer contributions shall come?—Yes, that is so, no doubt.

280. There is what is called the probate duty grant, is there not?—Yes, there is a probate duty grant, and assessed taxes and so on.

281. There are what are called the local taxation licences?—Yes.

282. And there are in addition certain contributions from the beer and spirit duties?—Yes.

283. According to the provisions of the Acts of Parliament, would it not be more accurate to say that certain revenues are assigned to local authorities, rather than to say that the Exchequer contributions come out of the general taxation of the country?—Yes, according to the Acts of Parliament it would; I do not think it makes much difference as to the fact.

284. (Mr. Dalton.) But there would be certain grants that are paid, as I understand, out of the consolidated fund; is not the education grant paid out of the consolidated fund? I do not think that is ear-marked in any way?—Certainly not.

285. Are there any other grants similarly paid?—I think Mr. Smith who was asking the question was not referring to the education grant.

286. (Mr. Smith.) My object was to get a general answer; I am quite aware that recent grants have been technically ear-marked to certain taxes, but there are older grants, which come out of the consolidated fund to the best of my memory?—No; the older grants for the most part have had substituted for them grants out of the local taxation Account.

287. (Mr. Dalton.) And there would be certain old grants now paid out of the consolidated fund, for instance I think there is the London fire brigade grant, and a certain number of other miscellaneous grants?—I do not remember.

288. (Mr. Clave.) If seven millions of money are paid out of the Imperial Exchequer towards local taxation, it does not matter very much, does it, whether they choose to call that seven millions of money as the proceeds of certain particular taxes, because if they hand it over to local taxation it has to be raised out of the general taxation of the country in some shape or other?—The question seems to me to be only of importance supposing the particular taxes on which they are charged cease to provide the sum that is required.

289. They must get the seven millions somewhere else, if they do not get it from there?—Yes.

290. (Chairman.) There is one point I passed over rather lightly, I understand the basis of English valuation is what a hypothetical tenant would give for a particular subject?—That is so.

291. How are railways valued?—Theoretically, they are valued in the same way. I should not like, at the present meeting of the Commission, to attempt to go into the question of how, that is to say, what the arithmetical process is, which is, of course, an exceedingly intricate one.

292. I put it broadly to you, is it possible to suppose that an isolated mile of railway which passes through an agricultural parish can be valued upon any intelligible principle at all?—I do not know. I think the principle upon which it is valued, not as an isolated mile, but as a part of a system, is one that is sufficiently reasonable for practical purposes.

293. Now we will take a country parish 20 miles from London, through which there is half a mile of railway, how is the overseer of that parish to obtain any data at all as to what any hypothetical tenant would give for that particular half mile of railway?—It is no doubt exceedingly difficult for the overseer of a particular parish to ascertain what a railway should be charged at, and of course the one mile or half mile of railway is not, for the purposes of ascertaining its value, considered alone, but it is considered as part of a system.

294. Do you know as a fact what the overseer of a country parish would do under those circumstances?—I suppose that the original ratings of railways must almost always have been settled by valuers. The system is an exceedingly elaborate one, and it has to take into consideration the earnings of the railway as a whole, and the proportion of those earnings which is attributable to each of the particular miles which is in the parish. Therefore, I take it that the original valuation of the railways must always have been settled by some valuer called in for the purpose.

295. Does the valuer have regard to the question of whether a particular mile of railway is a single line or a double line, or quadruple?—Yes, he does, and to how much traffic goes over it—whether the whole traffic of the railway goes over it or only a small portion. Take for instance a mile of railway between, we will say, Harrow and Bletchley, the value of that mile would be very different from the value of a mile on some branch where there are only two or three trains a day.

296. But it really amounts to guess work?—I should not like to say that. It is not a matter, of course, with which I am personally familiar. They arrive at a result which I daresay would not satisfy an exact logical inquiry in every particular, but it is a result in which both parties acquiesce.

297. If challenged what is the process that is gone through? Supposing a railway company challenges the valuation put upon its line by the overseer, what process has to be gone through in the appeal court?—It appeals against the rate; it goes to the Quarter Sessions or it may in some cases go to the Railway Commissioners, for the Railway Commissioners have the power of hearing appeals in regard to the rating of railways.

298. What books or evidence has the railway company to produce—what has it to say?—They may have to produce all their books.

299. Then I suppose I need hardly ask you whether the isolated overseer or the railway company is more in command of the facts necessary?—It is obvious. You say an isolated overseer, but there is a provision in the Acts that several local authorities may combine to pay the expenses of a litigation on the subject.

300. Yes, but would the decision as regards the one be binding upon the others?—It would settle a principle which would practically be accepted by the others, I mean to say the railway companies, although disposed to spend a great deal of money, would not fight a case which they were certain to lose.

301. Is there any one mile of railway in the Kingdom as to which some different conditions could not be shown as regards any other mile?—I daresay the system is an imperfect one, but I imagine that probably any system which attempts to rate so great an undertaking as a railway, an undertaking which is in so many parishes, and to divide that rateable value according to any principle whatever, between all those parishes, would find the problem one of such intricacy

Mr. J. F.  
Rotton  
Q.C.

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Railways.  
Method  
and  
principle of  
valuation  
in Eng-  
land.

Revenues  
from  
definite  
sources  
assigned  
to local  
authorities  
by the  
Treasury.

Consolidated  
Fund.  
Grants  
paid out  
of.

Railways.  
Appeals  
by com-  
panies.

Railways.  
Difficulties  
of valua-  
tion.

*Mr. J. F. Rotton, Q.C.* that it could never be satisfactorily solved in a theoretical sense, although it is, practically, solved.

*11 Mar. '97* 302. As I gather it from the tenor of your evidence, you regard the system of valuation in England as one which was suitable to the country parishes in former days but which has not kept pace with the requirements of modern valuation?—I think I may admit that.

303. I purposely refrain from putting any question to you as to suggestions, in the belief that you come here only to state facts and circumstances, and not to go into questions of theoretical improvement?—That is so; of course I could not make any suggestions without the instructions of the Board on the matter.

*Railway companies. Not represented on Assessment Committees.* 304. (*Viscount Emlyn.*) One question about something Lord Balfour asked you with regard to railway assessments; you are aware, no doubt, that in certain parishes the railways pay a very large portion of the rate?—They do pay a very large portion of it.

305. I should not be putting it too high if I put it at 80 per cent.?—I daresay you would not.

306. Assuming that to be so, can you tell me of any power of representation which the railways have on any Assessment Committee?—No, they are not represented on any Assessment Committee.

307. But other parties who are rated have votes, have they not?—No.

308. Surely the occupiers of other rated property have votes?—The Assessment Committee is not appointed by the occupiers. The Assessment Committee is appointed by the guardians.

309. But at the election of guardians occupiers have votes, have they not?—Yes.

310. Can you tell me of any power of voting or of getting any representation accorded to railways even though they pay 80 per cent. of the rates of the parish?—Yes, they have the power of appointing an officer to vote at the election of guardians.

311. Under what Act, can you tell me?—I believe they have that power, but I really do not remember what the Statute is; I can put it in when reading the proof of my evidence.\*

*Railways. Principle of rating.* 312. (*Sir E. Hamilton.*) With regard to the assessment of railways, do they not take into account what the country is through which the railway goes? Supposing it goes through half a mile of suburban property and that the railroad occupies so much acreage of land surely, having regard to the property on each side of the road, they will take into account what, if that acreage was covered by houses, it would be assessed at?—No.

313. They would not?—No, they would not do that. The subject is rated according to the condition in which it stands, it is not rated higher because it might be used in some other way more profitably. If you were to rate a railway at a higher rate because if it was not a railway it would be building land, you ought to rate an unoccupied field which is not built over at the value which it might be let at for building.

\* The enactment intended to be referred to was 30 & 31 Vict. c. 106, sec. 10; but this section was repealed by the Local Government Act, 1894, and companies cannot now vote in the election of guardians.—*J. F. R.*

314. But when the railway runs through a field you would only rate it at the same rate as the field is rated at on the principle I am putting forward; it seems to me that the parish is certainly deprived of part of its land from which it would derive a rate?—I think it generally gets more from a railroad than it would for the use of the land for any other purpose.

315. (*Mr. Dalton.*) Is it not the case that the railways are rated on their receipts, subject to certain deductions?—That is the way in which their rateable value is ascertained. Of course, there is no legal distinction made between the rating of railways and the rating of anything else. The principles of parochial assessment have to be applied to railways just the same as to any other subject; the mere question is how you can apply them to such an inconvenient sort of thing as a railway.

316. But the decisions of the courts have been, have they not, that you must arrive at the assessment of a railway by taking its receipts, subject to certain deductions?—Yes.

317. And the same principle is not applied to other businesses, for instance it is not applied to a bank; you do not rate a bank in England upon its receipts subject to its outgoings, but a railway is assessed in that fashion, is it not?—It altogether depends on what you include in outgoings.

318. Still in the case of a bank the receipts do not come in any way into the question of what the assessable value of the bank is?—Yes, I think they do.

319. The business done does?—Certainly, those facts, to a certain extent, I should think, do influence the rateable value of the premises. You may give evidence that the bank is doing a very large business, partly because it is situated at a particular place.

320. But it might take other premises in any other part of the town; the profits of a bank do not depend upon the position of the premises necessarily?—Not necessarily, but they do to a certain extent; I mean to say that a bank in Lombard Street naturally pays more on its rates than a bank in some back street would.

321. But speaking of businesses generally as a question of rating, the assessment is not on the profits of the business but on the premises; for example you may have a jeweller's shop containing a very small space and not particularly valuable room, and, on the other hand, you may have a business that is not nearly so profitable that takes an enormous amount of space, a linen-draper's for example; you do not go into the question of the profits of the business there, but you do go into what the hypothetical tenant would pay for the particular premises occupied?—I suppose the distinction would be this—that there is very little connection between the business, and the place where it is carried on in the case of a bank or in the case of a jeweller, as compared with the connection between a railway and the place where it is carried on. The very essence of a railway is that it takes people from A to B and that therefore the company must have some property in A where the people can get on to the trains and some property in B where the people can get off the trains, and they must have some property in all the intermediate parishes between A and B so that they may convey the people. Therefore the business is one of an essentially local character.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

*Mr. J. F. Rotton, Q.C.*

*11 Mar. '97*

*Railways rated on receipts, subject to deductions.*

## SECOND DAY.

Friday, 12th March 1897.

At 16, Victoria Street, S.W.

## PRESENT :

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

THE VISCOUNT EMLYN.  
 THE RIGHT HON. C. B. STUART-WORTLEY, Q.C., M.P.  
 SIR E. W. HAMILTON, K.C.B.  
 C. N. DALTON, Esq., C.B.  
 H. E. CLARE, Esq.

T. H. ELLIOTT, Esq.  
 ARTHUR O'CONNOR, Esq., M.P.  
 E. O. SMITH, Esq.  
 JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. JAMES M. DODDS called and examined.

Mr. J. M.  
Dodds.

12 Mar. '97

Memo-  
randum  
prepared  
by Scottish  
office.  
Scope of,  
and  
contents.Mr. J. M.  
Dodds.

12 Mar. '97

Valuation  
roll the  
basis for  
county,  
burgh,  
and parish  
rates.Govern-  
ment  
Assessors.  
Employ-  
ment of, in  
counties.Assessors.  
Appoint-  
ment of, in  
burghs.Burghs,  
Royal and  
Police.Police  
burgh.  
Provost  
is chief  
magis-  
trate.Valuation  
Roll.  
Heritable  
subjects  
included  
in.

322. (*Chairman.*) You are senior clerk in the Scottish Office, and have held that position since 1889?—Yes.

323. You have been good enough, at the request of the Commission, to take the leading part in the preparation of this memorandum which I hold in my hand, and which has your signature?—Yes.

324. It commences with a general statement of the valuation and rating systems of Scotland, does it not?—It does.

325. And then discusses the rating system under the three headings of the burgh rates, the county rates, and the parish rates?—Yes.

326. You then tell us what the effect of the Agricultural Rates, &c. (Scotland) Act of last year was, and then you give us a tabular statement of all the rates which are leviable by county councils, town councils, or burgh commissioners, and parish councils in Scotland?—Yes.

327. There are no others—that is exhaustive, is it not?—So far as I have been able to make it.

328. Since it was made up have any been brought to your notice?—No.

329. Perhaps you would, in the first instance, tell the Commission shortly and in your own language how the valuation roll is made up; in the first place it is annual, is it not?—It is an annual roll made up annually in every area by experts. It serves two purposes—as a basis for rating and as a basis for the exercise of the local and parliamentary franchise.

330. When you say the roll is made up in each area, do you mean that it is made up under the authority of the county in the county areas, and of the royal burghs in the burghal areas?—Yes.

331. The whole area of Scotland being divided for rating purposes into counties and burghs, and again into parishes?—Yes, that, of course, being a double division.

332. Taking the division of Scotland into parishes, that is universal, and the parish divisions include, in some cases—in many cases, in fact—burghs within their bounds?—Yes. The burgh boundary very often intersects a parish, so that part of the parish is inside and part of it outside the burgh.

333. For parish purposes the burgh boundaries, as burgh boundaries, are disregarded?—Quite so.

334. Then the other division is into counties and burghs, which in turn disregards parish divisions?—Yes. Perhaps one might put in the remark here that we are more fortunate in Scotland than people are in England, in the fact that there are very few parishes which are intersected by a county area; there are only five such parishes in the whole of Scotland.

335. There are only five now left since the Boundary Commission, in which a parish is situated in two counties?—Yes.

336. The valuation roll, as thus made up, is the basis for the parish, as well as for the county and the burgh rates?—Yes, universally, one may say it is the basis; though not necessarily the sole basis, it is the ultimate basis for every rate.

337. But, in theory, the county authority and the royal burgh authority respectively have the appointment of the experts who make up the roll?—Yes.

338. In how many of the counties are the Inland Revenue assessors employed?—In all the counties except those specified in paragraph 3 of my memorandum, namely, Argyll, Ayr, Bute, Caithness, Edinburgh, Forfar, Orkney, Shetland, and Sutherland; that is to say, in 24 out of 33 counties.

339. What is the case as regards the burghs?—Exactly half of the burghs appoint their own assessors.

340. When we use the word "burgh" in Scotland, we mean two things; we mean either royal or police burghs; but only the royal burghs have the right to appoint their experts?—Yes.

341. What we call the police burghs are, in the main, in the county, for valuation purposes?—Yes.

342. The royal burghs are those which are chartered, are they not?—Yes, they have an old charter from the Crown, and they correspond, roughly, to the English municipal boroughs.

343. If one could make a general parallel, it would be that the royal burghs in Scotland answer to the municipal boroughs of England, while the police burghs would answer to the urban districts of England?—Yes, I think that is the nearest analogy; at the same time a police burgh has more burghal organisation than an urban district in England.

344. (*Mr. Stuart-Wortley.*) What is the chief magistrate of a police burgh?—He is called the provost, and there are commissioners elected each year.

345. (*Chairman.*) The valuation roll then contains, does it not, the annual value of all the heritable subjects within its bounds?—Within the bounds of the valuation area.

346. Would you give me the list of what it includes?—Lands and heritages extend to and include all lands, houses, shootings, and deer forests, fishings, woods, copse and underwood from which revenue is actually derived, ferries, piers, harbours, quays, wharfs, docks, canals, railways, mines, minerals, quarries, coal-works, water-works, lime-works, brick-works, iron-works, gas-works, factories, and all buildings and pertinents thereof, and all machinery fixed or attached to any lands or heritages.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 87 to 120.  
 † *Ibid.*, pp. 100 to 109.

Mr. J. M. Dodds.

13 Mar. '97

Railway assessor, subjects valued by.

Valuation roll. Owners bound to give information as to their rents.

Appeals by owners and occupiers.

Valuation roll the universal basis upon which rates are levied.

County rates put upon gross value with certain exceptions.

Burgh rates put upon gross value with certain exceptions.

347. We may, for our present purpose, disregard railways, as they are specially valued?—Yes.

348. Is there any other subject which, though appearing on the valuation roll, is not a subject of an annual valuation by the local expert?—Certain subjects are valued by the railway assessor all over Scotland, namely, railways, canals, and certain other large public undertakings.

349. Every owner is bound, is he not, to give information to the expert who makes the valuation roll as to the exact value of his property?—Yes, and as to the rental for each portion of it.

350. For example, the owner of a coal mine has to give information as to the rent which he has actually received?—Certainly, and as to the lordship.

351. And that rent appears in the valuation roll?—It does if accepted by the assessor.

352. The same applies, does it not, to every other one of those subjects which you have mentioned, except those which are valued by the railway assessor?—Yes; and those which are valued by the railway assessor also appear in the local roll at the end of it, although done by a different man.

353. Then there are well-understood opportunities given to the owner or occupier of any subject to appeal against the valuation which is put upon them?—Yes.

354. Are you able to say whether the appeals are frequent nowadays?—We have no particulars about the number of appeals that are taken to the local valuation committees, but I understand that there are a large number of them turning simply upon the value at which property is proposed to be entered in the valuation roll.

355. They are locally decided by a committee of the assessing body, and there is very seldom an appeal to the law courts?—That is so. There have been fifty-one appeals to the Court of Session during the five years up to 1895, these being appeals from the local valuation committees.

356. The valuation roll once fixed is the universal basis upon which rates are levied, is it not?—Yes.

357. So far as county and burgh rates are concerned, these are all, practically speaking, put upon the gross value, are they not?—That is the general rule.

358. Can you state the exceptions?—In county rating there is one rate which is rated upon the same basis as the poor rate, namely, the county public health rate; but that system ends in the present year, so long as the Agricultural Rates Act is in force.

359. It only went on up to this time, did it not, because up to the Local Government Act of 1889, the public health administration was parochial, and not county, whereas now it is according to the district of a county?—Yes. Then in the burghs the same rule of taking the value in the valuation roll as the actual basis for assessment is, I think, universal, except as regards certain subjects which are rated at a quarter.

360. Agricultural land, if situated within a burgh, is by statute rated at one-fourth of its value, is it not?—Yes. I can give you an exhaustive list—canals, canal-basins, and towing-paths, railways, and tramways (excluding stations, depots, and buildings), bridges, frontages, and ferries, not being private property; underground pipes, or works of gas or water companies, or corporations; salmon fishings; woodland, arable, meadow, or pasture ground, or other ground used for nurseries, market gardens, or for agricultural purposes. Then, where there is a water supply in terms of the Burgh Police Act, quarries, manufactories, and (unless, in special circumstances, otherwise determined by the Commissioners, with appeal to the sheriff) shops, pay water rate on one-fourth only of their gross valuation. I should, perhaps, say that these exceptions are made in the terms of the Burgh Police Act, which applies to every burgh in Scotland, except the five largest towns; but I understand that in those towns also, under their local Acts, pretty much the same rule exists.

361. The Act under which it is done is the Act of 1892, which was the amending and amplifying Act for what we know as the Lindsay Act of 1862?—Yes, of course, this exception only applies to the rates levied under that Act; these are the principal rates in burghs.

362. It would not apply, for example, to a rate levied under the parochial Acts?—No. The burgh authorities levy other rates under different Acts, to which

these exceptions do not apply; but these are the principal burgh rates.

363. Take the county rates first; speaking generally, all county rates are divided equally between the owner and occupier?—That is the rule since 1889.

364. When we talk of a rate being divided equally between owner and occupier, it does not mean that the rate per £ is necessarily the same, but that if a sum of 1,000*l.* has to be raised from a given area, 500*l.* has to be raised from the owners in block, and 500*l.* from the occupiers in block?—Yes.

365. And it is conceivable that the rate per £ may vary to some extent?—Yes, because some subjects are unoccupied, and no rates, of course, are levied from occupiers in respect of them.

366. And property which is unoccupied is still subject to the owners rate?—Yes, as a general rule.

367. The only exception in the levying of an equal division of county rates between owner and occupier is as to the road debt, is it not, which is paid wholly by the owner, and as to the amount, which varies in each county, of what we know as the stereotyped rate?—Yes, but one must introduce a qualification about the road debt; it is paid wholly by the owner only so far as incurred before 1889, and only so far as it is an old debt still remaining unpaid; but any new road debt incurred since 1889 is payable equally by owner and occupier.

368. Then, in burghs, on the contrary, most of the rates are leviable from the occupier, are they not?—Most of the rates in point of amount; in point of number, I think, more are leviable half and half.

369. Your table\* specifies, as I think, in each case how the rate is levied?—Yes.

370. Now let us turn for a moment to the parochial rates; in that case the valuation roll is not conclusive as to the rule upon which the rates are to be levied, but there is an assessment roll besides, is there not?—There is an assessment roll also.

371. Would you describe to us how that is made up? It takes the valuation roll as a basis, but it is made up, is it not, having regard to the system of deductions and classification?—Yes, having regard to the system of deductions in every parish, at least it ought to be in every parish, although in a considerable number of parishes our returns show that they simply take the valuation roll and levy upon the actual amounts named there; but according to the law there ought to be deductions both from owners' and from occupiers' valuations under this provision. The Act says: "In estimating the annual value of lands and heritages" (for poor rate) "the same shall be taken to be the rent at which, one year with another, such lands and heritages might in their actual state be reasonably expected to let from year to year under deduction of the probable annual average cost of the repairs, insurance, and other expenses, if any, necessary to maintain such lands and heritages in their actual state, and all rates, taxes, and public charges payable in respect of the same"—the English rule.

372. The Act which you have just quoted is the Act of 1845, is it not?—Yes.

373. As you are aware, the Valuation Act was nine years later—in 1854?—Yes.

374. The system of deductions which you have just quoted, while applying to the owner, also regulates the amount upon which the occupier will pay for the poor rates, and all those which are levied on the same basis?—Yes.

375. In addition to the deductions which you have mentioned, there are also certain regulations in some parishes as to a classification of occupiers?—Yes.

376. Would you describe that to the Commission?—The Act of 1845, as now amended, provides that "it shall be lawful for the parish council, with the concurrence of the Local Government Board, to determine and direct that the lands and heritages may be divided into two or more separate classes, according to the purposes for which such lands are used and occupied, and to fix such rate of assessment upon the tenants or occupiers of each class respectively, as to such councils may seem just and equitable." The classification only applies to occupiers, at least, it only should apply to occupiers, but I have an impression that in a few parishes it is applied to owners as well.

377. If that is so, of course it is illegal?—Quite so.

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County rates. Division between owner and occupier.

County rates. Road debts incurred before 1889 paid by owner

Rates in burghs. Most leviable from occupier in point of amount, but in point of number, more leviable half and half. Parochial rates. Valuation roll. Assessment re Deductions.

Classification. System of, applicable only to occupiers

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 100 to 109.  
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**Mr. J. M. Dodds.** 178. And now that we have a proper system of audit, it will of course be put a stop to?—It ought to be put a stop to.

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379. The classification, if once formed, is operative for every rate which is levied parochially, is it not?—It is operative for the poor rate, and all rates levied as the poor rate by the parish council.

380. And a parish council which is in possession of a classification may not alter it, but may abandon it, without the consent of the Local Government Board?—Yes.

381. Will you turn to Schedule IV., part 3, of your memorandum, there, I think, you have supplied to us some specimens of classifications which are actually at the present time enforced?—Yes, I have taken the classified parishes having more than 20,000 population, where one may presume it is most intelligently applied.

**Classification.**  
**Number of parishes adopting the system.**  
382. Then at the present time do you know how many parishes out of the 877 civil parishes in Scotland possess classifications?—I have stated in paragraph 20 of my memorandum that 162 do, but since that was prepared I have reason to suppose that it is only about 150.

383. They are continually varying, are they not, from year to year—some parishes are asking for new ones, and others are abandoning those which they have got?—Yes, but the abandonments are not made up by the new applications; it is a diminishing number over a series of years.

**Classification.**  
**Agricultural Rates Act, 1896, effect of.**  
384. The effect of the rating Act of last year was, so far as occupiers are concerned in every parish, to introduce a compulsory classification to this extent, that agricultural land could not be rated *quod* the occupier on more than three-eighths of its value?—Yes, that is so in counties and in parishes; the Act did not deal with burgh rates.

385. For all parochial purposes it was so, was it not?—Yes.

386. That was also done so far as the occupier of agricultural land is concerned for county purposes?—Yes.

**Agricultural Rates, Act, 1896.**  
**No separation in Scotland between valuation of agricultural land and buildings.**  
387. Of course the fraction of three-eighths is a less corresponding benefit to the occupier of agricultural land than was given to the English occupier, upon the face of it?—Yes.

388. But in the case of Scotland the agricultural occupier is rated on three-eighths of his whole value, including his buildings?—That is so.

389. There is no separation, in his case, between the valuation of the buildings and the valuation of the agricultural land?—No.

390. That was following what would take place under any classification made under the general law?—Yes; in classifications, a farm building is not separated from the land attached to it.

**Coal mines.**  
**Basis of valuation.**  
391. I touched upon the question of the owner of mines, can you give to the Commission any information as to the basis on which the tenant of a coal mine pays the occupier's rate?—I cannot pose at all as an expert in such matters, but so far as I have ascertained it seems to be simply the same for both; the same valuation is applied to the owners as to the tenants, and the basis of it is the same basis as in every other case, namely, the annual rent which, over an average of years, would be payable for the mine, and that rent can, where the mine is let, be ascertained; where it is not let a comparison can be made with neighbouring collieries, or whatever the mineral is.

392. Would the owner not be obliged to supply the information in the case of even an unlet mine?—I cannot say positively.

393. Assume the case of an unlet mine, and that it was supposed to be appearing in the valuation roll below its annual value, would the remedy not be that the official expert who was valuing would put it in at what he thought right, leaving the owner to appeal, and in the case of appeal the owner would have to show his books?—Certainly.

**Classification.**  
**Rate in £ imposed upon owner and occupier likely to vary.**  
394. Of course this will be understood, that, wherever the system of classification is in force, the apparent rate per £ upon the occupier will be likely to vary from that imposed upon the owner more than in a case of county rates?—Clearly.

395. Because the amount upon the valuation roll upon which the rate is assessed will then not be the same for the occupier as for the owner?—Yes.

396. You have put in some specimens of the demand notes which are in use in Scotland; in two cases, at least, there are some parishes and counties in which the whole county and parish rates are levied upon one demand note by one collector?—I have only seen notes from one county in which that practice prevails, namely the county of Dumfries. By arrangement with some of the parish councils there, the county council appears to levy both the county and the parish rates in certain parishes by one demand note.\*

397. There is nothing in the law to prevent any county or parish agreeing to do that if they chose to do it, is there?—Nothing; in fact, there is a provision specifically entitling them to do so.

398. In what Act?—In the Local Government (Scotland) Act, 1894, section 51.

399. That is so recent, is it not, that it has not yet come into force—probably on account of vested interests and others?—Probably.

400. (*Mr. Arthur O'Connor.*) With regard, first of all, to the question of appeals, which the Chairman put to you, there are comparatively few appeals to the Court of Session, and you cannot tell us the number of appeals to the inferior tribunal?—No, I cannot tell you that.

401. I notice, in your memorandum, that the question of the cost of appeals is referred to. In paragraph 2 you say, "The county and burgh courts cannot deal with expenses except in the case of complaints made against a valuation by third parties;" do you not think that fact may have a good deal to do with the small number of appeals?—Does that not cut both ways, perhaps? The fact that costs cannot be given against the parties may, perhaps, induce appellants to bring up a case year after year.

402. Do you not think that the mere fact that they cannot recover their costs if successful makes them very chary about going to an appeal?—That may be; perhaps I may be allowed to say that you can get full particulars of the number of cases dealt with by the valuation committees from any individual county or burgh assessor.

403. Take the cases before the Court of Session in which the parties have hitherto borne their own costs; do you not think that again would act as a deterrent against appeals—it would probably be scarcely worth the while of a ratepayer to go and establish his right to a deduction before the Court of Session if he had to pay the piper?—I should be sorry to give an opinion about it. I have seen the same reason put forward on the other side.

404. Many of the rating authorities have occasion to borrow?—Yes.

405. They borrow from the Public Works Loans Commissioners among others?—Yes.

406. I notice in paragraph 13 of your memorandum certain instances in which there is a limitation of the rating power with regard to certain classes of property?—Yes.

407. Would that limitation affect the power of the rating authority to raise any sum during the year; would it have a limiting effect upon the total?—Certainly.

408. Under your Acts for borrowing, I think the limitation is two years' valuation, is it not?—There is no general limitation, in fact, in Scotland there is not, as a rule, any limit.

409. I look at it from the point of view of the Public Works Loans Commissioners, as I happen to be a Commissioner myself; as a matter of fact we cannot advance beyond two years' valuation?—I was not aware of that; is that a general rule?

410. I think so, at any rate, it is in this country; but my point is this—if there is a limit to the power of raising the rates independent of the valuation, the valuation would cease to be an index of the amount of security?—Obviously.

411. (*Chairman.*) The limitation does not touch anything but very special rates, such as a special water-supply district, is that not so?—(*Mr. Arthur O'Connor.*) Take Edinburgh, for instance, and Glasgow?—In Edinburgh and Glasgow I do not think there is any limit.

412. Will you refer to paragraph 13, section (3) of your memorandum?—I think that does not provide for a limit of rate, it merely says that under an old Act there was a system of differential rating.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 110 and 111.

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Rates, county and parish, levied upon one demand note by one collector in Dumfries.

Appeals, few to the Court of Session. Cost of.

Rating authorities. Borrowing powers. Limitation of rates.



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Unoccupied property in counties. Liability of owner to pay rates in respect of.

Rates in Scotland vary very considerably.

Local Debts. Amount of.

Division of rates between owner and occupier. Advantages of Scottish system of levying half and half.

Unoccupied property in Burghs. Liability of owners to pay rates in respect of.

Police rate in Burghs. From whom levied.

Rates in Burghs. Upon whom levied.

Poor rate levied half on owner and half on occupier.

413. It "should not exceed 9d. per £, and on subjects at or above 10l., 1s. 3d. per £," that sounds to me very much like a limitation?—That has been repealed.

414. (Chairman.) That is historical?—Yes.

415. It is all repealed, and does not now exist?—That is so.

416. It was discontinued under the Act of 1879?—Yes; but I see the learned Commissioner is quite right—in Glasgow there is a limit as to certain rates. I do not think there is a limit in Edinburgh.

417. (Mr. Arthur O'Connor.) In estimating the value of the security, as connected with the total valuation, it would be necessary, would it not, to have regard to the possible limitation of the power to raise money?—Certainly.

418. You spoke also, in reply to the Chairman, about subjects unoccupied being liable to the owner's rate: what rate would be paid by an owner for unoccupied property?—Where the rates are equally divided between owner and occupier, then half or about half of the total rates levied upon any subject would be payable by the owner, and at least as regards county rates, are by statute required to be paid by him, whether the subject is occupied or not.

419. In other words, the owner may be rendered liable for the payment of rates, even though he is getting nothing out of his property?—Undoubtedly.

420. Is there any very great variation in the rates in different parts of Scotland?—Yes, they vary very largely.

421. What would be the lowest, do you think?—I am afraid I am not provided with figures, but I could furnish them.

422. I suppose something between 1s. and 2s. in the lowest case?—I could give you the averages; would that be of any value?

423. It is rather the highest and the lowest that I want to bring out; that would help us very much indeed if you could get them?—The Local Taxation Returns give them.

424. (Sir E. Hamilton.) Could you prepare and put in a statement for the Commission about the state of the local indebtedness of Scotland, showing the total of the local debt?—Certainly.\*

425. Showing, not only the amount which is outstanding, but the amount of the gross charge for interest and the sinking fund? It is very important for us to know how much out of the total charge for rates goes to meet the charge of the debt?—That is all given in our Local Taxation Returns.

426. And could be furnished to the Commission, could it?—Yes.

427. (Mr. Arthur O'Connor.) You are conversant, not only with the Scottish system, but to a certain extent perhaps, with other systems of rating?—A little.

428. In this country, for instance?—Yes.

429. And in Ireland?—A little.

430. And possibly in some foreign countries; but at any rate with regard to the United Kingdom?—I know a little about it.

431. There is a considerable difference between the system in vogue in Scotland and that in vogue in Ireland?—I believe so.

432. From your official experience—I do not want to go into details—could you indicate to us any salient points in which you think the system in the one country or the other compares favourably with its rival; are there advantages in the Irish system which you think it desirable to introduce here, or vice versa?—I think our Scotch system of levying half and half has been generally eulogised, and I have seen it eulogised in books written by Irishmen.

433. What do you say with regard to the fixity of valuation in Ireland?—That is so entirely different from our system, especially in the rural parts, where it depends upon the prices of produce, that I really am not prepared to give any opinion about it.

434. (Mr. Stuart.) Does the system of charging the owner's part of the rate on the owner in the case of unoccupied property exist in the Scotch burghs invariably?—It is not of so much importance in the burghs, because the bulk of the rates are levied upon the occupier direct, but certainly some rates in burghs are

levied entirely upon owners, and these, I understand; they do pay directly.

435. In the case where the owner does pay a rate, as he does, no doubt, or some proportion of the rate, in Scotch burghs, does he invariably in the burgh, if his property is unlet, still pay his proportion of the rate, or are there cases where unlet property is not charged on the owner; I mean, what is the fact?—It is very difficult to speak generally for Scotland, because we have so many different rating systems under different statutes, but if you will allow me to confine myself to one Act, the principal burgh Police Act, I can tell you what is done under it.

436. Suppose I own property in a burgh in Scotland, and my property is vacant, would I still have, in all cases, to pay a proportion of the rate?—I think so, assuming that any of the rates were levied upon ownership.

437. What is the justification brought forward of levying it upon an owner who is getting no income from his property; or is it never justified in Scotland?—I suppose the idea is that if it is not let it ought to be let.

438. Does a proportion of the police rate fall in all cases on the owner in a burgh?—In all cases the police rate falls upon the occupier.

439. Entirely?—Yes, in every case.

440. (Chairman.) As a matter of practice, is there a right to levy it either way?—In some cases they can levy it so.

441. (Mr. Stuart.) Is it the case in Scotland that the local authority can choose whether it levies it from the owner or the occupier?—In some cases, but not, I think, in most cases; in most cases it is specially laid down that it must be levied from one or from the other, but in burghs —

442. I am speaking of burghs entirely?—In burghs owners are rated in occupiers' rates for lands and premises rented at or under £l. with a power of recovery in full from occupier and with 10 per cent. discount—compounding, in fact.

443. That is a compounding principle, but what I want is this: Supposing the local authority wanted to get its money, has it or has it not the choice as to whom it should rate—the occupier or the owner?—I think not as a general rule; there again one can only speak for individual rates and confining oneself to burghs.

444. This is what I wish to do; is there any rate applicable in Scotch burghs in which the rating authority has the right of choice as to whether it shall levy it from the occupier or from the owner?—I do not remember any at present.

445. (Chairman.) Is it not the case in the Public Health Act that they can levy from one or the other?—I think not. I know that in the case of the poor rate they can levy the whole of that from the occupier, but that is not a burgh rate of course.

446. (Mr. Stuart.) I did not apply it to a burgh rate. I said, "in burghs." I will put my question again, because I want to put a subsequent question founded upon it: Is there any rate, and, if so, what rate, levied in a burgh, I do not say by the burgh, but levied in a burgh, which the rating authority may at its option levy from the owner or the occupier?—The poor rate in a burgh, in fact, universally, may be levied in whole from the occupier, with power of recovery of half from the owner; but in practice that is not done.

447. May it be levied in whole from the owner?—No.

448. It may not?—No.

449. Then there is no rate which may be levied from the owner?—I think only in the case of what you know as compounding under 4l.

450. What is the custom, as a general thing in Scotland, as to levying the poor rate, which, you say, may be half recovered by the occupier; is it usually all levied from the occupier, or is it sometimes levied from both occupier and owner?—Almost universally, if not quite universally, it is levied directly on each—on the owners and on the occupiers.

451. Directly on owner and occupier?—Yes, half and half on each.

452. When you levy it from the occupier, and when the occupier has a right of deduction from the owner,

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, p. 120.  
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can he come to a private arrangement with the owner not to deduct it?—I think so. You mean, is such an arrangement ruled out by any statutes?

453. Yes?—I do not know of any.

**Poor rate. Power under Poor Law Act of levying in whole from occupier, who has power of recovery from owner.**

454. As a matter of fact, do you know if such leases are made in burghs in Scotland?—That I cannot say.

455. Here is the fact, as I understand now from you, that there is a poor rate in a burgh in Scotland, and that poor rate the authorities have a right to levy, half from the owner and half from the occupier?—They have a power under the Poor Law Act, which I do not think is exercised, of levying it in whole from the occupier, with power of recovery by the occupier from the owner.

456. (*Mr. Smith.*) I want to ask you one question about your general local government organisation in Scotland. Your county corresponds to an English county, in general terms, does it not?—Yes, in general terms.

457. Your royal burgh corresponds to an ordinary municipality in England?—Yes.

458. Your police burghs correspond, I think you said, to our urban district councils, or thereabouts?—Very roughly. I do not think that the police burghs would like the comparison, possibly.

459. Does the term police burghs mean that they have the control of their own police?—Not necessarily; it may be so. I think I have stated in the first paragraph of my memorandum that "police" is a word of very wide meaning in Scotland.

460. Mr. Stuart has asked several of the questions that I wished to ask. You said rates are collected direct from the owner, both in counties and in burghs?—And in parishes.

461. Some are collected in certain cases from the occupier with a power of deduction from his rent?—Yes.

462. Now I want to ask you whether, where owners are rated, either directly or indirectly, they have any power of voting?—Certainly; the ownership vote for local purposes is the same as the parliamentary ownership vote in Scotland.

463. So it differs from the English franchise?—Yes.

464. With regard to vacant property, are there any cases where vacant building land would be rated—where an owner was holding over, we will say, for a better price, or cases of that kind?—It would be rated, I take it, at its agricultural value, or possibly in burghs, at a quarter of its agricultural value.

465. Would it be merely taken at its agricultural value?—Yes.

466. Although it might be worth thousands of pounds an acre?—Ultimately.

467. Are there no means of ascertaining its immediate value for building purposes?—Not in the valuation system.

468. Therefore, if we were sitting in a burgh in Scotland, a piece of vacant land across this street would only be rated at its agricultural value?—That is so, I believe.

469. (*Mr. Clure.*) Just following on that question, is not the system in Scotland the same as in England, namely, that the assessment is made upon the value of the occupation, that is to say, on the rent which it is worth while for a tenant to pay to occupy the property from year to year?—No, if I understand your question rightly, that is not so, except in the case of poor rates. You mean, practically, is it a gross or is it a net rental which is taken?

470. What I mean is this, that the valuation is based upon the value of the property for the purposes of occupation in the condition in which it stands at the moment, and not on the value that it might be put to assuming that something was done with it?—Yes; that is so, I think, in every case except that of woodlands.

471. Take the case, for instance, of unbuilt-upon land in a burgh; it is assessed according to the purposes for which it is being utilised at the moment, and not based upon the theory that if it was utilised for building purposes it would produce a higher rental?—Certainly it is assessed at the momentary or average value of the land.

472. May I ask, just for a moment, about the constitution of the council, as I suppose it is, of a burgh; are the members of the council elected by the votes both of owners and of occupiers?—Yes. The same ownership vote exists for the burgh register as for the parliamentary register; in fact, the burgh register is simply the parliamentary register with certain additions including women.

473. But the owners, who vote as owners at a parliamentary election, would be comparatively few, would they not, as compared with the owners who are liable to pay one-half of the rates?—I have not had occasion to compare the numbers, but it is a very interesting point, which one might, perhaps, work out.

474. With regard to this classification, I understand it lies in the power of the council of the burgh to decide in what proportions different classes of property shall pay the rate?—Perhaps one ought to emphasise the fact that classification only applies to the parish rates; that is to rates leviable by a parish council; it does not apply either to rates levied by a county council or to rates levied by a burgh authority.

475. But it does apply to some rates?—It applies only to poor rates on occupiers leviable by the parish council. The burgh council has no power in that direction; it is only the parish council which has that power.

476. Does not that seem to place a very considerable power in the hands of the council in this way: that it might happen that the majority of the council were composed of people who might have most interest in dwelling-houses?—Yes.

477. Or most interest in shops?—Yes.

478. Or most interest in agriculture?—Yes.

479. Does it not give the council an immense power to give a vote which, so to speak, suits its own purpose?—Undoubtedly; and that is the criticism which has very frequently been made upon the system, that it gives too much initiative to the parish council. Of course, the Local Government Board have some power in the matter; they must approve the classification.

480. Are not some of the rates in Scotland limited in amount?—Yes, to so much in the pound.

481. For instance, under the Parish Councils Act is there not some limitation put upon the amount of the rate which a parish council can raise?—Not to the poor rate proper; there is to the new rates which were authorised by the Parish Council Act.

482. Take the library rate; is the library rate limited to a *1d.* in Scotland?—Yes, to a *1d.* in the pound.

483. Supposing it was decided to levy a *1d.* library rate in a burgh, the amount that the *1d.* would raise would be materially affected by the classification that might be adopted?—Not, as it happens, in a burgh, because the classification does not apply to a rate levied by a town council, as the public libraries rate is in a burgh.

484. Supposing we take the case of a rate which is limited, and to which the classification can apply, then, if the authority decide to levy, say, the maximum rate, and they subsequently make a classification, must it not obviously follow that either the property, which has to pay upon the whole, must pay more than the maximum, or else the maximum will not be raised?—No, because it has been ruled that where, say, a *1d.* limit is imposed, it means that in the whole not more than a *1d.* for each pound may be raised, but that does not preclude, in the case of a classification, a higher nominal amount per pound than a *1d.* being raised from certain individuals.

485. With regard to charging the owner with rates, do you have to serve a separate demand note on the owner and on the occupier?—Yes.

486. How is it arranged then when the owners live away, or when there are trustees?—I suppose there is generally a representative of the owner, a law agent or factor, who would receive his demand note on his account.

487. It occurs to me that the procedure is a little bit complicated for a very simple thing; why not serve the demand note for the whole upon the occupier, simply giving him the power to deduct half the rates from his rent?—I think the theory of Scotch rating has always

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Ownership vote for burgh register same as for parliamentary register, but with certain additions.

Classification system applies only to the parish rates.

Classification system. Position of members of parish council if interested in certain properties.

Rates limited in amount.

Demand notes. Separate ones for owner and occupier.

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been that it is desirable to let the person rated know directly that he is being rated.

488. But he does know if he sees that he has half the rates deducted from his rent when it is paid to him?—Yes, it may be merely a matter of custom in Scotland, it has been so for the last 200 years in the case of some rates, and the system has continued.

489. Mr. Smith reminds me that it practically obliges every owner to have some local agent on whom the demand note may be served?—I could not say from my own knowledge what the actual practice is.

490. Have you any experience on this question, whether this power which seems to be vested in some of the local authorities of dividing the rate between owner and occupier, and of classifying property, is a matter which is taken into calculation in the value of the property when it has been sold or purchased?—I cannot say from my own experience, but I have every reason to suppose that it is, at least as regards the division of rates.

491. It is an element of speculation which has to be allowed for?—Undoubtedly.

492. I notice that in Scotland the properties which pay rates upon one-fourth instead of the whole include several important matters which are not included in the English law, that is to say, the most important ones being tramways and underground pipes, gas, and water-works?—Yes.

493. Is that paying on the one-fourth in Scotland a matter of right or a matter of concession?—It is a matter of right; I mean it is laid down by statute.

494. Is it provided for by a statute, or is it simply a power which the local authority have of allowing that deduction?—It is compulsorily provided for by statute. You will see in Schedule I. of my memorandum, column 10, where the enumeration comes, that in one case there is a discretion in the local authority—that is the case of shops, which are “unless, in special circumstances, otherwise determined by the Commissioners, with appeal to the sheriff,” to pay water rate on one-fourth only of their gross valuation; but in every other case it is compulsory.

495. The water rate is a special rate?—It is.

496. It would be rather unfair, would it not, to charge a shop on the same basis that you would a house, when, probably, the only water used in the shop is for sanitary purposes in a hand basin?—That is no doubt the reason why there is such treatment.

497. (Mr. Elliott.) With regard to the persons or property to be rated in Scotland, I gather from your memorandum that, both as regards parish rates, and as regards burgh rates, for a long period of years, the idea was to tax according to ability rather than to tax particular rated properties?—You mean that they tried to rate upon an estimate of income?

498. Yes; is that not so?—Yes, I think so, and I think most Scotsmen would maintain that that is the principle which lies at the bottom of all rating in Scotland to this day, although it is got at in a different way.

499. But the object ought to be not so much to obtain the value of particular properties as to estimate the ability of the ratepayers to bear public burdens?—Yes.

500. Was the abandonment of the system due to its inconvenience and difficulty, or to any want of equity?—I think it was entirely on the ground that it was excessively inconvenient and difficult to work.

501. Has the classification system adopted in Scotland grown out of the original endeavour to tax according to means and substance?—It has absolutely grown out of it; it is simply an effort to provide a substitute for an actual estimate of income.

502. Then you would say that, where the classification of properties for the purposes of rating, is adopted, that classification should have some reference to the ability of the person rated?—That is the theory of classification.

503. To take the case of a bank, would you say that the justification of a high rate upon a bank is that the profits of a bank bear a very large proportion to the rateable value of the premises in which the bank is carried on?—That is probably what the parish council might say.

504. As you go down in the scale the profits derived bear a very much smaller proportion to the actual rateable value of the property, would not that account, for the fact that agricultural land is in nearly all these cases of classification at the bottom of the scale?—Yes.

505. The actual rateable value of the property is very high in comparison with the profits derived from that property?—That is the fact.

506. And in comparison with the ability of the occupier of the property to bear the burden?—Yes.

507. With regard to the classification system, is there a tendency for it to become more extensively utilised, or the reverse?—Speaking of it all round, undoubtedly the tendency has been to abandon it. At least, until the last year or two. I think, possibly, since rating questions have come more into prominence, there may be a little tendency to revive it, but speaking over a series of years, the number of classified parishes has certainly diminished and is diminishing.

508. What do you think is the cause of that?—It is difficult to put it down to any single cause. I think one has to remember that it has been in the option of any parochial board or parish council to abandon classification by a simple vote without any further consent, and if at any time the people who are prejudicially affected by classification obtain a majority on the board, naturally they are not unwilling to do what they can to get rid of the system.

509. Would you say that so long as the business of classification rests in the hands of a local authority, it is extremely difficult to bring about any adjustment as between the particular interests affected?—Certainly it is difficult. I think you will find that various Committees and Commissions which have examined the subject have all agreed in recommending that there should be further control.

510. In other words, the interests are so conflicting that it is desirable that Parliament or some central authority should prescribe classification and the details of classification, rather than that the local authorities should be left to deal with them for themselves?—That has been the view, and the same view has often been expressed with regard to deductions in fixing net rental, which, at present, are also left to the discretion of parish councils.

511. You think that this gradual abandonment of classification, to which you refer, is based not so much upon any intrinsic objection to the system on the part of the ratepayers, but rather that there has been no sufficient means for carrying it into effect?—I do not think I could quite say that, because, in some cases which have come before my notice, I know that theoretical objections have been taken by the parish council to the system. I mean it has been argued by one side, which desired to abandon the classification, that the ultimate incidence of all rates was on the owner, and that, therefore, the classification as amongst occupiers was of no consequence; but, as a rule, I think probably what I said before is the chief reason.

512. What has been the practice of the Local Government Board for Scotland on receipt of applications for a classified system; is any local inquiry held?—I cannot speak from my own knowledge; I think, perhaps, it would be better if you had one of the Local Government Board officers here.

513. May I take it, from what you have just now said, that the principal theoretical objection which you have heard expressed to the system of classification has been that, inasmuch as all rates fall upon the owner, it did not very much matter how the occupiers are classified?—I think so. There was a very typical case last year, the Renfrew case, and I can read you, if you care to hear it, some of the reasons which were urged against it.

514. They would be very interesting?—It was a case in which a classification was abandoned by a majority of the parish council, with the result that the rates upon agricultural occupiers were raised threefold; as between one year and the next year their rate was multiplied by three. They petitioned the Secretary for Scotland, and answers were handed in by the parish council which can be produced.\*

515. When once an owner has been rated, and the property is charged with any burden, has he any power to recoup himself, as in the case of the income tax, by deduction? Supposing, for example, that an owner

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, Schedule IV., part G.

Classification system. Number of classified parishes diminished. Reasons for.

Classification system. Control by a central authority desirable.

Classification system. Objections to.

Rating of owners in respect of properties burdened with charges. No statutory deduction.

Classification and division of rates are elements taken into consideration on sale or purchase of property.

Rates in respect of certain properties in Scotland paid upon one-fourth instead of upon the whole as in England.

Ability to pay. Application of principle of.

Classification system is a continuation of rating according to means and substance.

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is rated, and the property in respect of which he is rated is subject to mortgages or other charges, is there any power of deduction on the part of the owner from the interest that he pays on the mortgage, or from any other charges upon the property, ground rent, for example?—I should think that must depend entirely upon the terms of the deed.

516. There is no statutory power of deduction?—Not that I am aware of.

517. So that in the case of the owner of a property which is mortgaged up to the hilt, as it were, the burden of the rates would fall upon the nominal owner, but not upon the real owner?—Yes. On the other hand, of course, the people who lend the money on the estate have to reckon with the fact that certain rates are leviable on the owner; I mean, they will have to calculate that in lending their money.

518. Of course we know that in all these matters there is percession and re-percession, but there is no apportionment of the burden amongst the different interests in the property so far as the statute is concerned?—Not to my knowledge.

Differential system of rating in Glasgow.

519. You have, I think, in Glasgow a differential rating of property as distinguished from what we have called classified rating?—In Glasgow, I think Glasgow is the only case in Scotland now.

520. Under that differential system a smaller proportion of the rate is levied upon small properties than is the case with large properties?—Yes.

Differential system of rating an attempt to rate according to ability.

521. Has that anything to do with convenience of collection, or is it an attempt, again, to adjust the burden of the rates according to ability?—I think it is an attempt to adjust it according to ability.

522. Does it apply to rates levied upon the owner, as well as upon the occupier?—As a matter of fact, it only applies to the police assessment in Glasgow, which is entirely leviable upon the occupier.

523. So that in regard to these rates, the assumption is that the ability of a poor person occupying a small rateable tenement is not so great in proportion to the rateable value of that tenement as in the case of a larger tenement?—Yes, that is the assumption evidently which the Lord Provost made, as you see in the extract from his speech, which I give in paragraph 13.

524. Does not this system depend upon the assumption that the rate is paid by the occupier, and not by the owner?—Undoubtedly.

525. But supposing it to be true, as has been urged by the parish councils to which you have referred, that the burden of all rates is upon the owner, would not the result simply be to relieve the owner of small properties as distinguished from the owner of large properties?—No doubt it would; of course once you get into that theoretical reasoning, you can attack the whole system of levying rates half upon the occupier and half upon the owner. If all rates are paid by the owner ultimately, the mere matter of the half-and-half levy is in theory a matter of indifference.

526. Before you can either attack or defend these systems of classification or differentiation you must make up your mind not only who ought to pay the tax, but who does pay the tax?—I should be sorry to have to make up my mind upon the question, but obviously, according to whether you take the one view or the other, your arguments will be affected.

Rates, division of, between owner and occupier. Purposes for which rate levied considered by the Legislature. Question of convenience in raising rate also an element.

527. With regard to the division of rates between owners and occupiers, I take it that where the legislature has laid down either that the occupier should bear the burden, or that the burden should be divided between the owner and the occupier, each paying one half, or that the owner should wholly bear the burden, some regard has been had to the purposes for which the rate has been levied?—No doubt in each case when the Act was passing through, the question was considered, but my own experience is that, at least in recent years, questions of convenience in raising the rate have come into it as well as the question of principle.

528. Are you aware of any reason why one half should be taken, and not one third or one fourth, or any other proportion?—I am not aware of any reason beyond the historical fact that it has been so taken.

529. Have you ever seen any reason urged why one half should be taken?—No.

530. With regard to the purposes for which rates are levied, is there any variation amongst the different local

authorities as to the proportions in which those rates should be levied for the same purpose upon the owner and upon the occupier?—There may be under private Acts, but so far as the public Acts go, I think it is generally laid down in the statute, or always laid down in the statute. The statute says that the rate is to be levied either half upon the owner or half upon the occupier, or it may say it is to be levied wholly on the occupier, or it may say it is to be levied wholly on the owner, and if it is a public general statute that must be observed, of course, wherever the statute can be put into force.

531. Can you see, running through all this Scotch legislation, any broad general principle as to what rates should be paid and borne by the owner, and what rates should be paid and borne by the occupier?—Looking at the rates as they stand, one finds that in the country the rates are paid almost all round, half and half. In the towns the poor rates are paid half and half; and the police-rate and, in amount, the greater portion of the other burgh rates are paid wholly by the occupier. I think that that distinction may be partly based on the view that the occupier receives the greater benefit of the public expenditure in towns, and also, I think that one must allow something for the fact that the historical origin of the police rate in Scottish burghs goes back beyond 1835, when the Royal Commission on Scottish Municipal Corporations recommended an equal division of rates between owners and occupiers in burghs.

532. But there remain anomalies, that is, for some purposes rates are levied differently in different districts?—Yes, and even in burghs.

533. That brings me to the question of agricultural land; would you say that for the same purposes agricultural land is charged in different districts at different rates?—So far as the rates are fixed by general statutes, of course that cannot be so. I mean, if a statute applies to the whole country, then agricultural land must pay the same rate—not the same rate in the £, of course, but divided in the same proportion as between the owner and the occupier, all over the country.

534. I am referring now rather to the question of the proportion which agricultural land should pay; we know that under the Rating Act agricultural land cannot pay in Scotland more than three-eighths of its value?—Yes, for occupiers' rates only.

535. But for some purposes, agricultural land in some districts is rated at a smaller proportion than three-eighths, is it not?—Only where there is a poor-law classification for parish rates—I am speaking only of agricultural land in counties.

536. Supposing agricultural land happens to be situate within the limits of a burgh, would it not pay a smaller proportion to the district rates?—Yes, under the Burgh Police Acts it would only pay a quarter; but, as a matter of fact, there is very little agricultural land in burghs.

537. How does the owner stand in regard to appeals against the valuation of his property?—During a certain time he has the power of going direct to the assessor, and the assessor at his own hand, as the phrase is, can alter his valuation if the owner persuades him that it has been wrong. After a certain time has expired, the owner can go to the county or burgh valuation committee, and they, if they think fit, may alter the proposed value in the roll. Then there is a further appeal to the Court of Session.

538. Would that apply generally—irrespective of whether the owner was to be rated, or was to bear a portion of the rates?—Certainly.

539. There is a general power of appeal by the owner of any property who objects to the assessment upon that property?—Undoubtedly; I suppose he would not use it unless he expected to be rated.

540. (Mr. Dalton.) The system of rating on means and substance for the poor rate lingered on considerably longer in Scotland than it did in England, did it not?—Yes.

541. What was the year in which it ceased?—The last parish which abandoned it was Greenock, in the year 1880.

542. It was merely for the purposes of the poor rate, was it not?—That was all.

543. And was founded on the assumption that every one should contribute to the relief of the poor, according to his ability?—Yes.

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Rates, Division of, between owner and occupier. Purposes for which rate levied considered by the Legislature.

Rates, Which borne by owner and which by occupier. Reasons for.

Rating of agricultural land. Partial exemptions. Amounts allowed in various districts.

Appeals by owner. Procedure.

Rating on means and substance for purposes of poor rate finally abandoned at Greenock in 1880.

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Classification system. The kind of parishes adopted in.

544. If it be the case now, as has been suggested, that the ultimate incidence of the rate is upon the owner, the only people in Scotland who contribute to the relief of the poor are the owners of rateable property; is that not so?—That is so, of course, if the owner ultimately pays all the rates.

545. With regard to this classification system, can you tell us, in reference to those 160 parishes in which it is in force, what kind of parishes they are—are they rural or urban, or are they mixed?—Ninety are partly urban and partly rural; I am afraid that is all I can say now, but I think you may assume that nearly all the rest are rural parishes.

546. In the case where the parish is partly urban and partly rural, the interest of the majority of the inhabitants would be not to have the classification system if the land is to be rated low, I presume?—Assuming the majority were in the burgh, which it probably would be, of course.

547. Even when they are out of the burgh, if they are labourers and do not have land, their rates would be raised in consequence of the low assessment of land?—No doubt.

548. Therefore in these cases it is perfectly clear, although it was contrary to their interest to do so, that they thought it would be fair that land should be rated at a lower value than other properties?—I think that is a perfectly fair assumption.

549. The same would be the case where they have rated railways low; their interest would be to rate the railway high, but in these classifications a railway is generally rated lower than a house?—Yes.

550. Therefore you have it that in a very considerable proportion of the Scotch parishes where the pecuniary interests of the inhabitants are against this system, they have voluntarily adopted it, because they thought it was fair and proper?—I think so.

551. And the fact that it has not been adopted in other parishes may be due to some extent to the fact that the other parishes have not been equally disposed to be generous to the occupiers of land?—That may be.

552. In a purely rural parish it would not much matter whether you had this system or not, I suppose, where all the properties are really of one class?—No.

553. That would be another reason why you have not got a larger proportion of parishes going to the trouble of adopting this classification?—I think so.

554. Can you give us the reason why the poor rate in Scotland is raised on the net value, and the burgh rate on the gross value of the properties?—Of course the primary reason is because the statutes vary; I do not think that one can really say that there is any principle at the bottom of it. I think, probably, the explanation is, that the Poor Law Act of 1845 followed the English practice.

555. The statute of Elizabeth?—The statute of William IV.—the English Parochial Assessment Act of 1836. The definition of the Poor Law Act of 1845 is practically the English definition—subject to correction, I think that is so.

556. (Chairman.) Does it not arise mainly from this: that the Poor Law Act is almost the only important rating Act now in force which is anterior in date to the valuation law?—That is, of course, a fact. I rather thought Mr. Dalton wanted to get at whether there was any principle.

557. (Mr. Dalton.) Which principle do you think is right as a matter of rating—to rate on the gross or on the net?—I prefer not to give an opinion. I think as far as I am entitled to go is to say that whichever plan you choose, I cannot see any reason why it should not be made universal.

558. In Scotland the gross seems to be the more popular, as I gather from your evidence?—I should say so; and chiefly, I think, because it gives far less trouble.

559. I understood you to say where the valuation should be made on the net, in many cases it is not so made?—In a large number of parishes they simply ignore it, and in a further large number they make a uniform deduction all round, which, of course, comes to the same thing.

560. Can you give any explanation why you have such a very large number of separate rates for purposes for which the expenditure is not large in Scotland?—I

think the explanation is simply that in Scotland we have never regarded any area or rate as being the unit, so to speak, like the parish and the poor rate in England; a new expense has often been simply made an additional rate as it came.

561. As a general rule, with one or two exceptions you have in this table\* for nearly every purpose a different rate, although many of these rates would be raised by the same authority?—Yes; of course, in the enumeration there are very few authorities which would raise anything like all these rates; and, on the other hand, there are a large number of rates which are specified in the statutes to be added to, or to be raised upon the same basis as, say, the poor rate, or the public health rate, or the county general assessment, or the county general purposes rate.

562. But they are all set out separately in the demand note: you do not have one comprehensive rate, except in the case, as I observe, of the Burgh Police Act, which is a very comprehensive rate?—That is a very comprehensive one.

563. And that varies from the English borough rate in one important respect, that land and certain other properties are rated to one fourth for the purposes of that rate?—That is so.

564. Whereas they are rated to the full in most parts of England where there is no local Act?—Yes.

565. I think that on the first page of your memorandum you point out that these different local bodies collect their rates independently by separate demand notes, though they have power to make a joint collection, and in some cases do so?—Yes.

566. Has it been a success, having a joint collection, say in a burgh or in a town?—So far as I know, I believe it has been a great success; the only case in which I can speak from personal knowledge is in Aberdeenshire, where the county clerk informed me it had worked very well.

567. It would save, I suppose, a great deal of expense in collection?—Yes, and no doubt vested interests are rather in the way of its being extended.

568. Has the question of vested interests anything to do with the fact that in the valuation a certain number of counties still continue to employ their own assessors instead of having the Government assessor?—So far as I can gather, county councils like to have some patronage, and I think that that has had something to do with it.

569. But you are clearly of opinion that it is less expensive for them to do so?—It is clearly less expensive to take the Government valuer.

570. There is one passage in paragraph 4 of your memorandum that I do not fully understand, and that is with respect to the feu duties. The feu duties, you say, "are not entered in the roll for purposes of assessment, and are not rated as such." What happens with a building in respect of which there is a feu duty? Is the building rated at its full value?—The building is rated at its rateable value, which includes, of course, the feu duty. I mean one may fairly conclude that the rent includes the value of the feu duty. The feu duty is not separately rated.

571. You do not mean that the full value of the house is not entered in the roll?—No, I do not mean that.

572. You are clear upon that point?—Quite clear.

573. You also say, "If occupation brings profit to the occupier in the shape of tolls or rates (such as gas or water rates, or harbour dues, or railway rates and fares), the profit is taken into account in making the valuation, if indeed it is not the sole basis of the valuation." Can you say why that is limited to the cases where it brings profit to the occupier in the shape of tolls or rates; in no other cases, am I to understand, do you rate upon the profits?—In those cases there is really no means of getting at the lettable value otherwise than by proceeding with at least some relation to profits. In most cases you can get at the lettable value, because either the subject itself or some similar subject is actually let. When you cannot otherwise get at the lettable value, you may take profits into account.

574. Take the case of a tramway company; would you rate them on their profits, or on their rates, or charges?—I could not go so far as to say that.

575. Is that done?—The rule in the case of a tramway company is the same as in the case of a railway;

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 100 to 104.

Mr. J. M. Dodds.  
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Rates, large number of for separate purposes. Explanation of.

Rates. Joint collection of, by different local bodies in certain localities.

Government assessors. Employment of, is economical.

Feu duties not rated as such.

Tolls or rates. Profit taken into account in making valuation.

Poor rate raised on net value, and burgh rate raised on gross value.

*Mr. J. M. Dodds.*  
12 Mar. '97

they proceed upon the same very abstruse system, which I should prefer you would get from the railway assessor.

576. The bottom of that system is profit in the case of a tramway company; but if you take an omnibus company in the same town, you do not rate that on profit, you rate that merely on the stables and the buildings. Is that not so?—I cannot speak as to that.

577. Then, with regard to your railways; I see you say it is a very important fact that a parish with a single line gets the same rate per mile as a parish with more than one line?—Yes.

578. That has always been so, I suppose?—So far as my knowledge goes, that has been so since 1854.

579. Does it create dissatisfaction in the parishes which have a good many lines?—I think it is fair to say that it does in some districts.

Owners and occupiers, definition of. Feu duties.

580. (*Mr. Stuart.*) About the question of rating the owners, who is the owner? I will make my question more definite. Suppose there is the owner of the feu duty, he is the first person; and another man has built a house upon that piece of land, and pays the feu duty, but has let the house to another on a 50 years' lease; and then the last man lets it to a yearly tenant—there is no doubt which is the occupier, it is the yearly tenant?—Yes.

581. But when you charge a rate upon the owner, which of the other men do you rate?—The person receiving the rent from the occupier.

582. Then the man who owns the feu duty, and the man who owns the house but has let it for a 50 years' lease, would neither of them be brought into it?—Not directly.

583. It is the person who is immediately superior to the occupier?—Yes. I think I quote the terms of the Act in paragraph 5 of my memorandum, "The person in the actual receipt of rents and profits of lands and heritages."

584. (*Chairman.*) The argument being, for what it is worth—I am expressing no opinion—that the feu duty is included, and must be included in the rent?—That is the argument, certainly.

585. Therefore, it pays its rate once through the hands of the final owner?—Yes.

586. (*Mr. Stuart.*) As a matter of fact in Scotland, the two people who pay, one named the occupier and the other named the owner, are the person living in the

house and the person to whom he pays his rent?—Yes.

587. (*Mr. Dalton.*) Mr. Elliott asked you whether there was any general principle underlying this division of rates between owners and occupiers as regards different rates; there is no division on this line is there—that certain rates increase the value of the property, and it is thought right the owner should pay them, while other rates do not increase the value of the property, and there is no particular reason why the owner in those cases should pay them—is there any such line as that drawn?—None occurs to me; certainly there is none specified as such; whether any such principle underlies any particular enactment I could not say.

588. (*Chairman.*) You were asked whether it was desirable to have a separate demand note for the owner and the occupier; it is the fact, is it not, that there is only a separate demand note when the owner and the occupier are different persons?—I think that that varies in different places.

589. Is it not the fact that it is practically universal that in all the demand notes there is a column for owner and a column for occupier;\* if a particular demand note is sent to an owner the owner's column is filled up; if it is sent to an occupier the occupier's column is filled up, and if it is sent to a person who stands for both owner and occupier he gets half of his rate put into each of the columns as owner and as occupier respectively?—That may be so in the counties, but I think in the burghs they have very often different prints, one for the owner and one for the occupier. What happens when the owner is also the occupier I really could not say, but I think it is a matter of discretion.

590. Have you ever seen a demand note yourself which has a column only for owner, or only for occupier, as the case may be?—Yes. I have some here (*producing same*).

591. You have also stated that you thought the system of classification had grown naturally out of the system of rating upon means and substance?—That it was in theory a continuation of the rating on means and substance.

592. That would incidentally get some confirmation, would it not, from the fact that Greenock, which was the last parish to attempt to rate on means and substance, put in force its first classification immediately upon the abolition of the system of rating on means and substance in 1880?—Certainly.

*Mr. J. M. Dodds.*

12 Mar. '97

Rates. Division of, between owner and occupier. No general principle specified as regards expenditure of rates being beneficial to owner or occupier.

Demand notes for owner and occupier, form of.

Classification system is a continuation of rating according to means and substance.

The witness withdrew.

Adjourned to Friday next at 12 o'clock.

### THIRD DAY.

Friday, 19th March 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman*

The Right Hon. J. B. BALFOUR, Q.C., M.P.  
The Right Hon. C. B. STUART-WORTLEY, Q.C., M.P.  
Sir E. W. HAMILTON, K.C.B.  
C. N. DALTON, Esq., C.B.

T. H. ELLIOTT, Esq.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary*.

Mr. HENRY A. ROBINSON called and examined.

*Mr. H. A. Robinson.*

19 Mar. '97

593. (*Chairman.*) I understand you are deputed to come here by the Local Government Board for Ireland in response to the request of the Commission?—Yes.

594. This paper which I hold in my hand is the

memorandum† which you have been good enough in the Local Government Board for Ireland to prepare for

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 110 and 111.  
† *Ibid.*, pp. 127 to 274.

*Mr. H. A. Robinson.*

19 Mar. '97

Mr. H. A. Robinson.

19 Mar. '97

Memo-  
-Adum  
-prepared  
-by Local  
-Government  
-Board,  
-Ireland.  
-Scope of,  
-and con-  
-tents.

County  
-rates.  
-Valuation  
-for, and by  
-whom  
-levied.

County and  
-borough  
-areas.

Rating for  
-Poor Law  
-purposes.  
-Electoral  
-Divisions  
-the unit.

Rating  
-authorities  
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-nies, and  
-boroughs.

Rating  
-authorities  
-under  
-special  
-Acts.

Valuation  
-in Ireland.  
-System of.

us in answer to the letter which we sent to you some months ago?—Yes. Perhaps I might say with reference to this memorandum that it was prepared on precisely the lines laid down by you; but I think that in itself it will scarcely give you all the information about local taxation that you require. It was intended that it should be read in connexion with a report of Mr. O'Brien upon the working of local government in Ireland.\* Mr. O'Brien's report deals with all the machinery and arrangements of local government in Ireland, and our local taxation returns give the financial result. This memorandum is the connecting link which explains the law.

595. We have not had Mr. O'Brien's report supplied to us, I think?—That is a report which was prepared in 1878, and there is practically very little change, but we have brought it up to 1889, and that read in connection with this memorandum and our local taxation returns will, I think, place the Commission in a position to obtain all the information they require.

596. We understand that your county rates are levied under the authority of the grand jury?—Yes.

597. Upon what valuation is the grand jury cess, as it is called, levied?—Upon the ordinary Poor Law valuation—Griffith's valuation.

598. You have explained to us in the second part of your memorandum the conditions under which certain of the towns are governed and rated; I understand that the county areas and the borough areas are mutually exclusive of each other in all cases?—Yes.

599. But between them they cover for county and borough administration the whole area of Ireland?—Yes.

600. You mentioned a moment ago the Poor Law valuation; what is your unit in Ireland for Poor Law administration?—The electoral division for rating purposes in each union.

601. You do not pay regard to the parochial division?—No, that is unknown for any rating purpose in Ireland.

602. So that your electoral division and your union also cover the whole area of Ireland?—Yes, for Poor Law purposes.

603. Then the rates in Ireland are levied either on counties and boroughs or on the electoral division and union?—On counties, baronies, and boroughs. The barony is the sub-division of the county; the barony is to the county what the electoral division is to the union.

604. Is there any other rating authority than those which you have been mentioning across the table just now?—There are numerous small rating authorities that I have referred to in this memorandum. Paragraphs 80 to 97 give you all the other rating authorities outside those which you have already mentioned. There are the drainage authorities, and there are the Belfast water-rating authority, the Dublin metropolitan police tax.

605. Those are all under private Acts of Parliament, special Acts of Parliament, are they not?—Yes, and they have separate powers of rating. There is, as you see, a police rating authority, and certain bodies with power to levy small taxes for Dublin squares. You will find them all referred to in paragraphs 80 to 97.

606. Is one valuation used for all local rating purposes in Ireland?—Yes.

607. In paragraph 4, I think to the bottom of page 5, you give us a history of what has taken place in the past?—That is quite right.

608. At paragraph 5, where you have printed in large type "Principles of Valuation," you come to the existing state of matters, do you not?—Yes, that is right.

609. If I understand it aright, there is a different system of valuing land and the other rateable hereditaments?—Yes, one is the letting value, and the other is the value according to certain prices fixed by the statute. I should say that, in the Poor Law valuation of land, other matters were taken into consideration, like the cost of production, the fertility of the soil, climate, and conveniences of market.

610. There is one thing I did not quite understand; it is a small detail. You talk in paragraph 2 of the valuation carried out by Sir R. Griffith under the General Valuation Act of 1836, but that, I understand

is not what is currently known as Griffith's valuation?—No, that was a townland valuation.

611. Griffith's valuation is the valuation which you deal with under paragraph 4?—Yes, Griffith's valuation is the first tenement valuation.

612. Would you describe to me in your own language the principles of Griffith's valuation so far as it applies to land?—The valuation in regard to land was made upon the estimate of the net annual value thereof with reference to the average prices of certain articles of agricultural produce, and it was made according to a general rule laid down by Mr. Griffith for the information and guidance of his valuers which was submitted to the Lord Lieutenant for his approval. These circulars and instructions were sent round to each valuer who acted strictly in accordance with them.

613. What I do not quite understand is that you give upon the page we have reached in your memorandum, a list of eight different articles which I repeat—wheat, oats, barley, flax, butter, beef, mutton, and pork—now every acre or every farm or every holding in Ireland does not produce all these articles, and what I want to understand is how this list with the named prices per cwt. which you give was applied to each holding?—It was applied to each holding so far as each holding produced the articles mentioned on the list. I think I can give you an example. Here is, taken from Mr. Griffith's instructions, a table in which he gave an example of say, 100 statute acres under five years' rotation, showing, what the cost of tillage would be, and what the value of the produce would be. That is an example of a holding which I found in Mr. Griffith's instructions. Mr. Barton, the Commissioner of Valuation, will be able to give you better information as to the lines upon which Mr. Griffith acted, but you will find that the general rules which were published for the guidance of valuers give every particular on that subject.

614. This example is clearly a fictitious case?—Yes.

615. There is no doubt about that, because we could never find a holding of 100 statute acres exactly under such a five years' rotation as this giving one-fifth in each year, or 20 acres according to such a working as this?—It evidently was an imaginary case given for their guidance (the witness handed in the following table):—

One HUNDRED STATUTE ACRES under Five Years' Rotation, as follows:—

	Acres Stat.	Cost of Tillage.	Value of Produce.
1st year, $\frac{1}{5}$ or 20 acres	Potatoes - 3	£. s. d. 25 10 0	£. s. d. 42 0 0
	Vetches - 2	6 6 0	12 0 0
	Mangel wurzel. - 3	20 5 0	33 15 0
	Turnips - 12	84 0 0	96 0 0
2nd " "	Winter wheat } 12	41 8 0	108 0 0
	Spring wheat }		
	Barley - 8	24 17 0	52 0 0
3rd " "	Hay - 6	8 17 0	26 5 0
	Clover - 1	2 0 0	4 10 0
	Pasture - 13		
4th " "	" - 20	41 0 0	95 0 0
5th " "	Potato oats - } 20	70 13 0	123 0 0
	Common oats }		
	100	324 16 0	592 10 0
	Allow for wear and tear of implements -	10 0 0	
	" 5 per cent. on 500l. capital -	25 0 0	
	Deduct expenses -		359 16 0
	Nett annual value of produce -		232 14 0

616. That process having been gone through between the years 1848 and 1865, what has been done since 1865?—The value of land has never been altered. Power is given to the Commissioner of Valuation to make a revision of the valuation of the land after 14 years upon an application of the grand jury for revision of the county valuation, but the Act makes no provision for paying the expenses of this re-valuation, and it has never been carried out. The cost of Griffith's valuation was about 325,000l.

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Valuation,  
-Griffith's.  
-Description  
-of.

Valuation  
-of land not  
-revised  
-Other  
-rateable  
-property,  
-revision is  
-respect of.

\* Local Government and Taxation (Ireland) Inquiry. Special Report by W. P. O'Brien, Esq., C.—1865 of 1878.

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617. Something must surely have been done to meet the changes of every-day life; holdings must have been divided and building must have taken place; what has been done to meet those eventualities?—All changes in buildings are noted and entered in the valuation book, and all additional buildings of every sort and all changes of occupancy have to be noted too; what is not changed is the value of the land.

618. Do you mean that the gross valuation of the electoral division has not changed?—Neither of an electoral division nor of a holding of land. Buildings and the other things such as tolls, railways, and canals are all altered in the yearly revision of valuation.

619. Supposing in 1865 that some gentleman was owner of an estate of 1,000 acres, and, subsequent to 1865 at different times, he sells it in lots of 100 acres to various people until he sells it all, what process is gone through to make the necessary changes upon Griffith's Valuation Roll?—The yearly valuation carries out that; all changes of occupancy or ownership are noted.

Valuation.  
Yearly  
revision of  
ist.  
Procedure.  
Officials.

620. Would you describe to me the yearly valuation?—On the 15th of November in every year the collector of rates has to forward to the board of guardians a list of the tenements and hereditaments requiring revision; this list is forwarded to the Commissioner of Valuation by the clerk of the union and he sends down his revisors to meet the collector of rates and go round and see all these buildings that have been erected since or to which additions have been made; they note the alterations in the occupancy and they make all the necessary changes in the list.

621. The collector of rates, whom you have just mentioned, is of course a paid officer?—Yes, he is paid by the guardians of the union.

622. Is he appointed by the guardians?—Yes, he is appointed by them subject to the Local Government Board's sanction.

623. The revisor of valuations is a central officer in the employment of the Government, I understand?—Yes.

624. In the employment of the Local Government Board?—No, of the Commissioner of Valuation.

625. How is he paid?—The Commissioner of Valuation receives a salary from the Treasury; his office is on the Civil Service Estimates.

626. Do the Inland Revenue, for purposes of Schedule "A," have officers in Ireland as they have in Great Britain?—Yes.

627. Is there any communication between the two departments so that there is a correlative value put upon the subjects for the two purposes, local and Imperial?—I am not quite sure what the course taken by the Commissioners of Income Tax in Ireland is about that.

628. Is there any other point in regard to the valuation of land which, you think, from the questions I put to you, it is necessary to tell me just now?—No. I think that the evidence which you will get from the Commissioner of Valuation will be of more use to you than any evidence that I could give to you on that subject, because it is not under the cognisance of the Local Government Board.

629. Speaking generally, are all rates paid on Griffith's valuation?—Yes.

Valuation,  
Griffith's.  
All rates  
paid on.

630. And, except as you have described to us, no changes of value on account of letting are taken into account?—No changes in the value of land are taken into account.

Valuation  
of land not  
revised.

631. I should have said land; for instance, if the Land Commission have decreased or increased a rent under the process of the Land Act of 1881, and the amending Acts, it does not touch the question of local valuation at all?—No; if they reduce the rent below Griffith's valuation, the rates have still to be assessed upon the valuation.

Valuation.  
Reduction  
of rent of  
land  
below.

632. Upon Griffith's valuation?—Yes.

633. Therefore, no question of tenant right, nor of the value of that, nor any such consideration as that enters into local rating?—No.

634. Do you know whether it enters into Imperial purposes under Schedule "A"?—I am afraid I cannot answer that. The only observation I have to make on the subject of this system of valuation in Ireland is, that the want of uniformity renders it a very undesirable valuation. The valuation of the parts of Ireland which

Valuation,  
Griffith's.  
Objections  
to.

were made immediately after the famine year—that was in 1850, 1851, and 1852—are extremely low; whereas, in other parts of Ireland, such as Ulster, the valuation was made at a later period, after the country had recovered from the period of depression. I could give you, if you like, what Mr. Griffith's own estimate is of the difference in prices of the other districts, which would be necessary to bring them up to the Ulster valuation.

635. If you please?—In the case of Leinster to bring the counties up to the Ulster value, and in Carlow, Dublin, Kildare, Kilkenny, Louth, Meath, and Westmeath, he estimated that 5s. in the £ should be added to the valuation; in Wexford, and Wicklow, 4s.; in Queen's County, King's County, and Longford, 3s. 4d. Then in Munster: the County Limerick he thought was 5s. below the Ulster figure, Clare, Cork, Kerry, Tipperary, and Waterford, 4s. below Ulster. In Connaught, Roscommon was 5s. below the Ulster figure, Galway, 4s. below it, Mayo, 3s. 4d., and Leitrim and Sligo, 2s. 6d.\*

636. Having regard to the table in paragraph 21, do I understand from you that it would now be possible to add on a column giving the figures for 1896?—Yes, and I will do so.

637. Does any question arise as between the proper contribution to be paid by various electoral divisions or unions which may be comprised in a single county for county purposes?—The electoral divisions and unions pay nothing whatever for county purposes.

638. No, but the individuals in those electoral divisions or unions pay of course for county purposes as they do for union purposes?—The occupiers do, the owners do not.

639. Are you familiar with the English system?—To some extent, but to a very slight extent, I am afraid.

640. For your county-raising purposes, the county authority still continues to rate each individual within its jurisdiction, and does not have regard to the divisions into unions or electoral divisions?—It is very hard to draw a parallel from England owing to the fact that in Ireland the incidence of county and union taxation is totally different. The main difference is this, that not only is the county rate upon occupier, and the poor rate upon owner and occupier, but the county rate is a rate levied upon the hereditament, and the poor rate is a personal rate. For instance, if a person owed poor rate in one county his property could be seized to pay for it in another county, or in any part of Ireland, but this is not so in the case of the county cess—the holding is liable for it.

641. I suppose from what is said in your memorandum that it would be correct to say that the system of valuing hereditaments other than land has regard to the annual letting value?—Yes.

642. How is that estimated?—The revisor does it according to the best of his ability. I am not quite sure what general rules he goes upon. That is essentially a question for the Commissioner of Valuation.

643. Does he take the actual rent which the subject produces or ought to produce one year with another, or does he put a valuation upon it of his own without regard to the actual produce of the subject?—I am afraid I cannot answer that question; the Commissioner of Valuation alone could tell you, because their system is kept very much to themselves.

644. What is the list or roll called from which the collector of rates makes up his demand upon each individual whom he has to rate?—The valuation list prepared by the Commissioner of Valuation.

645. That includes Griffith's valuation for land, and the local valuer's statement of what he thinks houses or other hereditaments ought to pay, does it not?—That is so.

646. And also it includes rights of fishing, canals, navigations, railways and tramways, and another head which you describe as rights of way and easements over land?—That is so.

647. How are rights of fishing valued?—I am afraid I cannot give you any information about what principle he values on. That is quite outside the Local Government Board's department.

648. Now would you describe to me the system under which the valuation of the towns is made. As far as I understand it you divide them into three classes, the first of which is mentioned in paragraphs 50 to 52 o

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Rates for  
county  
purposes,  
English  
and Irish  
systems.

Valuation  
of heredita-  
ments  
other than  
land  
Annual  
value.

Valuation  
list.  
Descrip-  
tion of.

Valuation  
in towns.  
Descrip-  
tion of.



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your memorandum?—The valuation for the houses in towns and the valuation generally is exactly the same as the valuation elsewhere. It is valued by the revisor in the same way.

649. I think you would assent to the question that I put to you; that, speaking generally, you divide them into three different classes, according to the three different Acts under which the towns are at present classified?—Yes.

650. The first one, the Lighting of Towns (Ireland) Act, 1828, under which it seems only six towns are placed at present?—Yes. No town can now adopt the provisions of that Act, and many others who were incorporated under it have adopted the Towns Improvement Act, so that it has always been a reducing quantity of late years.

651. The Municipal Corporations (Ireland) Act, 1840, is the second class under which come the eleven towns which are mentioned in paragraph 53?—Yes.

652. Then under the Towns Improvement (Ireland) Act, 1854 come those 90 towns which are given in paragraph 56?—Yes.

653. Who appoints the collector of rates in these towns?—The municipal authority.

654. Do the collectors of rates of these municipal bodies go through the same process with the Commissioner of Valuation for the towns as the rural collector of rates goes through with him for the country districts?—Yes, I believe so.

655. Does Griffith's valuation have any effect in any of these towns?—Yes, the effect of largely increasing the valuation in some towns.

656. How does that operate?—In the case of new houses and new buildings.

657. Griffith's valuation?—Yes, we call all this Griffith's valuation. You make a distinction between the original valuation and Griffith's valuation as amended by the Commissioner of Valuation?

658. Yes?—We have got into the way of calling the whole thing Griffith's valuation.

659. But you cannot apply Griffith's scale of agricultural produce to valuing the main part of the towns surely?—No, but it is all the one valuation, which is annually revised. It is part of the Act that this original valuation of Griffith's should be annually revised by officers appointed by the Treasury, and for that reason it always bears the generic term of "Griffith's Valuation," but the alterations are made upon that valuation from year to year by the revisors.

660. Some of these towns, if not all of them, will have within their bounds agricultural land?—Yes.

661. The process as far as agricultural land is concerned, then, is the same either in town or in the country?—Yes.

662. It is not changed except when sub-divisions and alterations of occupancy make it necessary to change?—That is so. Some of the towns have very large rural areas.

663. Then I turn to the question of the incidence of the payment of rates. Take first the county cess; from whom is that collected?—From the occupier, except in cases where new tenancies have been created since the Land Act of 1870. In such cases the cess is collected in the same way as in the case of poor rates, that is, half being paid by the immediate lessor over 4l. valuation, and under 4l. valuation, the whole being paid by the immediate lessor—the landlord from whom the occupier holds.

664. (Mr. Stuart-Wortley.) That is the case of statutory tenancies under the Act of 1870, I think you said?—Yes, but there are very few of those; the vast majority of the county cess is all paid by the occupier.

665. (Chairman.) Is it, as a matter of fact, commonly the subject of bargain between him and the owner that he has to do so, or is the obligation laid upon him by law that he has to pay?—The obligation is laid upon him by law.

666. Is the owner responsible in the event of the occupier absconding, or not paying?—He is if the holding gets into his own hands. The land is liable, and if the person who was in occupation at the time the rate was made absconds, or goes away, the collector goes and seizes what he finds on the land in satisfaction of the rate due.

667. Irrespective of to whom the article seized belongs?—Yes, if it is on the land.

668. It may belong to the succeeding occupier?—Yes.

669. You drew a distinction between the county cess and the poor rate; you said one was a personal obligation and the other was not?—Yes.

670. Would you make that quite distinct to me?—For the county cess the land is liable; it is the tenements and the hereditaments which are liable. In the case of poor rate the difference is that it is a personal liability upon the individual upon whom the rate is made.

671. Does that distinction run through all rates which are levied for county purposes, and all rates which are levied for electoral division or union purposes respectively?—Yes.

672. Is that under a statutory authority?—Yes.

673. Are electoral divisions and unions in any case the same, or are they always distinct from one another as far as area is concerned?—The electoral division is a sub-division of the union; it was originally intended merely for purposes of election; but as the Poor Law Bill was passing through the House of Lords the electoral district was made the area for rating also in the hope that it would give the owners of land a direct interest in the proper administration of the poor law.

674. How many unions are there in Ireland?—159.

675. Do you know how many electoral divisions there are?—About 3,400.

676. Are the unions of a uniform size, or do they vary very much?—They vary very much indeed, so also do the electoral divisions.

677. Can you give me the sort of range of variation in acreage or square miles of an electoral division?—I can get you that very easily in answer to the question, but I have not got it here.

678. Are they generally smaller in the populous districts and generally larger in the outlying and rural districts?—They are generally larger in the poor districts where a certain valuation is required to enable the union or division to be financed.

679. What is the sort of principle which underlies the division into electoral districts?—I think one of the principles that the assistant commissioners adopted when they were laying out the county into unions and electoral divisions was, as far as possible, to make electoral divisions conterminous with properties.

680. With landed properties?—Yes, so as not to cut too many properties by one electoral division, but to include whole properties or parts of whole properties. That was one idea which I think they endeavoured to carry out.

681. That would prevail at the time, but that object would be liable to be defeated by transfers and changes in ownership?—Yes, it is entirely at an end now. You asked me just to give you an idea of the size of unions; of course I cannot tell you exactly as to the range of them, but there are some unions in which it would be from one end of the union to the other, perhaps we might, say, 35 miles, and there are other unions in which from one end to the other it would be about 12 miles.

682. Do unions in any number of cases extend into more than one county?—Yes.

683. In many cases?—No, not very many.

684. Do electoral divisions ever overlap the boundaries of unions?—No, nor of counties.

685. Nor of counties?—No, we are endeavouring to make the areas conterminous as far as we possibly can. All electoral divisions have now been made conterminous with the counties.

686. (Mr. Arthur O'Connor.) Do they overlap baronies?—Electoral divisions do in some few cases.

687. (Chairman.) Taking the rates for union and electoral division purposes, by whom are they paid?—Half the poor rate is paid by the immediate lessor if the amount is over the 4l. valuation; under 4l., all the rates are paid by the immediate lessor, i.e., the person from whom the occupier holds, the landlord in most cases.

688. Does he as a matter of fact recover in cases under 4l. from his tenant, or is it, to use a colloquialism lumped together in the rent?—He is rated directly for it, and I imagine that all these arrangements about

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County  
cess and  
poor rate.  
Payment  
of.  
Property  
or persons  
liable.

Electoral  
divisions  
and  
unions.  
Description  
of  
areas and  
bound-  
aries.

Valuation  
in towns.  
Revision.

County  
cess.  
Liability  
for pay-  
ment of.

Rates.  
Union and  
electoral  
division.  
Liability  
for pay-  
ment of.

*Mr. H. A. Robinson.* poor rates and county cess are taken into consideration by the sub-commissioners when they fix the rents.

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689. Does the occupier of a holding of under 4*l.* know from year to year whether the rates are rising or falling?—Not unless there was a failure to pay on the part of the immediate lessor, in which case after four months the rate could be levied from himself, and he would then be entitled to deduct the whole of it from his rent when paying it—in such cases he would know whether the rates were rising or falling.

690. Unless there is a valuer, I understand you, on the part of the lessor, in the case of holdings under 4*l.*, the occupier in all probability does not know whether the quantum he pays in rates is rising or falling?—No, he does not feel it.

691. Now take the case of holdings above 4*l.*; is there any difference between the way in which the rates are raised between, say, a holding under 10*l.* and a holding above 10*l.*?—No, it is exactly the same.

692. Once you get above the value of 4*l.*, every holding whatever its size is dealt with on the same basis?—Yes.

693. Now just explain that basis?—I said that above 4*l.* the immediate lessor paid half poor rates; he pays the half poor rates when the rent exceeds the valuation.

Valuation of land. Reduction of rent below. Lessors and lessees shares of rates.

694. You refer to Griffith's valuation?—Yes; but latterly the second term judicial rents have in some cases brought the rents below the valuation, and in that case he would not pay half the poor rate, but he would pay half the poundage rate for each pound of rent he received. It is rather a complicated arrangement. But the law is explained in paragraph 37 under the head of "deductions." "Where the occupier is rated and a rent is payable by him, the person receiving such rent is liable to allow the person paying it one half of the poundage of the rate for every *l.* of rent payable."

695. Do you know what the principle which underlies that somewhat complicated provision is, or upon what basis it is intended to proceed?—No. I cannot find out the history of that; I have looked into it, but I cannot learn why it was put in this way.

696. Does it serve any practical purpose that you know of?—It serves this purpose, that where the rent has been reduced below the valuation, the owner does not have to pay half the poor rate. Take the case where the valuation of a holding is 10*l.*, and the poor rate on that is 1*s.* in the pound we will say. While the rent of that house was 15*l.* the occupier could deduct half the poor rate, that is 6*d.* in the pound for every pound on which he paid, provided it did not exceed one half, so therefore he could have deducted half the poor rate in that case. But assume that on a second term judicial rent the rent was reduced on this 10*l.* valuation to, we will say, 8*l.*, then the occupier could now only deduct half the poor rate, that is 6*d.* for every pound he paid on the 8*l.*

697. That would be he would deduct 4*s.*?—Yes, and the occupier would then pay the remaining 6*s.*

698. (*Mr. Balfour.*) Does it come to this, that the aggregate assessment is not reduced?—No, it is not.

699. (*Chairman.*) Assume what I suppose is still the normal case, that the rent paid is not below Griffith's valuation, the theory of the law is, that the occupier is the hand which pays the money to the public authority, but he is entitled to deduct one half from the owner?—Yes.

700. So there is an attempt in the law of Ireland to make the occupier and the owner respectively feel that they each pay half the rate?—Yes.

701. I am not, obviously, going into the question of whom it ultimately falls upon, but that is the theory of the law?—Yes.

702. Any departure from that is accidental, owing to subsequent legislation?—I would not like to say that the theory of the law was that each should pay half, for I have never been able to find out upon what principle they framed the Act in this way. The practical effect has hitherto been that it has been paid half and half, but of course, any reduction of the rent below Griffith's valuation will alter it.

703. Mr. Stuart Wortley suggests this question; From what year does the division of the rate date?—

From the date of the original Poor Law Act, the 1st and 2nd Victoria, chapter 56.

704. When you use the expression "poor rate," does that include other rates besides the poor rate?—It includes the sanitary rates struck by the rural sanitary authority, the Labourers' Act Rate, and all the other rates which are collected with the poor rate.

705. (*Mr. Arthur O'Connor.*) This very interesting memorandum of yours is drawn up, I suppose, from a great many long-standing notes in your department?—I explained to the Chairman before you came in the purposes for which that memorandum was drawn up; perhaps I might mention them to you so that you will understand. It is not in itself supposed to be a complete statement upon local government and taxation or a sufficient guide to the Commissioners.

706. For what purpose?—For your Commission.

707. What do you mean by the word "guide"?—It is not a complete statement upon the principles and practice of local taxation in Ireland, for the reason I explained to the Chairman already: that there already has been a Parliamentary paper upon that subject.

708. Up to 1878?—Brought up to 1889 by the Local Government Board. The memorandum does not give the figures and the practical result of local taxation, because those returns are published annually by the Local Government Board. It is a general statement upon the lines required by the Commissioners. The only thing outside what was asked us, which I have furnished, are the taxation returns for 20 years past, which are given at the end of the memorandum.

709. The point I was putting to you is this, that this compilation of paragraphs is drawn from notes in your Department?—Yes.

710. Many of them of considerable standing?—Yes.

711. It is a compilation?—Yes.

712. But here and there, there are observations which are original for the purpose of this inquiry?—Perhaps I may explain.

713. As to the fact, there are those observations?—Yes.

714. Who is responsible for those observations?—Some of those observations were not intended to be printed at all. Perhaps you will allow me to explain how they came here?

715. Yes?—When the memorandum on the various points upon which we were asked to give these particulars was being prepared, the time given was so very short that it was done in a very great hurry. In going through all the materials we had before us there were certain little statements put in as to various points suggested and raised by local authorities of which I merely wished to take a note in case the matter might be brought up and discussed. Some of those have been printed I see, here and there in this memorandum, therefore, as I could not alter the type and have it ready in time, I wrote to the Secretary of the Commission, saying I would forward the memorandum if he would allow me to revise it before it was finally published, and to prepare it in such a form that it could be formally approved by the Local Government Board and printed. This therefore was marked "confidential" and sent as a first proof. Some of the observations are misprints.

716. Who is responsible for these observations?—I think probably I am. They are merely notes.

717. Would you turn to paragraph 48—"That each has to pay a portion of the cost of parliamentary registration which should be borne by the Imperial Exchequer"?—That is not what I wrote. I said: "Which local authorities claim should be borne by the Imperial Exchequer." There is a very strong feeling in Ireland on that. I never intended that to be printed in the form it is.

718. You repudiate responsibility for that sentence as it stands?—Certainly. I never intended that should remain in.

719. (*Mr. Smith.*) In my copy the words are "which it is generally claimed"?—Yes.

722. (*Mr. Arthur O'Connor.*) This memorandum is, you say, rather a matter of principles than of details—it deals rather with principles than with details?—And with the law.

*Mr. H. A. Robinson.*

19 Mar. '97

Poor rate. Rates included.

Memorandum prepared by Local Government Board, Ireland. Scope of.

Valuation of land over 4*l.* Payment of rates by occupier subject to deduction of moiety from lessor.

*Mr. H. A. Robinson.* 723. You have I think in your office a very efficient staff, have you not?—Yes.

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724. I suppose, as an Irishman, I may take it that it is quite as efficient as anything they have in Scotland or in England?—Yes, as an Irishman I feel bound to say more so.

725. Whatever they can do in Scotland or in England in the way of returns or information, you could do in Ireland?—If we could get a sufficient staff; so far as ability is concerned, I am sure we could do it.

726. Have you ever noticed the returns which are made with regard to England?—Yes.

727. You are conversant with their details and their amplitude?—I will not say that, but I have read them with great interest.

728. I do not mean with the details, but you are conversant with their character for amplitude and details?—Yes, I am.

Local Taxation Returns, England and Ireland.

729. There are a great many different things furnished with regard to the local taxation, and the results to the people who have to bear the burdens?—Yes.

730. Perhaps a little fuller than we have with regard to Ireland?—Are they?

731. In detail, is it not so?—I think for the purposes that we have generally found they are required ours have been generally considered to have been full enough, but we would be very glad to add anything to them that was necessary.

732. But no Commission like this has sat before on Irish local taxation—this is the first time a Commission has sat on that subject?—Yes.

733. For our purposes do you not think it would be desirable that we should have for Ireland details as complete with regard to all existing taxation, not only in the lump, but also in respect of the incidence in the several rateable areas as they have in England?—I should think it would, but it has not been asked for as yet, you know.

734. But there would be no difficulty?—I am not at all sure about that.

735. There would be no difficulty on the score of competence, I think, you said?—It is not a question of competence at all, it is a question of the form in which the accounts are kept by the local authorities.

736. Take the case of the grand jury cess; what amount of information have you in your department about that?—You will find it all in the local taxation returns.

737. By counties?—Yes.

738. But then sometimes there are charges under the grand jury cess unequally distributed within the county area?—Quite so, on the baronies.

739. Have you that?—No.

740. Sometimes even upon smaller areas than baronies there are heavier charges than upon other areas?—Quite so.

741. You have not that information?—No.

742. It makes all the difference to the taxpayer?—Yes. We have no power to get it, I should state, except through the courtesy of the county officials who are not under our control, and may refuse if we ask them for too troublesome returns.

743. Do you think the grand juries would refuse to give you information?—The grand juries may not be sitting at the time. We find it very difficult to get some of these returns out of the local officers if they involve a very great deal of trouble, and if they are not quite clear as to the purpose for which they are required. The Local Government Board in Ireland are called upon to furnish returns from time to time in Parliament which involve a great deal of trouble and labour to these officials, who are not, some of them, too well paid, and they grumble very much if they are called upon to prepare these returns without any extra remuneration for them. That is a difficulty which we always feel in applying for voluminous returns.

744. Whatever you want in the way of returns you have to pay specially for, is that it?—No, we do not pay them, and that is what they complain about.

745. Then it is a question of payment?—No, I do not think it is altogether. I think if we pressed them very

hard, and said these are very urgently required, we should be able to persuade them to do it, and if the Commissioners will give me particulars of any returns which they require, I shall do my best to obtain them.

746. Let us clear up this point first though; as I have said, if they were paid then you would find no difficulty?—I think there would be some difficulty in finding the proportion of the total payments which fall upon the different classes of ratepayers.

747. Not the total; supposing we get them severally we might make totals for ourselves, or your competent staff might do that?—I think our competent staff would have to be very much increased.

748. Still, if we have to do the work, it must be done?—Yes.

749. Is there any reasonable difficulty, or any difficulty which could reasonably be admitted in the way of the county cess officials furnishing details, each for his own county, with regard to the charges which have been imposed, I will say, since the year 1851, for the matter of that? Have they not their county records?—Yes, I should think they could give it.

750. So that for every taxable area within any given county, if they want it, they could supply the facts?—Yes, I think they could supply the facts.

751. Without that information would not our inquiry be somewhat incomplete?—I think you are the best judge of that.

752. Among other charges which exist in Ireland outside the county cess, and outside the poor rate are certain charges upon baronies or half-baronies, or counties for railways?—Yes.

753. Do you know of the charge for a railway in Kerry?—It is very high, but I do not quite know what it amounts to.

754. The Dingle line?—In Corkaguiny Barony it is very high.

755. The Dingle line is in Kerry, though—not in Cork?—The cess in Kerry, I think, is very high.

Railways, rates on.

756. Do you know what it is?—No, I am not quite sure what is the exact amount.

757. Is it 5s. in the £?—I should think it must be.

758. It is a tremendous charge?—It is a tremendous charge, undoubtedly.

759. For a railway which breaks down its own bridges and kills people?—Yes.

760. That is a very poor district?—Yes, it is populous, and has a poor population.

761. Populous in a few spots?—Yes.

762. Mostly rocky and mountainous?—Yes.

763. It is a district which, being poor, is upon that one score alone very heavily charged?—Yes.

764. There are other places in Ireland similarly charged?—Yes, there are Belmullet and Clifden and other Western Unions.

765. There is my own constituency; take East Donegal—is there not a charge there of several sillings in the £ for a railway which takes about an hour and a half to go 10 miles?—Which railway is that?

766. The Letterkenny; it is a very heavy charge?—The cess is very high there; I am not quite sure whether there is a baronial guarantee for that railway or not.

767. That, again, is a local charge?—Yes.

768. Which falls upon the ratepayers?—Yes.

769. Over and above the county cess and the poor rates?—Yes.

770. (*Chairman.*) As a matter of course, the statute under which that charge is made is mentioned within the four corners of this memorandum?—Yes.

771. (*Mr. Arthur O'Connor.*) Would there be any difficulty in furnishing details in regard to those charges?—No, I think not. We have asked for those particulars for other purposes.

772. I do not know what you may think of it, but it seems to me that the real point for us to consider is, what is the actual burden, the actual charge, upon the

*Mr. H. A. Robinson.* People who have to pay the money of all these several rates in the different localities, and the character of its incidence. You see my view?—Yes.

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Rates. Amounts and particulars of, from all rateable areas. Possibility of obtaining returns.

773. In order to realise that, I must ask you whether you can give us a return showing, for every rateable area, the actual charge?—I am afraid there are about 4,000 or 5,000 rateable areas.

774. Then it is all the more difficult for us to investigate them—but you can give us assistance?—We will do all we possibly can, but you must remember that there are over 3,000 electoral divisions, 150 unions, and an enormous number of baronies. There are counties; there are municipal areas; there are special areas for special expenses under the Public Health Acts; and that map on the wall, which I prepared for the Commission, of the various areas in Ireland, is like a spider's web if you look at all the little areas. It would take a very considerable time to prepare a statement showing the taxation on all those areas.

775. You have emphasised my point admirably. Now we begin to see what it is we have undertaken, and I am glad to think we have so efficient a department to assist us. You will be able to give us the information if we found it necessary?—If you would give us plenty of time—that is the only thing.

776. In relation to the sittings of this Commission I think you will have abundance of time?—I hope so.

777. How long do you think it would be necessary to take?—I should like to see the headings of the return first.

778. You have seen the English returns?—No, I have not.

779. Would you mind looking at the English returns and seeing how in one form or another every charge for every area is embodied in some form?—Yes, I will look into that.

780. You might then make a calculation as to how long and what extra staff it would be necessary for you to have in order to give it?—Yes.

781. That is what I should ask for—what is the actual incidence of taxation on each taxable area. Now let us go to the question of valuation. Your valuations are made with regard to the price of produce?—Yes, they were made so.

782. And they are still, are they not?—I do not think so—not now.

783. Have we not got a return during the last few days furnished by you of the prices of a number of articles of agricultural produce?—The Land Commission, I should think, furnished that.

784. Yes, that is a Land Commission return; it is the same thing, I suppose?—Yes; that is a Land Commission return.

785. You have quoted these items on the same scale and on the same system of valuation in your memorandum?—Yes, we have quoted the same items as those given in the General Valuation Act of 1852.

786. In paragraph 21?—Yes.

787. In this return furnished indeed by the Irish Land Commission, you still continue the same thing—we have the same list of articles?—Yes.

788. With the same mode of calculation?—Yes.

789. Where are these prices gathered?—Are you referring to my memorandum?

790. Yes?—The first column of the table in paragraph 21 gives the prices which were fixed by the General Valuation Act of 1852; the second one was taken from the Land Commission returns, and the third one.

791. Then it is the same thing as the Land Commission returns?—Yes, it is prepared by them.

792. Do you know how those figures were got together; how were these prices ascertained?—I understand that when the prices for Griffith's valuation were fixed they took the different prices in the different market towns at the time. I have always heard that, but I cannot speak with certainty as to it.

793. And the present ones?—I cannot tell you at all how they get those.

794. Are they obtained from certain Irish ports?—I do not know at all.

795. You cannot say what would be the relation between the prices of these productions and the valuation of land?—Griffith when making his valuation was under the impression that his valuation was about 25 per cent. below the rack rent or the competition rent.

796. That was not quite my question?—I cannot say how far these prices refer to the valuation.

797. Supposing that you take the figures that you have furnished us with; take butter, butter has gone up from 65 to 86 and 87?—Yes.

798. I will not ask you as to what that represents, because I gather that you are not prepared to answer?—No.

799. But have you anything which you can say on the part of your department with regard to that figure as to what relation the price of butter at the point where that is taken has to the value of land at the point where the butter is produced?—No, I am afraid I do not understand that at all.

800. Take beef again. The prices are given for beef and for wheat?—Yes.

801. There is very little wheat grown in Ireland now?—Yes, very little now.

802. You would not see any relation between the price of wheat at the places where those figures are collected, and the value of land in Ireland where wheat can no longer be grown at all?—I presume not.

803. With regard to the fact, you must be aware that there is practically no wheat grown in Ireland now?—Not very much.

804. With regard to the price of beef, I suppose most of the cattle sold in Ireland are store cattle, are they not?—I think the large proportion of them are.

805. There is very little beef?—There is very little fattening land comparatively speaking.

806. So that the price of beef, again, would affect a very small number of farmers in Ireland?—Yes, comparatively.

807. You were telling us that the fixing of rents for the second statutory term had in many cases at any rate increased the disparity between rent and valuation?—I do not know that I used the expression increased the disparity between them; it reduced them below the valuation.

808. Therefore it has increased the disparity?—Yes.

809. Supposing the valuation was 10%, and the original rent 15%, and the first statutory period fixed the rent at 8%, and now the rent has been fixed for the second statutory term at 6%, the disparity would be increased?—Yes.

810. But, although upon this valuation for present and immediately future purposes there is this very great reduction in rent, the valuation remains the same?—Yes, for lands.

811. The valuation in Ireland, on the whole has actually increased during the last few years, has it not?—Yes.

812. Are you aware what has been the experience in England?—No, I have not seen the result in England.

813. Have you seen the assessments for income duty of the two countries?—Yes, I think I did see those.

814. Have you noticed that the total under Schedule B has gone up for Ireland, while it has gone down for Great Britain?—Yes.

815. Does not the mere fact of the figures for the valuation and the rent, getting further and further from each other suggest the idea that it would be desirable to have valuation based upon actual facts locally ascertained?—Yes. I think it would be more satisfactory.

816. Have you noticed at all, any essential or characteristic difference between the returns and statistics prepared for Great Britain, and the statistics prepared for Ireland?—What statistics?

817. All returns under the Local Government Board?—They must necessarily be different, because the law is so different.

818. Have you noticed that all the returns from Ireland are returns drawn up from an administrative point of view?—No.

*Mr. H. A. Robinson.*

19 Mar. '97

Valuation of land. Changes in quantities of commodities grown and in their prices.

Valuation of land. Reduction of rent below. Disparity between valuation and rent.

Local Government Board returns, England and Ireland.

Valuation of land. Principles observed.

Mr. H. A. Robinson.

19 Mar. '97

819. They are all purely official for official purposes?—I do not know; I do not think I have noticed that particularly; I think they are for public purposes generally.

820. Of course you occupy an official position?—Yes.

821. Have you noticed that with regard, at any rate to a very large number of the returns for Great Britain, they are drawn up from the taxpayers' point of view?—No, I have not noticed that.

822. In paragraph 48 you say that county cess is paid practically by the occupier, as the landlords generally contract out of their liability to pay half under the Land Act of 1870?—I have heard that that is the case.

823. Would you mind giving us your authority for it?—In fixing the rents it is generally taken into consideration I have always heard. This is one of those notes which I did not intend to have printed.

824. I do not say it is wrong; I think it is perfectly right?—I believe it is a generally understood thing that the county cess is practically all paid by the occupiers.

825. Would you look at Table II. at the end of your memorandum, please? There is a form there showing the local taxation of Ireland in outline for 1895, column 4 is headed "Poundages: (Average poundages in first three cases and total at foot)"?—Yes.

826. It is a very remarkable return. It gives the averages for the several items, as 2s. 1s. 5½d., 4s. 1½d., 1s. domestic, and 3d. public, and 8d.; and then is a smaller one "usually 2d." and the total is 4s. 2½d.; how is that total arrived at?—I did not check it to tell you the truth, but the total would be the poundage of the total amount on the total valuation.

827. What does the "total" mean there, does it mean that every area in Ireland is taxed to 4s. 2½d. in the £?—No, that fourth column is not a very useful one; but it means that the total amount produced by real property being 3,000,000l. and the valuation upon that being so much, it would produce a rate of that amount. But of course it is not a very useful column, because many of these localities are exempt from some of those taxes.

828. It is not very clear?—No.

829. It may be misleading?—Yes, in revising the return I will go over these statistics very carefully.\*

830. Would you look at Table I. at the end of your memorandum, it appears to me to be the only table in this memorandum which gives clearly a conspectus of the situation viewed historically?—Yes, that table was prepared by Mr. Lough for the Financial Relations Commission.

831. According to that table the local taxation per head in Ireland in 1826 was 2s. 6d.?—Yes. There was no poor rate in those days.

832. In 1843 it was 3s. 5d.?—Yes.

833. In 1851 it was 7s. 1d.?—Yes. The Poor Law was in operation in all parts of Ireland at that date—1851.

834. In 1861 it went down to 6s. 5d.?—Yes. The reason of its being so high in 1851 was that the country was just recovering from the famine period.

835. In 1861, at any rate, it was 6s. 5d.?—Yes.

836. In 1871 it was 10s. 3d.?—Yes.

837. In 1881 it was 13s. 2d.?—Yes.

838. In 1891 it was 14s. 11d.?—Yes, so I observe.

839. Now we have finished with the decennial periods, and we come to intervals of only a single year. In 1892 it went up from 14s. 11d. to 15s. 6d., and in 1893 it went up again to 16s.?—Yes.

840. And there the return stops, I suppose, because Mr. Lough furnished it for the Financial Relations Commission; is that so?—That is so.

841. Before submitting it in this official memorandum, did you check it?—No. I give it entirely upon the authority of Mr. Lough.

842. It is a very striking return?—Yes, it struck me so.

843. You put it in without comment?—Yes.

844. Have you any idea what the charge was for 1894?—No, I have not got that, but I can get that for you.

845. How would you get it?—I will get it in the books of our department; we have got the totals.

846. You could compile it?—Yes.

847. You have the material?—Yes.

848. It was your own material that was used for the compilation of this return, I suppose?—Our own material after 1871; prior to that we had not prepared the local taxation statistics.

849. But you could continue this?—Yes, certainly.

850. Would you kindly let us have that among other things?—Yes.\*

851. The actual amounts are increasing, not only by decennial periods, but by annual steps, while the population is decreasing?—Yes.

852. The incidence of taxation is getting astonishingly high?—Yes, owing to the new charges and other liabilities imposed.

853. So high as naturally to call for examination in detail as to how it is and why it is that these charges do fall on the people?—Yes.

854. And this is with regard to the population taken as a whole?—Yes.

855. Within Ireland the charge falls unequally upon different districts?—Yes.

856. In some it is comparatively low?—Yes.

857. Would you venture to say from memory what would be the lowest rate?—For what purpose?

858. For any purpose?—I should think about 5d. or 6d. for poor rate.

859. What would you say would be the highest rate in any part of the country?—For poor rate this year, do you mean, or for an ordinary year?

860. For the same period the 5d. covers?—I should say about 4s.

861. Even more, perhaps?—On a particular division it might be more.

862. Give the highest existing rate anywhere?—I should say it would be higher than that.

863. What do you think it would go to?—Taking extreme cases, I should say from 5d. up to 6s. or 7s.

864. The disparity is very striking?—Yes, because of electoral division rating.

865. Where the poor rate is so very high you also find other charges very high?—Yes.

866. So that you may say that in respect of local taxation, speaking generally, the charge in Ireland is so distributed that the poorer the district almost the higher the charge?—That is so.

867. Will you kindly look at paragraph 78; there we have a list of what are called "additional rates" which the governing body is enabled to levy in order to defray certain special services?—Yes.

868. These additional rates again vary very much from a minimum of 1s. 6d. in the £ to a maximum of 3s. in the £?—Yes. You should remember that although these towns paid this additional rate they were exempted from the county cess, because this rate was a rate which was struck to enable them to take over the control of the roads which had hitherto been under the jurisdiction of the county authorities.

869. Clearly, and that will illustrate the desirability of having our separate returns for our separate rateable areas?—Yes.

870. Otherwise we shall be completely misled in our inquiries. We should be able to ascertain then what is the actual charge in each of these areas under this particular service?—Yes; this statement gives you the possible charges, and what you want is the actual amount.

871. This is all theory?—This statement gives you the maximum which might be levied.

872. That no doubt is so, but it does not furnish the facts?—Not of actual income and expenditure.

873. Let us look at Schedule C. on page 253. There we have a table of charges transferred from local to Imperial funds. Take one item—the item for the session 1896 for the Irish Constabulary, 1,341,642l.; when was that transferred from local to Imperial funds?—I think you will find that in paragraph 122 of the memorandum—in 1846.

874. What was transferred in 1846?—The cost of the constabulary.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, p. 209. Witness subsequently revised column 4 of the table.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, p. 209. Witness subsequently added the figures for 1894 and 1895.

Mr. H. A. Robinson.

19 Mar. '97

Rates. Inequalities in different districts.

Constabulary charges.

County cess. Contracting out of Land Act of 1870 by land owners.

Local Taxation (Ireland) Returns, 1895.

Local Taxation, Mr. Lough's Return, (1826-1893). Local taxation per head increased.

*Mr. H. A. Robinson.* 875. The whole of it?—As a matter of fact it never was transferred as regards 50 per cent. of it, because it never was on it. One half was placed upon the locality in 1836, and one half was defrayed from the Exchequer, and then in 1846 the half was transferred.

875a. Is it correct to say that in the first instance the charge for the constabulary was placed, as regards half, upon the Exchequer?—I do not know that.

876. With regard to the transfer which you speak of, you limit your observation to the half which was transferred in 1846?—Which transfer?

877. Such transfer as you know of?—We simply took this information out and compiled this table from the ordinary parliamentary estimates.

878. Could you let us have a return or a compilation of returns showing us with regard to all local taxation the charge for each rateable or chargeable area the rates which exist, the amount of them for the area, the rate per £ at which they are levied, and the period for which they have been charged, for as many years back as you can with practical convenience go?—Of course, if the Commissioners require it we will do our best, but I cannot promise it for this reason, that we are so entirely dependent upon whether the officers of the local authorities, who are not under our control, will consent to take upon themselves this trouble. Remember that what you ask for is a return involving statistics from 4,000 or 5,000 different areas for a number of years.

879. I am not asking you to make the return. I am asking you whether it is possible, whether it is within the realm of human ingenuity from existing materials to get that information?—Certainly it is within the realm of human ingenuity, but it is just a question for the officers of the local authorities, and of whether we can compel them to provide us with the information we require. We have no statutory power to do so.

880. Who are those authorities?—First of all there are the municipal authorities and the county authorities, the town clerks and county officers who are not under the Local Government Board's control in any way.

881. Have you any reason to suppose that there would be any difficulty in a matter of this kind in getting the municipal authorities to help this Commission as much as possible?—I think if you want to go back to 1851 they would resent it very much. I am inclined to think it would cause very great difficulty and very great trouble. I am merely judging from the manner in which they treat our applications for similar returns sometimes. They complain very much of the labour involved. With regard to the union authorities, I do not think we should have much trouble there, because the union officers are more completely under the control of the Local Government Board, and I think they would probably do it. We should have some difficulty in the case of the officers appointed by the grand juries, who are not under our control in any way. In the case of many officers it would involve their obtaining local assistants who would have to be paid from local funds, and for that reason I believe that some of the local authorities might raise objection to it. But so far as the labour of the Local Government Board is concerned I can assure you we are only too anxious to give you every possible information that we can obtain, and my reluctance to give you a definite answer simply arises from the fact that the statistics would have to be obtained from officers not under our control.

882. You are uncertain as to the attitude of the local extra-official bodies?—Yes.

883. I see the difficulty there might be with regard to going back to 1851; do you think there would be any practical difficulty in going back for one 12 months?—No; I think we should possibly be able to get that without much trouble.

884. There would be no difficulty, you think, in getting complete returns at any rate for one single 12 months?—I think we could get returns for a single 12 months.

885. Returns complete?—Yes, if it is absolutely necessary.

886. From all authorities?—From the whole 4,000 of them.

887. Showing the existing rates upon every taxable area?—Yes. What the expenditure amounted to.

888. Those areas would be counties, baronies, unions, electoral divisions, and half-baronies sometimes, and in some cases townlands?—Yes, and dispensary districts,

special areas, labourers' cottage areas, and sanitary areas. We have named them all, I think, now.

889. Then at any rate you think there would not be any practical difficulty in getting a complete return, at any rate for 12 months?—I think we could manage it for 12 months; I think we could, but I will not be positive.

890. (*Chairman.*) Both the rate per £ and the total quantum raised?—Yes, I think we could get that; I am sure we can so far as the unions are concerned.

891. (*Mr. Arthur O'Connor.*) Where there happens to be anything specially localised you might state it through an asterisk and a footnote?—Yes.

892. (*Mr. Balfour.*) I am afraid I do not quite understand how land was valued with reference to what appears in paragraph 5 of the memorandum; perhaps you will kindly tell me. The memorandum says: "The valuation in regard to 'land' is made upon an estimate of the net annual value thereof with reference to the average prices of the following articles of agricultural produce":—Was this the sort of thing attempted to be done? Did they first ascertain or try to ascertain which of those articles the particular land produced?—Yes.

893. And then did they after that, having ascertained that it was productive of some of those articles, attempt to see what its productivity would be of those articles?—That was the course adopted. The valuator first went down, and he began by digging the soil with a view of ascertaining what the subsoil was, and examining the composition of the subsoil, that being regarded as one of the regulators of the power of the soil.

894. As indicative of its productivity of the particular articles?—Yes. Then the geological arrangement and mineral composition were considered, and a table of analyses was supplied to each valuator, and for each tenement in Ireland those particulars were given. Then the different kinds of land were described, whether stiff or friable, strong, deep, shallow, dry, or wet. The arable land was divided into three classes—prime soil, medium, or poor; and the pasture land was divided into dairy pasture, or store cattle or fattening land.

895. Having ascertained either by actual observation or by such examination as you have described, the quantities of the different kinds of produce which the land was likely to yield, did they then attempt to say what that land would stand in the way of rent, or what would be likely to be its value and rental?—What its value would be.

896. Annual value?—What its annual value would be.

897. How do you distinguish that annual value; is that lettable annual value, or would that comprehend both the tenant's profit and the landlord's share?—I am inclined to think, though I cannot speak positively, from reading over the particulars of the lines upon which the Commissioners proceeded that it would also include the value of the land to the tenant.

898. It would include that, but it would not include the other; then would the result in such a case be what the land might be expected to yield in the hands of its owner?—If it was in the hands of its owner?—Yes.

899. Then it would not give you rent at once, because the rent would be something less than that?—Yes.

900. Then was there no attempt made to ascertain by the process that you have just described letting value?—No, I think not. The valuation for land was not the letting value—only for houses.

901. That seems to come to this, does it not, that what is called here land—whatever falls under "land"—the problem was not attempted to be solved with respect to it, which is with respect to all the other kinds of property, to wit, the term "lettable value"?—That is so.

902. So that the result arrived at on that principle would not be comparable either with the letting value of land in other countries or with the letting value of other real estates in Ireland?—No.

903. I should just like to put a question about the division of rates; did I rightly understand you that what is called the valuation remains constant, and that when the letting value—the actual rental—gets below that, the relief that is given by the gentleman you call

*Mr. H. A. Robinson.*

19 Mar. '97

Valuation of land. Principles observed. Procedure adopted.

Valuation of land. Annual value, what it meant by.

Valuation of land. Reduction of rent below. Occupier pays more than half of actual amount of rates.

Rates. Amounts and particulars of, from all rateable

Possibility of obtaining returns.

Mr. H. A. Robinson.

the immediate lessor is a certain poundage upon what he gets?—Yes.

904. But not upon the total rate?—No.

905. So that apparently in the case where the actual rent has gone below the valuation, the lower the rent goes the greater the proportion which remains to be paid by the actual occupier or tenant?—Yes, that is so.

906. Then you said the immediate lessor—I am putting this purely for information; I do not know, but I fancy it is so—you said the immediate lessor in many cases is not the owner?—Yes, in many cases.

907. Is that what you call middle interest in Ireland?—Yes, it may be so; he may hold under a head rent from somebody else.

908. Where there is a person interposed that you describe as the immediate lessor, where one or more persons interpose between the actual occupier even where there is one person interposed between the actual occupier and the owner of the soil, the owner of the soil apparently pays no proportion of that rate?—The immediate lessor may deduct a certain proportion of the rate from him.

909. That would be by arrangement, though?—No; by the law.

910. I do not think you mentioned that?—I will read you the section, and you will understand it: “Where any person receiving rent in respect of any rateable property also pays a rent in respect of the same, he may deduct a sum bearing such proportion to the amount of rate deducted from the rent received by him as the rent paid by him bears to the rent received by him.” It is in the same Act, 1 & 2 Victoria, chapter 56.

911. I quite understand the operation of that as between the actual occupier and his immediate lessor, but would the same operation be performed upwards, however many persons there were between the actual occupier and the ultimate owner?—There are not generally more than one, but it would go up.

912. On the same principle?—On the same principle.

913. I have no doubt it is familiar to some members of the Commission, but I do not know it; what does the jury cess in Ireland cover—I mean what is done with it?—You will find it all in paragraph 27. It is principally for roads, bridges, footpaths, court-houses, county officers’ salaries, county infirmaries, the cost of maintenance of such lunatics as are maintained in county lunatic asylums, weights and measures, loans, extra police, and a portion of the valuation.

914. My friend, Mr. O’Connor, called your attention to Table I,\* and you mentioned, in reference to the 7s. 1d. per head, the figure which came out in 1851, that the Poor Law was in force by that time?—Yes.

915. What was the date of your Irish Poor Law Act?—1838; but, as a matter of fact, the workhouses were not all built until 1848.

916. So that it was before 1843; but it had not then developed?—Yes.

917. Can you account for the very large increase between 1851, when the Poor Law had come into operation, and, let us say, 1892, or even 1891, when it was fully double?—I think you will find in paragraph 47 all the additional taxation.

918. Is it due to additional taxation?—Yes.

919. And not to an increase of the poor rate?—No, not during those periods to an increase of pauperism.

920. (Chairman.) For instance, the district which is rated at 5s. in the £ for the light railway that broke its bridges would be one of the items which would add to this volume of increased taxation per head?—Yes, up to the present date.

921. (Mr. Balfour.) You gave an answer distinguishing, and rightly distinguishing, if I may say so, between what is assessed as part of the poor rate and the poor rate itself; could you tell us, let us say, between 1851 and 1891—that is during 40 years—how the proper poor rate, that is to say, the part of the rate levied under that name applicable to the support of paupers, or the relief of paupers, compares in those two years—I have taken the two years Mr. O’Connor did, 1851 and 1891?—I can get that for you, but I have not got it here. Table IV.†

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, p. 260.  
† *Ibid.*, p. 274.

shows you that the charges, other than Poor Law charges, have increased very much; the proportion of them to the whole Poor Law expenditure has increased.

922. So then, perhaps, deducting them from the total one would get it; would that be so?—You will see by referring to the last two columns of that table that the per-centage of the expenditure for the relief of the poor was 79 per cent. in 1875, and only 21 per cent. for other purposes in 1875; and that it has been gradually changing, and now it is 35 per cent. for other purposes than Poor Law administration, and the proportion for Poor Law purposes has gone down to 65 per cent.

923. Those figures, of course, were very striking at first, but they must be corrected by deducting the other charges. You could not at the moment, perhaps, tell what part of the 7s. 1d. was for the proper relief of the poor, and what part of the 14s. 10d. was for the proper relief of the poor?—I could not at present.

924. But those per-centages would seem to afford the means of getting at it approximately?—Yes.

925. You gave some figures to my friend, Mr. O’Connor: the lowest poor rate at 5d. and the highest at about 6s. or 7s. In calling those “poor rates” did you mean to distinguish what is properly applicable to the relief of the poor from all that is levied under the name of the poor rate?—No; all the purposes for which guardians levy rates are all levied together.

926. I mean that would be in the 5d. and also in the 6s. or 7s.?—It would. I should like to explain further that those were not the average rates over an entire union, but rates over a particular electoral division. That system of electoral division rating presses very hardly in Ireland, because the towns and very populous places have to bear a very high rate for Poor Law purposes, whereas other districts have a very low rate; where there are very few people in a rich electoral division, they have low rates to pay.

927. I was just going to ask you the kind of districts as regards character, rural or urban, populous or the reverse, where the 5d. is compared with the 7s. rate?—The lowest rates are on rich lands with small populations and few paupers and few villages—large tracts of grazing land.

928. Rural but wealthy?—Yes; and the high rates would either be in towns where there was a large population, or else they would be rates on poor and populous localities in the congested districts.

929. With a relatively large pauperism?—Yes.

930. (Mr. Arthur O’Connor.) There is Behnullet?—Yes.

931. (Mr. Balfour.) Am I right in understanding that you reject altogether the parish as a unit for assessment or valuation?—Yes.

932. Is it not a unit?—No.

933. When you speak of an electoral division, does that consist of more parishes than one, or may it be either way?—No, I should say not.

934. Is it smaller or larger than a parish?—It is smaller than a parish.

935. (Mr. Arthur O’Connor.) Is it?—Yes, it is very much smaller as a rule than a parish.

936. (Mr. Stuart-Wortley.) Could you tell us in what cases the Act of 1870 laid upon the landlord a liability to pay half the county cess?—In what number of cases?

937. No, in what class of cases; how is the class of cases limited? Look at paragraph 48 of your memorandum?—All new tenancies created since the passing of that Act; in all those cases.

938. There is no limit of rateable value?—Nothing of that kind.

939. All agricultural tenancies?—Yes, provided that the occupier went into occupation in the case in which there was a new tenancy. It was not sufficient in the case of the over 4l. rated man that the tenancy should have been a new one, but he should also have gone into occupation; that condition is absent in the under 4l. cases.

940. Before that Act the division was only as regards the 4l. tenancies?—There was no division before that Act at all, it was altogether assessed on the occupier.

941. (Mr. Arthur O’Connor.) Speaking about the difference in principle between the system in vogue in this country and the system in vogue in Ireland, would you not say that a very important feature consists in

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Rates. Inequalities in different districts.

Rating areas. Electoral divisions. Size of, compared with parishes.

County cess. Payment of under the Act of 1870.

Valuation. Administrative systems in England and Ireland compared

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this, that the valuation in Ireland is absolutely centralized and official on the part of the executive, whereas the valuation in England proceeds upon a popular basis, and is conducted locally by committees of assessment?—That is so, by the district assessment committees.

942. (Mr. Dalton.) Can you say why the local authorities in Ireland have never had anything to do with the valuation?—That is an historical matter.

943. They have never had anything to do with it?—No, they have never had anything to say to it, except under the first Poor Relief Act before the tenement valuation took place; then the local authorities had to do with it. There was only a townland valuation, but the poor rate was made upon the holdings, or hereditaments, and boards of guardians then had the power to re-adjust the amount assessed on each townland between holding and holding, but they never had any power, so far as I can make out, to absolutely fix the amount of the valuation of their union.

944. The amount of the valuation has always been settled by central authority?—Yes.

945. Without any communication with the local authorities and without taking their advice in any way?—I cannot say whether it was without communication with them or without taking their advice, but, of course, in regard to the present valuation of houses the reviser in going round is accompanied by the poor rate collector; whether he takes his advice or not I cannot tell you; you must ask the Commissioner of Valuation about that.

Cost of  
valuation  
in Ireland.

946. The cost of Griffith's valuation when it was made in 1852 I think was very large?—325,000l.

947. I suppose it is partly the cost which prevents any new valuation?—I fancy that is the reason.

948. You would be more likely to have a valuation up to date if it was done by the local authorities?—Yes.

949. You would not have to be confronted with such a huge sum to pay for a valuation?—Of course, if the local authorities had to bear the expense of the valuation I presume that it could be carried out.

Valuation,  
Griffith's  
Prices of  
commodities  
in  
1852 and  
1896.

950. When Griffith's valuation was originally made the prices with the exception of wheat were considerably lower than they are now?—Was not flax rather higher?

951. Flax was higher and wheat was higher; do you grow much flax in Ireland?—In the north of Ireland they grow a good deal of flax.

952. All the other items that you have in the table in paragraph 21 I think have gone up, some of them very considerably, according to that table?—Yes.

953. It is of great importance to know whether the figures in the table are accurate?—They have been compiled by the Land Commissioners, and I think that they very fairly represent, so far as I am able to judge, what the prices are.

954. Do you think they were equally reliable in 1852 which is the first column in the table, because that column was not supplied by the Land Commission?—No; that is a statutory valuation, and, of course, I cannot say anything about that.

955. The whole valuation rests on those figures; have the figures for 1852 ever been doubted in any way?—I have never heard them doubted; I think they have generally been considered as fairly representing the value of produce at that time; I have always heard so.

956. If anybody was to go down to a district now and make the valuation on the same principle as in 1852 by taking the produce of the land and the prices, the land would be much more valuable than it was in the valuation of 1852, if that valuation was a correct one?—I suppose it would, if they went on recent years' prices.

Valuation,  
Griffith's.  
Difference  
between  
actual  
valuation  
and actual  
letting  
value.

957. In a memorandum to his report to which you refer in paragraph 2, I see Mr. Griffith says: "In regard to the difference between the valuations of land adopted by me under the Act, and the actual letting value. I have to observe that our valuation is about 25 per cent. under the full or rack rent value"—Yes.

958. The old valuation, therefore, was under the then letting value?—Yes.

959. But questions have been asked you which have brought out the fact that the letting value now is considerably less than the letting value was, I think, at the time of his valuation?—Yes.

960. Is there not some discrepancy between those two results; is not some explanation required? If the

valuation in 1852 was 25 per cent. below the rack rent value, and it is now above the letting value, and you also have the fact that the value of the produce has gone up in the interval, what is the explanation?—I should say that the rents were too high in those years that he was referring to.

961. You cannot, I suppose, say, speaking generally, if there were a fresh valuation of land at the present time in Ireland, and it was carried out on a fair system as to annual value of the whole of the land, taking the double interest of the landlord and the tenant, whether it would be higher or lower than the present valuation?—I would not like to express any opinion about that; I am not the Commissioner of Valuation.

962. Can you give us the definition of land for the purposes of Griffith's valuation?—There is no definition of land in the Valuation Acts, but I fancy that the definition would be that it was property other than buildings or fisheries, canals, navigations, railway roads, tramway roads and all the other properties which are distinguished from land.

963. There is no definition in the Act?—There is no definition in the Act at all.

964. But you must get some definition, because the annual value of the land is not to increase in any townland; what do you practically take as the meaning of the expression "land"?—What is not built over.

965. Any land not built on?—I should think so.

966. The last valuation, I think, is conclusive, not merely for local rates, but also for income tax purposes?—I am not sure about that.

967. There is a statement, I think, to that effect in your memorandum, in paragraph 20, beginning with, "On the basis of this valuation"?—Will you read the whole paragraph?

968. "On the basis of this valuation are levied also the assessments under Schedules A. and B. of the Income Tax Act, 1853 (as amended by the Finance Acts of 1894 and 1896), in respect of the ownership and occupation of land and buildings." How is this valuation applied for the purposes of the income tax?—Will you refer to the Acts? I am inclined to think that the amendments are that the owner can decide whether he will pay it upon the rent or upon the valuation.

969. But in many cases, I presume, it will be paid upon the valuation?—Yes.

970. I think you have said that the valuation is not uniform in different parts of the country?—No.

971. If that is so, a serious injustice would be done to the payer of income tax in the parts of the country where the valuation is too high, and where it is too low the payer of income tax will not pay his proper quota?—Yes. I assume that if it is too high in one place and too low in the other, the want of uniformity is unfair.

972. I think it is stated in paragraph 4 of your memorandum that it started with a great lack of uniformity in 1852?—Yes.

973. (Mr. Arthur O'Connor.) I think the lack of uniformity was admitted?—Yes.

974. (Mr. Dalton.) You gave us a good many figures to show that this valuation was not uniform originally?—Yes.

975. It is not likely to have become more uniform since?—No.

976. I see in paragraph 14, section 2, of your memorandum that improvements of farms are not taken into account for the assessment until seven years after they have been carried out?—Within seven years after.

977. What are those improvements precisely?—(1) drainage, (2) reclamation, (3) embankment, (4) erection of farm, (5) out-house or office buildings—

978. Would "erection of farm" include a farmhouse?—I have taken those from the words of the statute; I am not quite sure what they include.

979. In the case of houses, I presume, other than farmhouses, they come into assessment at once?—Yes, in the annual revision the improvements are taken into consideration.

980. Is it entirely a question of the cost of the valuation, or is it a question of the unpopularity of re-opening the valuation which has kept this old valuation of land going so long in Ireland?—There are

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Valuation,  
Griffith's.  
What is  
"land."

Valuation  
for local  
rates and  
income  
tax.

Valuation.  
Lack of  
uniformity.

Valuation.  
Improvements  
on  
farms;  
when  
taken into  
account.

Valuation.  
Revision.  
Reason  
why no  
revision.



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National education. Sources of revenue.

Constabulary charges.

Lunatics. Expenses of. Imperial contributions.

Valuation, Griffith's. Below rack rent in 1852.

Valuation. What is rack rent? How determined.

differences of opinion on the subject. Many persons would like a new valuation and others would not. But then I am inclined to think that the very great cost has a great deal to do with it.

981. You have no school board rates in Ireland, have you?—No.

982. Can you say from what source the Commissioners of National Education derive their revenue; besides Government grants have they any other revenue?—I cannot give particulars of the other funds they have got.

983. What would they do if the Imperial grants fall short?—They are not under the Local Government Board at all; they are under the Board of National Education.

984. We should go to them for information upon it?—Yes.

985. On the question of police I think you say in paragraph 122 that the Royal Constabulary was intended by Sir Robert Peel "as compensation to Ireland for the effects of free trade"; where can we find the authority for that statement—in Hansard?—In the debates in Hansard.

986. In what respect was it considered that Ireland suffered from the effects of free trade more than England?—I presume Ireland lost her market with England to some extent.

987. In paragraph 48 you suggest, I think, that there should be a further contribution towards the cost of pauper-lunatics from the Imperial revenue?—No. The whole of those were various suggestions and claims that have been put forward by persons in districts where the pressure of taxation was very severely felt, and I explained that all these observations were written very hurriedly out, and I did not intend them to be printed. I have not yet revised it.

988. Can you say whether the lunatic grant in Ireland is practically the same as the lunatic grant in England?—The amount, 4s. per week per head. I think, is the same.

989. (Mr. Elliott.) Can you supply us with any further information bearing upon the comparability of the figures you have given as to the valuation in Ireland with the similar figures we have had before us with regard to Scotland and to England? I understood you to say that what is known as Griffith's valuation was 25 per cent. below the rack rent?—He said he considered it was that amount below the rack rent.

990. Can you tell me what he meant by rack rent?—I think he meant the full rent which an occupier would give.

991. The full rent which an occupier in Ireland would give?—Yes, which the occupier in Ireland would give.

992. According to the custom of the country?—According to the competition, I should think.

993. According to the custom I meant, with regard to land tenure in Ireland?—Yes, I should say that that was the meaning of it.

994. Would the expression "rack rent," mean the same thing in Ireland as in England or in Scotland?—I am afraid I should have a difficulty in answering that question, not being aware what the conditions were in England, Scotland, and Ireland at that time.

995. In regard to Ireland, the fact of the existence of the system of what is known as dual ownership would tend to increase the property in the hands of the tenant, would it not, and to diminish the property in the hands of the landlord?—To increase the property in the hands of the tenant?

996. Yes. I ask this question for the purposes of comparison; the tenant would own a portion of the property which in the case of England would be in the hands of the landlord?—I feel a difficulty in answering, not knowing what is the case in England.

997. In the memorandum which has been given to us by the English Local Government Board, we have been informed that the value of assessable hereditaments is to be regarded as the net annual value, that is to say, "of the rent at which the same might reasonably be expected to let from year to year, free of all usual tenant's rates and taxes, and title commutation rent-charge, if any, and deducting therefrom the probable average annual cost of the repairs, insurance, and other expenses, if any, necessary to maintain them in a state to command such rent." Would that definition

that I have just read to you, in your opinion be what was referred to by Mr. Griffith as "rack rent"?—I find a difficulty in answering positively as to what was in Mr. Griffith's mind. My impression is that he used the term in the sense I have defined it.

998. It has been the practice in Ireland, has it not, for the tenants to effect improvements which in this country have been done by the landlord?—Yes.

999. The tenant would not of course pay rent for those improvements?—I am really not conversant with the principles of fixing the fair rent at all; it is altogether done by another Department.

1000. Do not answer this, if you think I am going beyond your province. Would you say that the rent which is paid by a tenant in Ireland is comparable from a statistical point of view with the rent which is paid by a tenant of agricultural land in England?—I am very sorry I cannot answer it.

1001. There were, however, some statements made by you in answer to Mr. Balfour, I think, which bear upon this point; you said that in Griffith's valuation, you thought it probable, that the tenant's profit had been included?—Yes, I gave a statement.

1002. What did you mean by tenants' profit?—What I wish to convey in that answer was that Griffith in making his valuation for assessment purposes took into consideration the valuation of produce and the profit which a tenant would make out of it.

1003. Did he take into account the whole product of a farm irrespective of any question of division between the occupier and the owner?—I think those were the lines he went on.

1004. He took the whole product of the farm?—Yes, upon the principles laid down, and at the prices given by the statute.

1005. Then if it be the case that in England the whole produce of the farm is not taken into account in fixing the rateable value, the valuation in Ireland would compare excessively with the valuation in England?—I suppose so.

1006. Notwithstanding the fact that the assessment was in Mr. Griffith's opinion 25 per cent. below the rack rent?—Yes.

1007. You see no inconsistency between those two replies?—You must remember that the rents were often very high and that the rents were not fixed by any statutory authority at all, but were whatever the persons liked to charge, or what they might obtain.

1008. With regard to the general questions which this Commission has been appointed to consider, have you received many complaints in Ireland with regard to the inequity of the present system of local taxation in Ireland?—Yes numerous complaints.

1009. Could you tell us what those complaints have principally been?—Principally as to the very oppressive system of rating for poor law purposes. At present the charge for indoor pauperism and outdoor pauperism is charged nearly altogether upon the small sub-division of a union, the electoral division, and in some of these cases the electoral divisions are so small, that the cost of one or two paupers will bring a rate up to an extremely high amount. In that way you may very often have a union with an average rate we will say of about 2s. in the £. in which the rate on one electoral division will be 5s. or 6s. in the £. It is also very oppressive in the case of towns, because the towns are generally comprised in one electoral division, and, as the general tendency when people are out of work or sick, is to migrate to the towns to obtain hospital treatment or employment, and as many of these people remain there until they become chargeable on that electoral division it follows that the urban electoral division has to bear a charge for the maintenance of a great many more persons than those who properly belong to it.

1010. That complaint then may be summed up in this way; it is a complaint of area against area?—Yes.

1011. Is there any complaint with regard to the distribution of the burden in all areas—with regard to the ability of the ratepayers to bear the burden?—Between area and area?

1012. No, I am speaking now of complaints between individual and individual in the same area?—A complaint as to what?

1013. I will give you a concrete instance. Is there any complaint that the farmer is more heavily burdened

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Rating for poor law purposes. Inequalities in amounts in electoral divisions. Complaints against present system.

Rating for poor law purposes. Amounts paid by different classes. Farmers and trades men.

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than say the doctor or the professional man having a similar income?—Yes, there is that complaint.

1014. From what quarters does that complaint proceed with regard to the poor rate?—In those rural districts where there is a shopkeeper, or perhaps one or two shopkeepers doing the entire trade of a very large extent of country, each of those men having a very small holding, perhaps merely to the value of the shop. The entire money of the district passes through their hands, so that they are extremely wealthy men and better able to contribute towards the relief of pauperism than some of the people themselves; and, further, these men make a great deal more use of the roads in carrying their supplies backwards and forwards than the farmer—I think there is a general feeling that those men are taxed too lightly.

1015. In other words, that the farmer in proportion to his ability is more heavily burdened than the shopkeeper or the private resident?—Yes, or the professional man.

Property not rateable. Complaints.

1016. Is there any complaint of inequality as regards different classes of property; is there any desire that other property than the property now rateable should be brought into contribution?—It is very difficult to see how it could be done.

1017. I am not asking that; I am asking whether there is any feeling of injustice on the part of the owners of the property now rateable with regard to the non-rateability of other property?—Yes, there is a feeling that the land which is poor in paying the entire share of the county cess and poor rates is unduly burdened.

Exemptions. Properties exempted.

1018. Is any complaint made with regard to the existing exemptions from rateability?—No, I think the exemptions are not generally very unpopular—I have not heard any complaints about them. There are very large exemptions. I suppose very nearly on a valuation half a million.

1019. Would you tell me—I think it is in the memorandum—what are the principal exemptions?—Churches and buildings of a public nature, or for charitable purposes, or for the purposes of science, literature, and fine arts. Lighthouses are exempt also.\*

1020. (Mr. Arthur O'Connor.) And schools?—Yes; and bridges—anything that is regarded as a public purpose; that is defined in paragraph 16 in our memorandum.

1021. (Mr. Elliott.) With regard to property held for charitable purposes, what meaning is attached to the term "charitable purposes;" are those purposes necessarily eleemosynary, or are they charitable in the very wide sense of the term as adopted by the courts of law?—I think they must be charitable, and that no profit must be derived by any person from them.

1022. They are not merely eleemosynary purposes?—No; I think the term is wider than that.

Rating of owners in respect of properties burdened with charges. No deductions allowed.

1023. Is there any grievance on the part of the owner of property that he is not entitled to obtain the allowance of any portion of his rates from a mortgagee, for instance?—I have heard complaints of that class occasionally.

1024. I suppose incumbrances upon property are very numerous in Ireland?—Yes.

1025. There is no provision for any deduction of rates by an owner paying interest to a mortgagee?—No.

Ground Rents, deduction from.

1026. Is the system of ground rents operative in Ireland to any large extent?—In the towns it is operative very largely.

1027. Is there any complaint of inability to deduct a proportion of the rates from ground rent?—They can deduct a portion of the rate from the ground rents.

1028. What rates can they deduct a portion of from the ground rent?—Poor rates.

1029. Can they do so in the case of other rates?—The poor rate is all they can deduct. You will find that in paragraph 37 of the memorandum.

1030. That power of deduction extends all along the line?—Yes.

Division of rates between owner and occupier above 4l. valuation, reasons for.

1031. Each interest in the property by a system of deduction apportions the burden of the rates?—Yes.

1032. Then, with regard to the division of the rates: in regard to some rates half is assessed on the tenant and half on the owner, is it not?—Yes.

1033. Are you able to give the Commission any information as to the reason why one-half was adopted?

—No, I am not quite sure of the principles upon which they made that deduction.

1034. You could not tell us why it was not one-third or two-thirds?—No, I think I know the reason for the deduction of the whole of the amount, but I do not know the reason for fixing one-half.

1035. Would you tell us that?—I think the reason for the deduction of the whole with the under 4l. people was that it was at that time felt that there was great poverty among that class of persons, the distinction between them and the destitute was scarcely perceptible, and the landlord would be in a better position to pay in those cases. The line was drawn at 4l.

1036. In the case of these small properties was the object in assessing the owner the convenience of collection rather than the desire to relieve the occupier from a burden which he would otherwise bear?—I think it was to relieve the occupier in those cases—the under 4l. cases.

1037. Was it supposed that the occupier would eventually bear the burden if he paid it?—No.

1038. Was not the idea rather that it would be more convenient in those cases to collect the rates directly from the owner?—No, I think the reason was that which I have given. I have also seen it stated that another reason was to diminish the occurrence of evictions by making the cost of relieving the persons who were evicted a burden upon the property. There were a lot of these very small holdings, and in the discussions which I have read on the subject I gather that it was because of the occupiers' poverty and to prevent a multiplication of small holdings and evictions that the incidence of poor rate was decided on.

1039. Would that not be rather a reason of convenience than a reason of incidence?—No; I think that the objects of placing upon the landlords the entire poor rates for these small holdings were those I have mentioned. If the whole of the electoral division was cleared or an entire property, the landlord would then have to maintain the tenants in the workhouse. It certainly acted as a deterrent very often. It also had the effect of making them provide labourers' cottages and to do more in that way.

1040. You stated that there was a difference between the grand jury cess and the poor rate—that the grand jury cess was a rate struck on the rateable hereditaments themselves, but that the poor rate was a personal tax?—Yes.

1041. Could you give any further explanation of that statement?—I could give no further explanation, I think, than that which I gave the Commissioners in explaining that whereas in the case of the poor rate you can proceed upon the person liable in any part of the country, in the case of the county cess you cannot do so, and you can only proceed upon the land.

1042. Are what are known in England as the local taxation licences paid over in relief of local taxation in Ireland?—The local taxation licences? No, I do not think they are. Ireland gets an equivalent, though it does not get the local taxation licences.

1043. Do you give in your memorandum any account of the mode in which that equivalent is apportioned?—We also get our proportion of the beer and spirits licence.

1044. Those are beer and spirit duties, are they not?—Yes.

1045. I was referring to publicans' licences, for example?—We do not get those in Ireland. We get an equivalent.

1046. Do you know at all what proportion that equivalent bears to the aggregate receipt for licences?—No, I do not.

1047. (Mr. Smith.) Have you received many complaints at the Local Government Board in Ireland on the principle of the valuation of land in Ireland?—They would not be addressed to us; they would be addressed to the Commissioner of Valuation.

1048. I think you said that the towns of Ireland were divided into three classes?—Yes.\*

1049. I think you said we may dispense with the Lighting of Towns Act as being almost obsolete?—Yes, that is so.

1050. You may disregard that for all practical purposes?—Yes.

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County cess and poor rate, payment of. Property or persons liable.

Local Taxation, Ireland. Imperial contributions given, not local taxation licences.

Valuation of rateable hereditaments other than land. Principles of ascertaining are similar in England and Ireland.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 133 to 137.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 160 to 163.

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1051. So that the towns in Ireland are divided into those under the Municipal Corporations Act and a number of smaller towns governed by town commissioners?—And a third, which are the towns under local Acts.

1052. They are probably an increasing number?—Yes.

1053. Now, apart from the original valuation of land being dependent upon the estimated prices of certain articles of produce, the principles of valuation of other property—town property especially—are very similar to those in England, are they not?—Yes, very similar.

1054. Such as houses and buildings?—Yes.

1055. Railways, gasworks, waterworks?—I do not know about gasworks and waterworks; the houses and buildings I do know about.

1056. You would not be sure about gasworks and waterworks?—No.

1057. If there is an exception I should like to know what it is?—I think the Commissioner of Valuation could tell you that.

1058. The law of rating is identical to that of England, is it not, as regards the principles for arriving at the value?—I am afraid I do not quite understand.

1059. First of all you said the principles of valuation are the same?—For houses and buildings, yes.

1060. Is there any material difference between the decisions of the Irish courts and of the English courts as regards rating, or does one follow the other?—The rating is so different in the two countries that the decisions of the courts would be different.

1061. The actual rating is different, but the principle of valuation is the same, is it not?—Yes, for buildings.

1062. Perhaps, I should say, the decisions on the principle of valuation?—So far as they are the same, the decisions are equivalent.

1063. You are acquainted with the English returns of the Local Government Board, are you not?—I have read them.

1064. Do you find that they give details of every rated area in England?—No, not of every rated area. I speak, subject to correction: they give them of the unions apparently.

1065. You were asked this morning to go into much smaller divisions than unions?—Yes, because we have them now.

1066. You cannot find, for instance, in the English returns the rates in the £ of every parish in England?—No, I have not found that.

1067. Just one other question arising out of Mr. O'Connor's cross-examination: I think you said that the poorer the district the higher the charge?—Yes.

1068. That is not peculiar to Ireland?—No, I dare say not.

1069. You say that complaints have been made as between area and area; does that not point to something like the union chargeability that we have established in England?—Yes.

1070. Is that a question for the Local Government Board or for the valuer?—The question of an alteration of area, of course, is one which concerns the Local Government Board.

1071. I do not think it is fair to ask you what their opinion is?—The opinions of the boards of guardians?

1072. I am rather anxious to know what view the Local Government Board take of it?—I have no objection to say that we would be in favour of the English system of union rating for Poor Law purposes.

1073. The spreading of the rate over a larger area such as has been done in England?—Yes.

1074. Of course you are aware that in England every parish once maintained its own poor, and a very unsatisfactory state of things it was?—Yes.

1075. I think Mr. Elliott asked you a question about the complaint that the farmer paid more than the professional man. I suppose the farmer in Ireland pays very few other taxes than rates, does he?—Yes, very few beyond the indirect taxes.

1076. Beyond what he pays indirectly on articles of consumption?—Yes.

1077. (Mr. Elliott.) With regard to the assessment of farms, can you tell me whether one assessment is

made for the whole of the farm, inclusive of the farm buildings and the farmhouse?—Whether one assessment is made?

1078. Whether one is made for the land and the buildings thereon?—The valuation lists give the entire tenement as one number.

1079. Inclusive of the farm and the buildings upon it?—Yes, as one number. If the farm was subdivided, the valuer, in coming round, would make out the difference and divide it between man and man, but he would not increase the value of the land. If the farm building was increased in value I suppose he would put an increased value on that.

1080. (Chairman.) I understood you to say, I think in answer to Mr. O'Connor, but I am not quite sure, that you would like to see a system in which the valuation was based on actual facts locally ascertained?—I would like to see a uniform system.

1081. The point that I want to found another question upon is this: that the system was to be upon actual facts locally ascertained?—Yes. That is only a personal opinion; it is not the opinion of the board.

1082. I want to know whether it is your personal opinion?—Yes, it is.

1083. What are the actual facts which you would desire to see locally ascertained?—Value on account of the proximity to a market and various other circumstances, such as the facilities for obtaining manure from a seaside situation, for instance, and the conditions of climate and subsoil, all those various conditions.

1084. But still disregarding in the case of agricultural land, the actual letting value?—Between landlord and tenant?

1085. I will take it in that way. Do you see any difficulty, owing to the conditions of land tenure in Ireland, to taking the actual letting value of a holding for the purposes of assessment?—I do.

1086. Would you state it to me?—I think that the difficulty would be that then you would be valuing for assessment purposes merely the landlords' interest in the holding.

1087. You would agree with me that to value only the landlords' interest—the lessors' interest—is not a sufficient basis for local purposes in Ireland?—No, it is not.

1088. (Mr. Arthur O'Connor.) With regard to the facts actually ascertained, would not that be the system which is now adopted in England? Do not the local assessment committee assess?—I know that the local assessment committee revise the value in England, but I do not know anything about their system.

1089. It is local?—It is local.

1090. (Chairman.) Would you turn to Table I. on page 269; I understand that that table is quoted *simpliciter* from a table which was submitted by Mr. Lough to the Financial Relations Commission?—Yes.

1091. It will be possible, I understand from you, to give us the details from which that summary was compiled?—From 1875 certainly, but there might be some difficulty before that.

1092. There must have been some details for all that table, or else the results could not have been arrived at?—Yes, undoubtedly they got them from somewhere.

1093. Where can we get all the details from which Mr. Lough made that table?—I think we could get them for you; we can endeavour to do so. What I wished to convey was more this—that we could not be responsible for the accuracy of any of them prior to 1875.

1094. But would it not be a useful subject of investigation for this Commission if we are to found anything upon the results which are given in this table, that we should see the basis upon which it is compiled?—Yes, I think it would be important.

1095. To whom should we apply for that?—I shall endeavour to get it for you.

1096. (Mr. Arthur O'Connor.) And to continue it up to date?—Yes.

1097. (Mr. Dalton.) May I ask one question on that table? The rate per head of population of the local taxation according to that table for 1893 is put at 16s. Are you aware that that is very much below the rate per head of local taxation in England?—No, I am not aware of that.

Valuation of farms. Land and buildings assessed together.

Valuation of land. Suggested improvements in present system.

Valuation of land. Actual letting value not a sufficient basis for assessment purposes in Ireland.

Local Taxation, Ireland. Mr. Lough's return. Details on which based.

Local Government Board Returns, England. Details given.

Rating. The union as area for advantages of such a system.

Rates and taxes paid by farmers.

*Mr. H. A. Robinson.*  
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Rating for Poor Law purposes. Electoral divisions, the unit.  
Law of settlement in Ireland.

(1098. *Chairman.*) I want to know a little more about this electoral division system of rating which obtains. I understand, mainly for Poor Law purposes?—Not necessarily altogether for Poor Law purposes.

1099. Mainly?—Mainly, yes.

1100. Have you any law of settlement in Ireland for paupers?—There is a law for fixing the chargeability of paupers within each union.

1101. You used an expression which struck me as being somewhat strange if I heard you rightly: that in periods of depression rates upon certain districts, more especially towns, rose because individuals went to those districts temporarily, and there became chargeable?—What I meant was that they remained there for some years and became chargeable.

1102. Supposing an individual seeks Poor Law relief, what is the test which decides to what area he would be made chargeable?—If he has remained four years out of five, or two and a half years out of three in the division he is chargeable to that division; if he has not, if he has remained less than that period in the division, he is charged to the union at large.

1103. But supposing his residence has not been in the same union, what happens to him?—Do you mean a tramp, moving from union to union?

1104. Yes?—He is then a union charge.

1105. Supposing an individual becomes chargeable in a union and cannot be allocated to any one of the

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particular electoral divisions which you have indicated to us, has the union as a union any redress against any outside area?—No.

1106. No matter where the person was born?—No. If the man walked across the boundary from one union to another he is chargeable to the union in which he became destitute.

1107. (*Mr. Balfour.*) There is no law of settlement?—No.

1108. (*Mr. Smith.*) And no status of irremovability, as we call it in England?—No.

1109. (*Chairman.*) When did the system of placing rating upon an electoral division within a union first come in?—It was put into the Poor Law Bill when it was passing through the Lords.

1110. At what date?—In 1838.

1111. Were electoral divisions in existence at that time?—No, but they were ordered to be made for electoral purposes.

1112. At the same time?—Yes. When the Bill was passing through the House of Lords it was amended. Instead of using these divisions solely for the purposes of electing representatives of the people on the Poor Law boards, it was thought that it would give property owners an interest in the management of their own union and electoral division by making those divisions also areas of chargeability for indoor and outdoor relief purposes.

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Electoral divisions for rating purposes, so constituted in 1838.

The witness withdrew.

Adjourned till Thursday next at 12 o'clock.

## FOURTH DAY.

Thursday, 25th March 1897.

At 16, Victoria Street, S.W.

### PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Viscount EMLYN.  
The Right Hon. J. B. BALFOUR, Q.C., M.P.  
The Right Hon. Sir J. T. HIBBERT.  
Sir E. W. HAMILTON, K.C.B.  
C. N. DALTON, Esq., C.B.  
C. A. CRIPPS, Esq., Q.C., M.P.

H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
J. L. WHARTON, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. RICHARD HILL DAWE called and examined.

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1113. (*Chairman.*) I believe you are town clerk of Kingston-upon-Hull?—That is so.

1114. How long have you held that office?—12 years.

1115. I understand that you are delegated to appear here to-day as representing the Association of Municipal Corporations?—That is so.

1116. As you are the first witness from that body, I will ask you what is the constitution of the association and who are the members of it?—The association is constituted of all the municipal boroughs throughout the kingdom who desire to become members. The members of the association are the municipalities themselves, who appoint representatives always, I think I may say, including the town clerk, but also other members of the council.

1117. How many members are there of the association?—I have not brought those figures with me, but I

think all the municipalities, with the exception of half-a-dozen in England and Wales, are members, and there are also one or two from Ireland that have just been elected.

1118. The first one or two paragraphs of your memorandum\* I need not take you over, because we have had the facts from a witness from the Local Government Board. In the fifth paragraph you say: "There is in every parish a valuation list, which contains the names of the occupier and owner, the gross estimated rental, and the rateable value of all the rateable property in the parish." You go on to say that: "The overseers in each parish prepare annually a fresh valuation list;" do you mean that statement to apply to municipalities—you are not speaking, I presume, of rural districts?—No, I am speaking of municipalities, but I believe that the statement holds good as to all rural districts within unions, because those valuation lists

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Valuation lists. New lists and revision of old ones.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 1 to 10.

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are prepared for the assessment committee under the Union Assessment Committee Act, 1862. Therefore it is, I believe, quite accurate with regard to rural parishes.

1119. But how far is the valuation list of each year really a fresh one, and how far is it simply the continuation of previous lists with such alterations as may be made upon it?—I think that in ninety-nine cases out of a hundred it is a continuation of the old list, which is again submitted, and to which, of course, an opportunity of objection is given.

1120. Can you tell us at all with regard to your own experience what per-centage of alterations would be made on the entries of the lists that you have to do with?—No; if I did that I should have to estimate. I have not actual experience of the number on the assessment list.

1121. Could you give me any idea; is it a large percentage?—No, it is very trivial, and usually made at the instance of the ratepayer himself, or when some circumstance occurs, such as the making of new works, or the alteration of property, which leads the assessment committee to suppose that there is an alteration in the value of the property.

1122. Do you consider it a satisfactory state of affairs?—It is most unsatisfactory in every way.

1123. In your memorandum you mention that town councils have the power of making a valuation of their own?—Yes; but that, I think, is very seldom exercised, and there are obvious reasons why it would be undesirable. Of course if they made a separate valuation list it would be because they felt that the valuation list in force was incorrect, and then questions would arise as to which was correct and it would be difficult to support a valuation list in conflict with the valuation list of the overseers as approved by the assessment committee.

1124. Why is that? Is the power not exercised because the town councils feel the desirability of having one list, as far as there can be one list?—It is more, I think, from a feeling of impracticability, and also from the feeling that probably very poor results would follow. It is essential to bear this in mind, that if you have two valuation lists in a district one will be correct and the other wrong, or very likely both will be wrong. It is very desirable in the first place to have only one valuation list for the whole of the rateable area, and I have never advised the making of a separate valuation list though we feel that there might be plenty of room for it in Hull.

1125. To obtain one list would mean a good deal of sacrifice of minor points?—Yes; and then, of course, the valuation list under the Municipal Corporations Act would only apply to the borough rate and it could not correct the valuation list for the other rates.

1126. In the sixth paragraph of your memorandum you indicate that you desire to draw attention to the urban rates; I should like you to put before us what you have to say in your own words?—Of course by "urban rates" I mean the rates other than the poor rate. Those urban rates may be classified under two heads; one the municipal rates, which are collected by the overseers under precepts from the council, and the other the sanitary rates, which are made by the town council and collected by the collectors of the council.

1127. So that, as you point out, there is an unnecessary duplication of collection machinery?—Precisely; to every hereditament there are at least two sets of collectors.

1128. And may be more?—Yes. There are not more in Hull, but I can conceive that there might be more.

1129. Clearly that is a state of matters which causes unnecessary expense and probably unnecessary friction?—That is so.

1130. Is the basis upon which the municipal rate and the sanitary rate are levied the same?—Yes, for practical purposes, though they are levied in two different ways. With regard to the municipal rate the council have to assess the contribution to the borough rate upon the total annual value of the hereditaments in each parish in proportion to the rateable value of those parishes, according to the valuation list or the last poor rate. Then—it is a different phraseology, but it amounts to the same so far as regards the basis of contribution—the general district rate is to be assessed upon the occupiers of all property rated for the relief of the poor as ascertained by the valuation list, or the poor rate where there is no valuation list.

1131. Do certain classes of property such as railways, canals, and agricultural land not enjoy exemptions which are different in the case of the borough rates pure and simple?—Certainly they do. They are to be assessed at a reduced value of 25 per cent.; that is for the general district rate. The value of the property is to be ascertained by reference to the valuation list or the last poor rate, but having ascertained the value then an allowance of 75 per cent. from the assessment is made. The valuation list, therefore, and the poor rate still govern the valuing of the property but the three-fourths deduction is given.

1132. So that the gross valuation of an area for one of these purposes is different from the gross valuation stated in pounds sterling for another purpose?—Certainly. That anomaly also is greatly increased—the inequality is increased—by virtue of compounding.

1133. Following on that you have put in a table\* which shows in a concrete form the differences in the law and practice of compounding under various statutes?—Yes. From that table it is clear that there are four essentials in respect of which compounding under the Poor Rate Assessment and Collection Act 1869, differs from compounding under the Public Health Act, 1875, namely:—

- (1.) The property entitled.
- (2.) The subject of deduction.
- (3.) The incidence.
- (4.) The amount of deduction—
  - (a) on occupied property;
  - (b) on property whether occupied or not.

1134. In addition to these anomalies which are shown in your memorandum, I understand that the Public Health Act of 1875 declares that certain other subjects are only to be assessed at a fourth of their net annual value?—That is so; those are: tithes, tithe rentcharge, agricultural land, woodlands, market gardens, nursery grounds, and land covered with water or used as a canal or as a railway.

1135. Have you or not a further local difficulty of which you complain that the overseers rate the docks as one hereditament in one lump sum, and the corporation have for the purpose of the district rate to apportion this sum between the wharves and the land covered with water though they are entirely without the necessary data?—Yes, we have had the greatest difficulty owing to that, and considerable litigation.

1136. Is that a special local difficulty, or can you say from your own knowledge whether it does or does not exist in other places where there are docks?—It must necessarily exist in other places where there are docks, unless the overseers separate the value of the docks by showing the amount attributable to land covered with water and the amount attributable to land, that is, wharves.

1137. I think the matters dealt with under section III. in your memorandum\* are local to Hull?—They are local to Hull, but I thought it was better to state what actually takes place in Hull, because I think perhaps Hull is typical of all the worst abuses that can possibly obtain under the existing law as to rating. I thought that the facts existing in Hull would probably put the matter before the Commission in the best possible way—better than theorising.

1138. They seem to be fully stated in your memorandum, but I ask you this to give you an opportunity of adding to it: Has any other circumstance which you would like to bring to our notice occurred to you since you wrote it?—No, I think that this paper states everything that I wish to put before the Commission on that question.

1139. I understand you to complain that the existing system results in a considerable want of uniformity in valuation?—Yes, in assessment; it must and does. There is no guarantee that property in the two unions will be valued upon the same basis or standard of rating. Of course it is essential to all fairness in rating that there should be equality in assessment.

1140. You mean that if one area is rated in common, for a common purpose, to be spent by an authority which has jurisdiction over the whole of the area, that authority ought to have the power of seeing that the valuation is uniform?—That is so; it is absolutely essential to the fairness of the rate.

1141. And your idea, as I understand it—you will tell me if I have not gathered it correctly—is that what you call "assessment," which I cannot get out of the

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 8.

valuation lists. Power of town councils to make valuation for borough rate, not often exercised.

Rates. Municipal and sanitary. Dual levying and collection of, method of.

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Public Health Act, 1875. Exemptions, partial. Railways, canals, agricultural land rated at one-fourth.

Compounding under Poor Rate Assessment Act, 1869, and Public Health Act, 1875. Distinctions.

Public Health Act, 1875. Exemptions (partial). Railways, canals, agricultural land, &c. rated at one-fourth. RATING OF DOCKS. Difficulty for corporation to apportion rate determined by overseers between the wharves and land covered by water.

Rates and rating authorities in Hull. Making and collection of rates. Want of uniformity.

Mr. R. H. Dawe.  
25 Mar. '97  
Rating areas.  
Urban and rural.  
Proposed reforms.

habit of calling "valuation," ought to be urban for urban communities, and county or rural for the authorities outside municipalities or urban districts?—That is so. I quite agree with your Lordship that "valuation" is much better than "assessment," and I have only employed the word "assessment" myself because we find it in the Act. The word "assessment" has somewhat a doubtful meaning, because it is used right through the Acts in a dual sense; one is the valuation and the other is the assessment of the rate. Therefore I quite agree with your Lordship that "valuation" is preferable. I think myself, that inasmuch as the local government areas, if I may so call them—municipalities and counties outside—are more important now than the Poor Law areas, those should be the areas for rating.

1142. Would your suggestion not result in this, that while you would improve your system as between town and country, you would introduce the same sort of inequalities as between one part of a Poor Law union and another as existing for borough purposes at the present time?—No, not if my idea is carried out, especially that to which I refer in Section V.\* and which perhaps I may deal with later. I start with this principle—either we are going to have two valuation lists throughout an area or one. Now it seems to me essential that there should only be one, and as your Lordship put it a little time ago, it would be better to sacrifice something than to let the aggrieved ratepayer feel that to one rate he is correctly valued, but to another rate he is incorrectly valued, because we may be sure that the higher valuation will in the opinion of the ratepayer be wrong. Therefore I start with the principle that you must have one valuation for every area. Then the question arises which area should it be—the area of the Poor Law Union or the area of some local government. I say very strongly with regard to all boroughs, and certainly as to county boroughs. I have not a shadow of a doubt that it should be the whole borough. I think that with regard to counties the old Act of 1852, which is still in force, should remain and be acted upon. I have not had experience of a county, but I believe at the present moment they have two Acts which they put into force, namely, the County Rates Act, 1852, and the Union Assessment Act, 1862, and, I suppose, they have to rely on the common sense and good feeling of everyone to make the two things work together. But so far as county boroughs are concerned, there can be no doubt, I think, that they should be the rating area. Now as to unions: in Hull we have a union which is partly in the borough and partly in the county, and, of course, it is essential that the parishes in the county should be able to satisfy themselves that the parishes in the borough are not under-valued; and *vice versa*. That, I think, could be done under my proposal just as easily as it is now. There should be a right in all parishes within a spending area to come before the rating authority and complain if a parish in the other part of the area is under-rated. Now the Union Assessment Act of 1862, was an attempt to cure the blunder of the Act of 1861, but if we had in a borough the rating authority appointed by the council, or if the rating authority were the council themselves, then there would be no object on the part of that rating authority in favouring one parish at the expense of another, and likewise in the county there would be no object on the part of the county council or of any committee appointed by the county council in favouring any parish in the county at the expense of another. So that if you start with the principle which I think is essential, that there shall be only one valuation within every rating area, then, it seems to me that the question is whether you will have the Poor Law union or the local government area as the area of assessment or valuation.

Valuation lists.  
Annual re-valuation or revision at instance of rate-payer.

1143. Of course you would agree with me when I suggest to you that one of the chief elements of securing fairness is that the valuation should be up to date?—Certainly.

1144. At what intervals could a satisfactory revaluation be effected?—I think I should only do it once a year.

1145. Could you do it once a year?—Yes. I should always have the valuation list submitted once a year, so that every ratepayer would have an opportunity of bringing before the rating authority any inequalities in his rating.

1146. Your rates, of course, I need hardly ask, are assessed for the half year are they not?—The poor rates are, but not the general district rate or the borough

rate really. The borough rate is made once a year, and it is levied as the overseers like; I think they levy it half yearly. Upon that point I was going to say that I think the valuation of property is more likely to be correctly adjusted upon the application of the person affected than upon a general valuation over the whole area, so that I should give the ratepayer every opportunity of coming before the rating authority to get his property revalued or get a fresh valuation put in if it is not correct.

1147. I understand your idea to be that the municipality should appoint a skilled person to do the actual work subject to a committee of their number?—I should rather put it the other way; I would let the municipality do it themselves, or appoint a committee or some body for the purpose, and then allow that committee to employ any valuer or to take any steps they like for advising them as to the correctness of the valuations.

1148. Would you arm that body with special powers for getting information from either owner or occupier or both?—I have not given much consideration to that question. I think myself that all those questions of compulsory power are very delicate ones to deal with, and I should not like to make a general statement without considering the exact circumstances under which I would give such power. They necessarily must have certain powers, but I have not considered how far I would limit them or how far I would increase them.

1149. What criterion would you have an officer put before him when he is judging what ought to be the value of a property, if he has no power of ascertaining what it actually produces?—The rent.

1150. How is he to know the rent?—I would certainly give him certain powers to that extent, but I thought your Lordship had in your mind the question of giving further powers than those which they at present exercise.

1151. Would you put it in your own language; I do not want to lead you; what powers would you give to the officer?—I would not give him any further powers than those which he already possesses, at least without that further consideration which I have not yet given to the subject.

1152. What power does he actually possess now?—He can call for statements, I believe, from the owners of property—I believe the overseer can. It is perfectly clear that he has got everything in his power in this way; he has a general knowledge of what property in a locality will fetch; if a landlord will not tell him what the rent is or if the tenant will not, he can say: I will rate it as so much, two or three times its value—he is sure then to put it high enough, and the person is then bound to state what the rent is in order to get the correct figure inserted. He has got it fully in his power.

1153. I suggest to you that a less invidious and more direct way of getting it would be that the owner or occupier or both should have the duty laid upon him or them of telling what is the annual value, under a penalty for giving wrong information?—Yes, I should see no objection to that, but I think the power that they already have is sufficient. That is not based on experience because, as I tell you, we have nothing to do with the actual machinery of valuing property, and therefore I will not express an opinion.

1154. I am not quite aware of the practical difficulties, but I suppose in theory that to carry out what you want to the fullest extent you ought not to have any overlapping area of administration at all, you should make the union and the borough the same if you could do it?—Certainly. I think whatever area is found to be best for the purpose of rating will be found to be the best for the purpose of all local administration. On the other hand, it is essential not to confound the means with the ends. The poor rate is raised for the purpose of the administration of poor relief; and if a union as formed under the Act of 1834 is the best area for Poor Law relief, then I think we must not alter that area merely for the sake of facility in rating, but we must try to devise some means by which we can rate fairly and equally and justly over the area whatever it may be.

1155. Then you would admit, I suppose, that it would be a task of very great difficulty to materially alter the boundaries of Poor Law unions at the present time?—No, I do not think it would be so very great, at all events, as far as regards boroughs. In the case of my own borough I can conceive very little difficulty. It seems to me that in all cases of large boroughs it would

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Valuation by municipality. Best method to be adopted for obtaining information.

Valuation. Powers of officers to obtain information.

Rating areas. Overlapping to be avoided.

Rating areas. Large boroughs the best areas for municipal as well as Poor Law administration.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 5.

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be really best to let the boroughs be the area for all purposes—for the purposes of municipal government as well as of the Poor Law.

1156. Then I gather that in your mind it is a question of the balance of the advantages and the disadvantages; if the alteration and simplification of areas could be made with comparative ease, you would like to see it done, but if it would cause a great amount of difficulty it is doubtful in your mind whether it is worth attempting?—I think I can go farther, I think myself that it is worth doing, at all events with regard to large boroughs like Hull with which I am associated. With regard to them it is desirable to do it.

1157. Now will you give me your opinion as to the practice of compounding?—I think that it is as unsatisfactory as it can be at the present time.

1158. What is the limit of compounding in Hull at the present time—we will take the poor rate first?—It is 8*l.* to the poor rate.

1159. And for your borough rate?—For the general district rate it is 10*l.*, and then we include tenements let for short periods, or where the rate is collected at short periods. As a matter of fact I think 10*l.* is the limit.

1160. I understand, from what you have already indicated, that you think the practice ought to be uniform?—Certainly.

1161. How far do you think compounding should be allowed to go, up to what point?—I think that in those boroughs where 8*l.* is the limit it should be extended to 10*l.*, and that 10*l.* should be the amount for all purposes.

1162. Making it a matter of general enactment not depending upon the will of the local authority or the option of the owner?—I think it would be better to do it in that way, subject to this, that where of course property is closed, or not likely to be let at all, you could not ask that that should be assessed on the basis of paying whether it is occupied or not, and, therefore, I would suggest that the simpler way would be for the owner to give notice that he does not wish the law as to compounding to apply, and that he would then be rated upon the usual basis.

1163. Are you a friend of the system of compounding?—Yes, I believe that it is desirable in the interests of the ratepayer and of all persons concerned.

1164. Would you tell me why?—Because when you have these small properties let for short periods it would be very difficult to follow the occupiers and to obtain the rates from them, having regard to the numerous changes that take place in the tenancies. I believe myself that it is found to be generally advantageous to the rating authority as well as to the ratepayer, in fact, one may say at once to the ratepayer because he is the only person to be considered; it is for the advantage of all.

1165. Do you attach any importance at all to an occupier who exercises the franchise having directly brought under his notice the rise and fall of the rate?—No, I do not think so—not in those cases.

1166. Are many of the houses in Hull held upon very short periods of tenure?—There must be a large number; I cannot tell you from my own knowledge, but there must be necessarily a great number, mostly weekly tenancies of those houses up to 8*l.* or 10*l.*

1167. You say a tenancy is a weekly tenancy, but being a weekly tenancy it may endure, and probably does, for half a year or a year at a time?—Or even more; it may endure during a lifetime, or so long as the contracting parties will, but it can be determined at a week's notice, and the rent is, as a rule, payable weekly; in many cases it is payable monthly, but it is mostly payable weekly.

1168. Do the owners in Hull take any steps to let their tenant know the relative amounts which are demanded from them in the name of rent and in the name of rates?—I should say they do not. I cannot say of my own knowledge; in fact, it is a very difficult thing to give evidence on that—as to what is the practice between the landlord and the tenant—but I imagine not.

1169. You apparently would do away with what you describe as the partial exemptions of railways and docks from rating under the Public Health Act?—Yes, certainly. I cannot understand on what basis they are allowed at the present time.

1170. Do you apply that to all exemptions—agricultural land, for instance?—With regard to agricultural lands, you see they would be already saved under the Agricultural Rates Act of last session, and with regard to them I would say, no, certainly not.

1171. We can hardly deal with agricultural lands under an Act which, on the face of it, is a temporary measure. I am asking you rather as to the general principle, because your statement in paragraph 32 is, if I read it rightly, very broad—that all exemptions should be swept away?—I am referring to railways really there, and I had in my mind the fact that agricultural land now was provided for. I make no suggestion that agricultural land should not enjoy the exemption: I think it should; but I am speaking here more especially of railways.

1172. What about such subjects as mines and quarries?—We have not any in municipalities, as a rule, and I have not considered them.

1173. You can hardly draw a distinction between the principles of rating as between a municipality and a country district?—No, but I was directing my observations to my actual experience, and to what comes under my notice with regard to railways and docks, which are very important matters in Hull.

1174. Do you find these exemptions a great annoyance?—Not merely that, but I find this, that they throw upon the other ratepayers a burden which I think the companies themselves ought to bear, because you cannot take a burden off one ratepayer without putting a corresponding burden on the others.

1175. No doubt, so far as it is borne at the present time, but I want to know whether your objection to exemptions is absolutely general?—No, certainly not; it is to those that are included in my memorandum namely, the railways and docks, to which my attention has necessarily been drawn.

1176. What about waterworks?—I should not say waterworks at all.

1177. They should not be exempted?—No.

1178. Would you allow a country parish to rate a waterworks upon its full value?—Yes. I cannot say what the basis would be. We own our own waterworks, and we only extend into a few parishes outside the borough. With regard to waterworks, my view is this, that they should pay a fair rate upon a fair basis without any reduction.

1179. I should like you to point out what you mean by a "fair basis"?—That there should be no special exemption of this kind; that whatever the rateable value is, arrived at upon the same basis as in other hereditaments, that I think they should pay on.

1180. How would you seek to obtain the fair rateable value of a corporation's waterworks which extended into a country district?—What I believe is done is this: the overseers find the total expenditure upon the works, they find also the total revenue, and then they find out the expenditure in each parish, and they divide the rateable value in the proportion which the expenditure in each parish bears to the total expenditure. I think that is what is done. Upon the question of waterworks other members of the association are going to give evidence. The only thing that my evidence is directed to is the question of railways and docks in the borough which has especially come under my notice.

1181. Would you have any regard to the consideration of whether the particular subject in question, such as a railway, derives any benefit from the rate which is levied?—Yes, I should. At the same time I think that whilst it is the one principle which is usually adopted, there is another, namely, the ability to pay; that, I think, is considered the ideal principle of taxation.

1182. Does the system of exemptions now in force not proceed upon some such principle as this, that for certain of the rates those subjects do not get a corresponding benefit at all commensurate with the amount they would have to pay if rated upon their full value?—That is undoubtedly the basis upon which the exemptions are now allowed, and so far as I am aware in old legislation, the principle was the same, namely, to appoint commissioners over a district, and merely to enable them to rate those for whom they performed certain services. I think myself that the advantages of the services performed by the local authority are so great that the railway companies ought not to be exempt.

*Mr. R. H. Dauce.*  
25 Mar. '97

Exemptions partial, under Public Health Act, 1875, in respect of railway and docks not desirable.

Exemptions, partial, principle upon which allowed.

Mr. R. H. Dawe. 1183. Do you condemn the principle of exemption?—No, I do not so much condemn it as say that it is inapplicable to a railway and docks.

25 Mar. '97

Exemptions, partial, under Public Health Act, 1875, in respect of railways and docks not desirable.

Exemption of Government property. No grievance in practice.

Cost of precautions to Hull for preventing introduction of infectious diseases from abroad should be borne by the State.

Poor rate. Scheme for a fixed Government grant in aid of, according to ability of localities to pay.

1184. What is the valuation of the railways or of the docks within the bounds of your borough? If you cannot give it now, perhaps you will state it in revising the proof? I want the total valuation for some purpose which you will name, giving the proportion which is applicable to railways and to docks separately if possible, but if, as I fancy is the case, your docks are mainly owned by railways, perhaps it may have to be in one sum?—They will have to be to a great extent. They are, of course, now divided up according to the rateable values of each parish, and they are very difficult to arrive at, but still we can do it, and I will get it for you.\*

1185. Do you wish to say anything about the exemption of Government property?—I think that the objections that have been felt are largely met now. The objection now is only one of principle, with regard to Government property. I think it would be more satisfactory if Government property came within the general law, but there is no great grievance felt now, I think.

1186. You have, I know, what you regard as a special grievance in Hull, as to the precautions, which cost you something, against the introduction of diseases from abroad?—Yes.

1187. That is a subject with which I am not unfamiliar personally as regards some ports in Scotland, and I do not mean to discuss it with you. I do not suppose that I shall convert you or that the other towns would willingly take their share of the burden, but I take note of your statement here. I wish you to develop, however, the idea which is conveyed in the last six or eight lines of Section V. of your paper, the paragraph beginning with the sentence, "Witness thinks that it would not be difficult to devise a means by which relief might be given in necessitous cases, say, for instance, in aid of the poor rate in any district. He would suggest that a reasonable limit might be placed on the poor rate, and to the expenditure on the relief of the poor in any district, and that the difference between the amount yielded by the rate and the limited expenditure be paid out of the Imperial Exchequer."† I should like you to develop the arguments in favour of that suggestion?—What I had in my mind when I penned that was the formation of Poor Law unions. I think that in consequence of the Royal Commission's report and the Poor Law Act, 1834, unions were constituted with the object of making, as far as possible, the wealthier districts contribute to the poorer ones. It seems to me that if the Poor Law unions were altered and the whole of the parishes of a union in a borough were constituted one union, and there were cases where the district was really unable to support its poor, a scheme might be devised by which relief could be given on fair principles without this combination under the Poor Law Act of 1834. Consequently what I thought was that Parliament could lay down an amount which would be considered a fair contribution from all property in respect of the poor rate, supposing, we will say, it was a shilling in the £, it could then arrive at an amount which would be considered to be a fair payment for the maintenance of the poor per head, and in so far as the poor rate levied in any district, whatever that might be, might fail to meet the expenditure at the

rate of so much in the £ per head that might be met or paid out of Imperial funds.

1188. I do not want to pin you absolutely to your own words, which are necessarily a mere summary touching the fringe of a very large question; but is there not this obvious objection to the suggestion that you make, as here stated, that after the limit fixed for the locality had once been reached there would be no inducement whatever to economy, because the whole balance would be paid out of Imperial funds?—No. The whole object of my suggestion, if I had only properly put it to your Lordship, was this: that the moment that the Poor Law authority exceed the amount laid down as a fair amount for the maintenance of the poor, then they would have to defray all expenditure over that sum, which would be the result of extravagance, out of the local rate. So that the whole object of my proposal is to prevent extravagance, and yet to give assistance—to pay to the local authority the difference between—

1189. I beg your pardon; I do not think, if you will excuse me for saying so, that, as stated, your words quite bear that construction, because they are: "That the difference between the amount yielded by the rate and the limited expenditure be paid out of the Imperial Exchequer"†?—Yes, only the limited expenditure that is what I mean.

1190. I will put it in this way—should it mean this—that supposing the limited expenditure in any area is 1,000£, and 1,000£ is spent, everything above 1,000£, it may be up to 10,000£, is to be paid by the Imperial Exchequer?—No, I see where the misapprehension has arisen.

1191. I wish you would explain to me exactly what you mean?—I think where I have made my mistake is that I ought to have put in "The maximum limited expenditure," where your Lordship has read: "The minimum limited expenditure." What I would suggest is that assuming that the poor rate in the district at 1s. in the £ would yield, say, 700£, and that the proper expenditure on the poor would come to 1,000£, the contribution would be 300£ per annum, but if the authority liked to go and spend 1,500£ per annum on the poor they could do so, but they would have to pay that extra 500£ out of their rates just as they would the 700£.

1192. Then I do not quite see what your suggestion gains for us?—My suggestion is, as to a way of meeting the object endeavoured to be attained by uniting numbers of parishes in one union so as to make rich parishes to some extent contribute to the relief of the poor in poorer parishes.

1193. But, as a matter of fact, and as a matter of practice could you really say, one year with another, what is a proper expenditure upon the poor, because is it not an expenditure which varies according to seasons, according to weather, according to local circumstances of trade, according to a score of circumstances which cannot possibly be foreseen?—I think that it would be quite possible to devise a scale which would be considered what I might call the limit of expenditure upon the poor for certain purposes, and in that way it would be I think also possible to carry out this arrangement whereby you could give effect to the principle of the Act of 1834 and yet group all the parishes into one borough for the purposes of

\* STATEMENT of the VALUE of such RAILWAY and DOCK PROPERTY in the BOROUGH of KINGSTON-UPON-HULL as is entitled to a three-fourths exemption to the General District Rate under the Public Health Act, 1875, as shown by the Valuation which came into force on 1st April 1896.

Owners.	Property.	Rateable Value.	Allowance under Section 811 (1) (b) Public Health Act, 1875.	Assessable Value to General District Rate.
North-Eastern Railway Company . . . . .	Railways . . . . .	24,494	18,327	6,167
	Docks . . . . .	18,922	14,191	4,731
	Land . . . . .	281	211	70
	Total . . . . .	43,697	32,729	10,968
Hull and Barnsley Railway and Dock Company . . . . .	Railways . . . . .	2,842	2,132	710
	Docks . . . . .	2,751	2,048	683
	Land . . . . .	10	7	3
	Total . . . . .	5,603	4,187	1,396
Borough Total . . . . .		49,300	36,916	12,364

† The witness has, since giving evidence, drawn up a statement in further explanation of his suggestion. See Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 7 (par. 56 and footnote).

Mr. R. H. Dawe.

25 Mar. '97



Mr. R. H.  
Dawe.

25 Mar. '97

Rates, di-  
vision of,  
between  
owner and  
occupier.  
Most rates  
levied on  
occupier  
in Hull.

Contribu-  
tions from  
parishes  
within a  
union to  
the com-  
mon fund,  
inequality  
of.

poor law relief. That is the only object of the sugges- tion, and I make it simply to meet those objectors who might say that we should, by making a poor law union conterminous with the borough, be upsetting the recom- mendations of 1834. I do not think it would necessarily do so.

1194. Most of your rates are levied on the occupier I think in the borough?—Yes, in all cases except where there is compounding.

1195. Have either your municipality or your associa- tion ever discussed the question of a division of the rates between owner and occupier or is that too much of a political question for your association?—We have not done it in our own council, and, so far as I am aware, that has not been done in the association. I know this, that the question was raised in the association, and the council came to the conclusion that the first part of the reference was the only one in which we would take part.

1196. You know that it is a question which has been mooted in and out of Parliament for a good many years past?—Certainly.

1197. I have always a great delicacy in suggesting that anything which is done in Scotland is necessarily better than your system, but I should like to ask you whether you have any remarks to make about it, or any opinion to express?—We thought that that was really somewhat political, and that we would not enter upon it; it had a somewhat political bearing.

1198. Have you any personal remark to make upon it?—No, I do not think I would under the circum- stances make any; I think I ought not.

1199. Have you any suggestion which you would like to make as from yourself, but which you do not feel justified in putting forward either on behalf of your municipality or on behalf of your association?—No, not beyond the suggestions for the improvement of the law which I put in Section V., and which I understand are fully before the Commission. Also I wanted to emphasise the strong objection which I feel to the Act of 1861, which I think was a very great blunder. I think the fact that it was a blunder was recognised in the attempt which was made in 1862 by the Assessment Committee Act of that year to cure the mistake. I do not think the mistake was ever remedied. The object of all rating is and must be to make an equal rate over every area. Take the rate in a poor law union: supposing that the expenditure of the guar- dians is 20,000*l.* and that the rateable area of the union is 400,000*l.* it seems to me that there is nothing simpler in the world than for the guardians to give a direction to the overseers to levy a rate over the whole union of 1*s.* in the *£*, and to pay the proceeds, which would come to that amount, over to them. But instead of that this Act of 1861 directs that the contributions to the common fund shall be levied upon all the parishes within the union according to the value of all the hereditaments in the union whether rated or not, and whether compounded for or not; and then to carry out that law you have a lot of certainly simple sums, but still they are sums that you have to do; you have to divide the expenditure up in proportion to the rateable value of the parishes, disregarding, however, those points which are necessary to be borne in mind in order to make an equitable rate, and then to issue pre- cepts to the overseers to levy a rate in order to meet the precepts. As was shown in the tables that I submit\* the greatest anomalies and inequalities exist, and are the results of that.

1200. One obvious objection to the system being this, is it not, that it puts a premium upon parishes not keeping their assessments, as you call them, up to date, but lower than they ought to be if they were of the fair letting value of the subject?—Precisely; and necessi- tating the Union Assessment Committee Act, 1862, which was to secure a fair basis of contribution from every parish. Unless I had got out the figures myself I should never have believed that the result of this contribution from the various parishes would have worked such a gross inequality and injustice. If you will kindly look at Table I. in my memorandum, you will see, with regard to the rate collected by the overseers, the highest for 1896 was 3*s.* 10*d.* and the lowest was 2*s.* 8*d.*

1201. (Mr. Arthur O'Connor.) Why is that in italics? —That is merely a printer's way of showing the highest and the lowest. You find that over those 9 parishes, under what is supposed to be the same precepts, and

for what should have been the same rates there is a difference of between 40 and 50 per cent. Then, if I may take you on to Table IV. you will see how those inequalities are worked out. You will find that, with regard to the poor rate in 1890, the highest rate was 1*s.* 7*d.* and the lowest rate was 11*d.*; of course the two rates ought to have been exactly the same, and they would be exactly the same if the simple and obvious suggestion which I make were carried out. In 1891 the highest rate was 1*s.* 10*d.* and the lowest 11*d.*; there you see a difference of 100 per cent.; in 1892 the highest rate was 1*s.* 8*d.* and the lowest 11*d.*; in 1893 the highest was 2*s.* and the lowest 1*s.*, and in 1894 the highest was 2*s.* 5*d.* and the lowest 1*s.* These rates are supposed to be equal, and the object of the Union Assessment Act of 1862 was to make them equal over all the parishes, but, as I say, Parliament itself created in 1861 the difficulty, which the Act of 1862 does not cure.

1202. Do these figures show such an inequality as to suggest a burden borne, because I understand it will be this, will it not, that where a parish has a low valuation the rate will be higher per *£*?—The rate ought to be the same over the whole parish.

1203. But supposing everybody in the parish knocks off 25 per cent. of value, and is rated at 1*s.* 4*d.* in the *£* instead of 1*s.* in the *£*, what difference does it make to the individual occupier?—The difference it makes is this, that, as shown in these tables, the occupier of property in one parish and on one side of the street is rated at 40 or 50 per cent. above his neighbour on the opposite side of the street to the same rate and under the same precept; it is a necessary consequence.

1204. State to me shortly, will you kindly, what are the causes which operate to produce this unfairness which you indicate between one property and another in different parishes?—The first thing I would mention is the fact of compounded property. There the allowance is off the rate in the shape of a discount, and conse- quently the whole parish has to be rated at a higher rate to make up for the discount that has to be taken off in respect of compounded property.

1205. You would advocate compounding in the interest of the ratepayer, I understand?—Certainly. What I object to is the inequality which is produced by virtue of this parochial system laid down under the Act of 1861. If the poor law guardians, instead of issuing the precept to the various parishes, gave them a direction to raise a rate of so much in the *£*, as is done in the case of the library rate, no possible inequality could ensue. There is another case which operates very strongly, and that is this: you may have in a parish one very large property—we have it in Hull, for instance—in the shape of a dock company or a large railway siding, that may consist of half the rateable value of the parish; the precept is issued to the parish authorities upon the valuation list in force or the last poor rate at the time the precept is issued, but the rate is subsequently made by the overseers, and an appeal takes place; that appeal may be more or less successful, and the rateable value of the parish reduced; we will say that the rateable value of the hereditament is reduced by 50 per cent.; the parish has still to con- tribute the same amount as if the rate had remained.

1206. (Sir John Hibbert.) I suppose you do not bring forward this case of Hull as a typical case that occurs often in the country?—No, I think that Hull, perhaps, is an illustration of the greatest abuses that exist.

1207. You bring it forward, of course, as representing Hull, but also as being a strong case of great anomalies and great inequalities that exist?—Quite so.

1208. Have the authorities of Hull ever taken any steps to lessen all those difficulties?—Yes, we have.

1209. What have you done?—We promoted a Bill two years ago with regard to rating, and our Bill fell through from objections to other portions dealing with the question of public buildings. Then we made an application to the Local Government Board under section 33 of the Local Government Act, 1894, and owing to the great anomalies existing in Hull no order has yet been made, and we are now promoting a Bill in which we are endeavouring to deal with the whole subject of rating and to put it on a satisfactory basis.

1210. You have, as I understand, 11 parishes in the borough?—Yes.

1211. Nine parishes in the Sculcoates Union and two parishes under the special Act?—There are nine parishes

Mr. R. H.  
Dawe.

25 Mar. '97

Contribu-  
tions from  
parishes  
within a  
union to  
common  
fund. Com-  
pounding  
a cause of  
inequality.

Appeal  
by rate-  
payer  
against  
rate made  
according  
to precept  
issued upon  
existing  
valuation  
list. If  
successful,  
parish  
must still  
contribute  
same  
amount.

Rating  
in Hull.  
Step taken  
with object  
of remov-  
ing ano-  
malies.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 8 to 10 Tables I. and V.).

*Mr. R. H. Dawe.* in the Sculcoates Union—and two united parishes as we call them in the Hull Union.

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1212. Have you taken any steps, for instance, to modify that Act, which may be done under a provisional order?—We have not taken any other steps than the promotion of the Bill two years ago, but from time to time this question has been very much discussed. The Local Government Board, I think, are indisposed to take action except with the consent of the guardians, and before the passing of the Local Government Act, 1888, there was a good deal of speculation as to what would take place under that Act and as to what powers would be conferred. Then further legislation was hoped for and came in the shape of the Act of 1894, but we felt that no satisfactory reform could be carried out under the Act of 1894, and consequently we introduced our Bill. Then, as I said, the Bill fell through from the objections to other portions, and then we made an application to the Local Government Board to get as much as we could, but the difficulties in the way were such that no order was made and then we promoted this Bill which will be before Parliament after Easter.

1213. I suppose you are aware that in many other boroughs the unions of parishes have taken place so as to make one parish in the whole area of the borough?—Yes, and we probably could do that but still it would only afford a small measure of relief.

1214. Still it would be so much to the good?—It would be so much to the good; and that is one of the proposals in our Bill now.

Valuation.  
Annual  
supplementary  
list.

1215. Then you say that the separate valuation is brought forward each year; is it not the fact that it is only a supplementary list which is brought forward from year to year?—It is virtually a supplementary list, but you can take exception and objection to the whole list, so to that extent it may be treated as the whole list.

Com-  
pounding,  
advantages

1216. You have compounding in your borough, I believe, have you not?—Yes, for both rates.

1217. Have you any experience of a borough where there is no compounding?—No, none.

1218. Perhaps you are not aware that where no compounding takes place and the borough rate is levied under a valuation of the municipal borough it leads to a very large number of summonses being taken out against the smaller ratepayers?—I can quite conceive that that would be the result, but I have no practical experience of it.

County  
assessment  
desirable,  
but not  
dual valuation.

1219. Then with respect to assessment would you say that you would only have one assessment—would you do away with the county assessment?—No; for the county I would keep the county assessment under the County Rates Act, 1852.

1220. You do not object to that?—I think it is desirable to retain that, but I would not keep the dual valuation.

1221. I was going to ask you if you only had one valuation whether you would bring up the valuation of the whole of the county to one level?—By the appointment of this committee which is made under the County Rates Act, 1852, that power is now vested in the county council under the Act of 1888.

1222. Does your county authority keep the county assessment up to date from time to time?—I believe so.

1223. How often do they have an assessment?—I think every five years. Hull being a county of itself, we have nothing whatever to do with the valuations of the county.

1224. Because you are a county of a town?—Yes, a county of a town and not merely a county borough. We have our own asylums so that there is no contribution even in respect of the asylums.

Exemptions,  
partial. In  
respect of  
railways  
and docks,  
not desirable,  
reasons  
for. In  
respect of  
agricultural  
land  
perfectly  
fair.

1225. You want to do away with the exemption of railways and docks. Is that because in Hull those are the only two species of property which have exemption under the Act?—No, there is a considerable quantity of agricultural land which has the exemption, and which we think it is perfectly fair should be retained. With regard to railways and docks we feel that perhaps there is no kind of property in the borough which benefits more from the local government than that does. We think that the railways and the community, as it were, act and re-act upon each other, and we do not think there is any case grounded upon necessity or anything of that sort which justifies the exemption.

1226. I see that you state in your paper that there is no valuation list for, I suppose, the Hull union?—That is so.\*

1227. How would you manage to obtain a basis of valuation?—Where there is no valuation list the old poor rate is the basis of valuation, both under our local Act and also under the general law.

1228. Have you ever thought of the plan of consolidating all the parishes into one parish?—Yes, we have thought of that, but the Local Government Board object strongly to the consolidation of the parishes in two unions. They are, I think, prepared to consolidate all the parishes in the Sculcoates union, and, of course, then we should have simply two parishes in the borough. That is the most that the Local Government Board think they can do for us.

1229. Perhaps I may tell you of a case in Lancashire where they have allowed a consolidation of the parishes even within three unions?—I may state that the proposals in our Bill to which I referred, were that we should be empowered to treat the whole of the borough as one parish for all rating purposes, but the Local Government Board are very strong in objecting. They say that in consequence of the appointment of this Commission they are not disposed to allow any fundamental change in the general law, and they therefore say that we must be content with what can be done by the application of the general principles to the case of Hull.

1230. Then your application to the Local Government Board has been sent in since this Commission was appointed?—No, our first application to the Local Government Board was made before, and certainly our Bill of 1895 was prepared and promoted before the Commission was thought of—at least I think so, but I am not sure when the Commission was first discussed.

1231. Have you any particular suggestion to make as to the principle upon which compounding should be carried out?—Yes; I think that in boroughs, such as Hull, the limit should be raised from 8l. to 10l., and that the amount which is now 50 per cent. should not exceed 25 per cent. I think also that instead of making it dependent upon the agreement with the ratepayer it would be better to simply say that it shall take place in the case of all property which has once been occupied, or which has not been closed, or in respect of which no notice of objection is received. In Hull I believe a very large proportion of the owners prefer to compound—I am told 99 per cent.; therefore in 99 cases out of 100 an agreement has to be entered into under section 3. I would suggest that the simpler course would be to provide that the compounding should take place except where the notice is given, so that instead of 99 notices we should have merely one notice.

1232. Of course that could not be done under the present law?—No; I am assuming that we are dealing with what might be carried out by an alteration of the law, and not with what can be done under the existing law.

1233. With respect to your allowing a certain amount to be paid, so much in the £, towards the expense of the poor rate by the State, would that not be a kind of limited national rate for the poor?—It would to some extent, and I am only suggesting it as a means of meeting the objections of those who say that under the Act of 1834 rich parishes were combined with poor parishes for the purposes of poor law relief, and that if we are going to alter the poor law unions merely for the purpose of making our rates more easy in collection, or for local government, we must not alter that fundamental principle; I say it is easy enough to devise a scheme by which the very poor parishes can still obtain some measure of relief, whatever it should be.

1234. Has the system of union been a relief to the poorer parishes?—Yes, it has effected that one object undoubtedly; therefore one would be rather careful in saying that you should do something in direct opposition to what has been proved more or less satisfactory by experience; therefore I make this suggestion to meet that point.†

1235. (*Mr. Cripps.*) When you were talking about the 1861 Act and the 1862 Act did you mean that you would take either the union or the corporate boundary as the unit for rating purposes instead of the parish?—Yes.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 4 (pars. 15 and 16).

† The witness has, since giving evidence, drawn up a statement in further explanation of his suggestion. *Ibid.*, p. 7 (par. 28 and footnote).

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Valuation  
list, none  
for Hull  
union.

Amalga-  
mation of  
parishes to  
equalise  
inequali-  
ties.

Com-  
pounding,  
suggested  
alterations  
in law as  
to.

Poor rate.  
Scheme for  
a fixed  
grant from  
Government  
in aid of,  
according  
to ability  
of localities  
to pay.

Rating  
areas.  
Union or  
corporate  
boundary  
instead of  
parish.

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1236. Instead of having the different parishes as a unit you would have a larger unit, either the union or the corporate body?—Precisely. Then may I make a further observation in explanation of my suggestion? Inasmuch as it is scarcely practicable, at all events at present, to make the boundaries of the union coterminous with the boundaries of every borough or area of local government, and inasmuch therefore as the area of the spending authority will not always be coterminous with the area of the rating authority, I suggest that instead of arriving at the contributions which each parish should make to the common fund, the spending authority should ascertain first the amount of their expenditure, then the rateable value of the whole area which contributes to that expenditure, and then should direct the rating authority to levy a rate of so much in the £ to meet the expenditure, and to pay the proceeds of the rate over to the spending authority. That would, I think, do away with the inequalities which I find exist under the present law.

Valuation lists. Annual revision desirable, so as to give rate-payers opportunity to object to list.

1237. I will not go back to the question of how far the bases of your inequalities are just because we have had a criticism upon that, but of your suggestion as regards the future I suppose you have had no experience of the Quinquennial Valuation Act which applies to the metropolis?—No, none whatever.

1238. In your opinion, and in your experience, is it sufficient if you re-open these questions of rating apart from mere supplemental questions once in five years?—No. I am in favour myself of the principle that the valuation lists in force should be submitted to the rating authority or the rating committee, or whatever body they may be, annually, and that therefore any ratepayer can come forward and make an objection if he likes annually. The changes in property in five years, I think, are so great that the quinquennial valuations are hardly sufficient.

1239. I take it that you have had no experience of the working of the quinquennial system?—No, none whatever, but it seems to me that it is desirable that you should allow what obtains in the provinces, namely, that the ratepayer can come, at least once a year, and object to his valuation list.

1240. I take it that your view—I do not want to argue the point—is not in favour of a quinquennial valuation but is in favour of an annual valuation?—I do not say that there should not be a quinquennial valuation, but that it should be open to every ratepayer to object to the valuation list when it comes forward once a year. It may be desirable to have a quinquennial valuation just the same, but the making of the list should take place once a year.

Valuation in Metropolis. Inland Revenue represented.

1241. In order to get what you call "equal rating," do you think the system of the metropolis is a good one, of having a representative of the Inland Revenue Department present?—I do not know anything of the working of that.

1242. I daresay you know that the Imperial officer has a right to be present for rating purposes, in order to get equality?—Yes, I believe he has, but I do not know at all how it works.

Agricultural Rates Act, 1896, has no application where Public Health Act, 1875, applies.

1243. I want to ask you one or two questions about the Public Health Act now. I think you were under an error in regard to one point; the Agricultural Rating Act has no application where the Public Health Act applies, has it?—No, it has not.

1244. Therefore your answer as regards that, I think, would not be applicable to the subject matter you were dealing with—the Public Health Act?—Perhaps I have not made myself quite clear. In drawing my memorandum what I felt was this, that the Legislature had recognised the right of agricultural land to some consideration, and I was not one who at all quarrelled with that.

Agricultural Rates Act, 1896. Principle involved is equitable.

1245. Ever since the Public Health Act, and going back to the old Public Health Act of 1848, agricultural land for this purpose has the benefit of being rated at only a quarter?—That is so, and I would not disturb that.

1246. That, as you recognise is quite outside the Agricultural Rating Act, which does not apply in these cases at all?—That is so, but I am afraid I did not make myself quite clear as to what I meant. I would not alter the principle which is recognised in recent legislation, that agricultural land is entitled to consideration; that is what I meant to say.

Rating of water-works.

1247. Now, only to prevent misapprehension upon this point—I will not ask you about it if you tell me

it is so—you say you do not speak as regards the rating of waterworks from any special experience?—No, none whatever, it is only my general idea.

1248. Take the case of a reservoir, for instance, that is rated in the particular parish in which you find it?—Yes.

1249. I will not go into it further?—I have not considered it, and I did not propose to go into it. Other witnesses from the association are going to deal with it.

1250. Now I want to ask you one question as regards the railway exemption and the dock exemption. Take sanitary matters. I will take that as a step; of course sanitary matters provide drainage for all the houses in a district?—Yes.

1251. Do you say in a case of that kind that a railway should pay the full rate?—I think so. I think myself that the progress in sanitation of a town is so necessary and essential to the development of the town, and the railway benefits so directly from the development of the town that it ought not to object.

1252. I will take the case of Hull, because we are dealing with that for a moment; do you say its development has a great deal to do with the export trade of the docks?—It is an export and import trade of course.

1253. Do you say that export and import trade docks, like the docks at Hull, are very much dependent upon the sanitary conditions of the suburbs of Hull, we will say?—I think they are dependent upon the general wellbeing of the whole community, certainly.

1254. On an export and import trade of that kind?—I think so; the development of the town depends upon it.

1255. I suppose you would say the same about the docks that you have said about the railways?—Yes. My view is that the growth of a railway and docks in localities, and the growth of the locality itself, are so dependent and inter-dependent upon each other that I is one of those kinds of property which largely benefits from the good government of the town itself, and from the growth which depends upon the proper administration of all local laws.

1256. I do not want to go too wide, but take the case of Hull; does not the export and import trade there depend upon the country at large and the amount of competition that you get, for instance, at Goole and Grimsby and competing ports?—Yes.

1257. That is entirely outside the sanitary question?—It is outside, but still I say that the benefits of it are closely connected one with the other.

1258. (Mr. Dalton.) I think you say that the amalgamation of the parishes in the Sculcoates Union would afford a very small measure of relief?—No, if I said "very small," I made a mistake.

1259. I understood you to say a small measure of relief?—I beg your pardon, I should have said "considerable."

1260. The result of it would be that you would absolutely equalise all these inequalities in these nine parishes?—Yes, you would.

1261. That is your main objection to the present state of things, is it not?—No, not the main objection, but it is a very great objection.

1262. It would remove that entirely?—Yes, it would.

1263. And probably when you had only two parishes there would be no great inequality between those two parishes?—No. But there would still be the objection that we should have two valuation lists, and no universal list for the whole borough.

1264. The great inequality is due to the compounding, is it not?—It is largely due to that, but I think in a great measure it is also due to the different way in which the various overseers lay the rates, and also, of course, to the costs of the overseers. Where the parishes are small the establishment expenses are much greater in proportion.

1265. Are you speaking now merely of all the expenses of overseers in the collection of rates, or of their other expenses?—Of their total expenditure; but their expenses are mostly in the laying and collecting of the rates.

1266. Is that so?—Yes.

1267. Do they not incur considerable expenses in supplemental valuations?—No, I do not think so.

Exemptions, partial, for railways and docks abolition of, desirable. Reasons for this view.

Amalgamation of parishes to equalise inequalities.

Inequalities in rating as between parishes in Hull, reasons for.

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1268. Nor in registration?—No, not a considerable amount. I think it is mostly in the laying and collection of their rates and in their establishment charges.

1269. Have you not constantly new properties springing up in Hull?—Yes, and they have to deal with those, of course.

1270. They have to make a supplementary valuation?—Yes.

1271. Surely that will cost money?—It does cost money, but their officers do it, and their officers are appointed for the purpose. They do not employ separate valuers and pay fees, but their ordinary officers who are paid by salaries.

1272. But it would not be fair to say that their expenses were merely expenses of collection?—They are to a large extent confined to the making and collecting of the rates.

1273. To a large extent, no doubt, but the valuation would be taken into account in fixing the salary of the officer?—Certainly.

1274. And also his duties as regards the registration of voters and so on?—Yes, but those are not very great—they are rather very small.

1275. So far as the compounding is concerned, the mischief would be to a great extent remedied, would it not, if, instead of fixing the amount of the contribution on the rateable value, you fixed it on what we may call the assessable value, that is to say, if where you allow 30 per cent. for compounding you based the contribution on 70 per cent. and not on the full 100 per cent. of the rateable value?—Yes, if the compounding were allowed in the poor rate as it is in the general district rate, upon the valuation, instead of a discount off the rate, one source of inequality would be removed.

1276. The main source?—No, I will not say that, because I think, from carefully studying these tables\* that the greatest cause has been these appeals, where a small parish has had to bear the increased burden which follows upon the reduction of the rateable value of a large area.

1277. I do not quite understand one part of your suggestion for the improvement of the law, in which you suggest that assessment committees could be dispensed with?—Yes, certainly they could.

1278. How would you dispense with them, for instance, in a county?—I should dispense with them by adopting the Rating Act of 1852, under which the county councils now appoint committees for settling the standard or basis of contributions for the various parishes to the general expenditure. I think myself that it is undesirable to have two valuations in any given area, but that you should have one; and it seems to me desirable that the county council valuation should be the one and not the poor law union the one.

1279. But you are aware that the county rate basis is not in any way a valuation of particular properties?—No, it is the valuation or basis upon which the whole area contributes to the general expenditure. I should amend the law so as to give each committee appointed the same powers that an assessment committee has at the present time, and I should say that a rating committee, whether in a county or in a borough, would do exactly what an assessment committee does now, that is, it would make a fair rate over the whole area, and it would have no object in favouring one parish at the expense of another, therefore you could do away with the two bodies. One rating body for the whole area chosen from the central body would be sufficient.

1280. That shows what you are aiming at, but there would have to be an enormous valuation; this valuation would give every single property in the county?—No.

1281. Then how would you do it?—With regard to counties I should let the overseers for the various parishes make all the valuations as they do now, but that would be submitted to a committee of the county council, the rating committee, and any person could object to it.

1282. You would maintain the overseers?—Yes, I think in the counties it would be necessary and essential to maintain the overseers or to appoint some other persons in their place. I should think the overseers might be preserved in the counties.

1283. You have mentioned that in many rural districts the overseers are not educated men or men in

any way skilled in valuation, would you have nothing between them and the county council?—Then I would suggest that the county council have the power to appoint men who are skilled in valuation.

1284. Would you think it necessary to appoint a paid official to be overseer in every parish?—No, not necessarily. I think in a rural parish there are plenty of persons who would voluntarily perform the same services as the overseers.

1285. You do not propose that the county council should be the valuing authority in any borough, I understand?—No, I think not. I have not considered the case of the non-county boroughs, because it has not come under my practical experience, and I have confined my observations really to the cases of the county boroughs where I am perfectly clear that the system I advocate would work.

1286. You would not propose that the county council should be bound in a non-county borough by the valuation of the town council?—No. I should give the county authorities the same right to object to a town council valuation as I would give to the town council the right to object to a county council valuation. It seems to me that that will be essential in all cases where there is not an asylum to each district, because the contribution to the asylum, I believe, is based upon the rateable value of the various contributing authorities. It seems to me essential in those cases that the contributing authority in each area should have the right of appeal against the valuations in the whole area.

1287. Take a case where a borough is not conforming with the union, which it would be in the great majority of cases, would it not?—That is so.

1288. You would then have two different valuations in force in the union with contributions for common fund purposes?—Yes.

1289. Would that be desirable?—It would be much more desirable than having two or more valuations over each rating area.

1290. Have you considered the question whether the better solution would not be to have a representative assessment committee on which not only the board of guardians was represented but also the county council, the town council, and the surveyor of taxes?—I thought of that, and I came to the conclusion that it would be too unwieldy and would have too big an area to deal with. For instance, I passed on the line from Yorkshire what is called, I think, the Three Counties Asylum; I believe that the contributions to that asylum are levied over three counties. If the system that is suggested by your proposal were carried out, you would have to have an assessment committee spread over the whole of those three counties in order to satisfy all that the basis of contribution was equal in the whole of the counties.

1291. In the ordinary case, in 99 cases out of 100, the assessment committee would be representative of a very much smaller area than the county council would?—Yes. If you call it an assessment committee well and good, but I prefer to call it a rating authority. You want the area to be the whole of the county over which a county rate can be made, because, as I have endeavoured to explain, it appears to me that the rates for local government are now more important than the rates for poor law relief —

1292. The suggestion was that the county would be represented on the committee?—Yes, but I think that doing it in the parochial way was all right in 1834, but not now.

1293. Do you think that the Association of Municipal Corporations support your view stated in paragraph 28 of your memorandum to the effect that the assessment committee should be dispensed with?—No, I think they have not come to any conclusion on the subject. I imagine that they would reform the assessment committees, but on giving this matter full consideration I have (only recently) come to the conclusion that if you have one rating authority, at all events for a large borough, you do not want an assessment committee, and that the rating authority will do exactly what the assessment committees were appointed to do, namely, see that the contributions from the whole of the area are fair and equal.

1294. You would wish the valuation by whomsoever it was made to be conclusive, not merely for local but for Imperial purposes, would you not?—I think that would be desirable.

Representative rating authority, consisting of representatives of board of guardians, county council, town council, and surveyor of taxes, objections to.

Assessment Committees, abolition of, and creation of one rating authority.

Valuation should be conclusive for local and Imperial purposes.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 8 to 10 (Tables L and IV.).

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Compounding should be allowed upon the valuation instead of a discount off the rate.

Appeals, cost of, to small parishes.

Valuation by one authority for county and also for union purposes desirable. Suggested means of obtaining this result abolition of Assessment Committees. Case of counties and boroughs considered.

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Law of rating should be consolidated.

Poor rate. Grants in aid of, distributed on basis of population.

Poor rate. Scheme for a fixed grant from Government in aid of, according to ability of localities to pay.

Inhabited house duty should be handed over to local authorities.

1295. And for that purpose it would be necessary to bring the surveyor of taxes on?—Certainly, there is no objection to that that I know of.

1296. You suggest then a consolidation of the law of rating?—Yes, I think that is very necessary.

1297. You will be aware that that would be attended with a peculiar difficulty owing to the number of people who would oppose any amendment of the law and any consolidation in nearly every direction?—I did not know that there was any general opposition to it.

1298. Do you suppose, for instance, that if your proposal as regards railways was brought in, the Bill would not be very fiercely fought?—The alteration of the law can be carried out with or without consolidation. I am suggesting, that whenever the law is settled, whatever this Commission should recommend, there should be a consolidated law, and that our Acts of Parliament should not necessarily be altered for the purposes of consolidation, but should be consolidated when they are altered.

1299. That is looking a long way ahead. As regards the subventions in aid of the poor rate, should you see any objection to a Government subvention being given on the basis of population, or on any principle of that kind which represented the needs of the locality and did not conduce to extravagance?—The suggestion that I have simply thrown out in my memorandum\* was directed to this one point, that the Government might be able to give relief in necessitous cases; that is, where the parishes are not able to fairly maintain their poor without contributing in the slightest degree to extravagance. I propose that they should only contribute within certain limits.

1300. But your necessitous parishes would mainly be, I suppose, parishes with large populations as compared with their rateable value?—Certainly; that would be so.

1301. Therefore, if the Government grant was given on the basis of population, the necessitous parishes would probably get more than the richer parishes?—Yes, they would probably, but I think that it would not be so certain in its working as the suggestion I have made.

1302. I am not sure that I quite understand the suggestion?—It is perhaps a little difficult to explain it. My proposal is this: that Parliament or the Local Government Board should make up their minds as to what is a fair maximum contribution in every parish to a poor rate. Supposing they take that to be 1s. in the £ they would then make up their minds as to what would be the fair cost of the maintenance of the poor, both indoor and outdoor; they would ascertain what the limited rate of 1s. in the £ would produce in a parish or in a union; they would then ascertain what the limited cost of maintaining the poor in that parish or union would be; they would then deduct the amount realised by the limited rate from the total cost of the limited expenditure, and they would pay over the difference to the union or parish.

1303. That would be a very complicated process to go through for each parish, and I presume no parish would be satisfied with the result; would that not be so?—No, I do not think so. I think the question as to what should be a fair poor rate would be laid down, and then it would apply to every parish; the question as to what should be the fair amount to pay for the relief of the poor would be laid down, and it would simply be applied without any difficulty and universally.

1304. It would be far more difficult than merely taking the population?—It would be, undoubtedly.

1305. You have a precedent for taking the population in the London Equalisation of Rates Bill?—Yes, I believe you have.

1306. (Mr. Elliott.) The view of the Association of Municipal Corporations is, as I gather from paragraph 36 of your memorandum, that the inhabited house duty should be handed over to the local authorities?—Yes.

1307. Do you contemplate that that tax should continue to be collected by the Exchequer?—I think so; but upon this question I may say that I believe the next witness is going to speak. I have not directed my attention so much to this question of a subvention from the Government as to the question of the machinery. It was understood that I should not deal with that question really to any extent. I believe the

view of the association is that the inhabited house duty would be the best to hand over to the local authorities.

1308. There are several questions which I should like to address to the representatives of the association on that subject, but I gather from what you have just said that it would be more convenient I should put them to subsequent witnesses?—Yes, I have not dealt with them in my memorandum. It was understood that the town clerk of Blackburn, or the town clerk of St. Helen's, would deal with them more fully.

1309. With regard to the question of appeals, would you recommend that in any system of valuation which might be enacted by Parliament owners of property should be entitled to appeal?—Yes, certainly.

1310. Apart from whether they also occupied or not?—Yes, I think they must; they ought to have the right.

1311. Do you consider that they have such an interest in the valuation of the property as to render it equitable that they should have that right?—Yes, I do.

1312. You stated with regard to agricultural land that you thought it was perfectly fair that exemption should be maintained; did that observation apply not only to the exemption contained in the Public Health Act, 1875, but also to the exemption conferred by the Act of last session?—Yes. My view is that agricultural land is really taxed as heavily as it can bear. That is really my view, but we are touching somewhat upon political questions into which I do not wish to go.

1313. I am simply referring to an answer which you yourself gave; I may take it that that was the expression of your personal opinion?—Yes, it is my personal opinion on a point which one does not wish to go into in any shape or form, my evidence being directed more especially to the question of railways and docks in towns. What I wish to say with regard to agricultural land is that I do not wish to raise the point in any shape or form, either as coming from Hull or as coming from the association.

1314. (Mr. Clare.) Do I gather generally from your evidence that the experience of municipal corporations, is that the existing system results in an unequal method of arriving at the valuation list, and an unequal method of raising rates and an unnecessary extravagance in collecting them?—Yes.

1315. And that the remedies you suggest, speaking broadly are, that there should be some system devised by which the same basis of valuation should pertain throughout the whole of any given rating area?—Precisely.

1316. And that the collection of rates should be in the hands of one collecting body?—Yes.

1317. Are you entitled to speak on behalf of the association that you represent, as to whether in their opinion, it is desirable that the collection of rates should be handed to the municipality or transferred altogether to the overseers?—I think the general view was that it would be better to leave each municipality to decide that for themselves.

1318. So that, so long as there is only one collecting authority, the association would prefer that the decision as to whether it should be the municipality or the poor law authorities should be left to them?—Yes; I think the general view was that the council should have the option of doing it themselves, or of appointing a body for the purpose. I think that was the general idea; certainly it was my own.

1319. You pointed out a number of injustices which arise under the existing system, one of which is that whenever a precept is issued by the guardians or by the corporation to the overseers at the different parishes in the union or municipality it must invariably work inequitably among the ratepayers?—Yes.

1320. Does that arise from this that the precept is based upon the valuation of each parish as it appears in the valuation list?—To one rate it does.

1321. To the poor rate?—Yes.

1322. Then after the total amount of money to be collected from the rate has been divided among the different parishes according to that valuation, an order is made upon each set of overseers to collect the amount wanted from their individual parishes?—That is so.

1323. Then when they come to lay the rates they find that in the properties included in the valuation list there is a quantity of property which is entitled to three-fourths exemption?—Yes.

\* The witness has, since giving evidence, drawn up a statement in further explanation of his suggestion. See Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 7 (par. 36 and footnote).

Appeals. Owners of property should be entitled to appeal.

Exemptions (partial) with respect to agricultural land under Public Health Act, 1875, and Agricultural Rates Act, 1896, are reasonable.

Valuation, rating, and collection of rates, present system of, disadvantages.

One assessing and one rate collecting authority desirable.

Exemptions, partial, causes injustice to persons rated in respect of other properties under existing system of issuing precepts.

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1324. The result is, is it not, that the property which is not entitled to the exemption has to bear the 75 per cent. exemption which is given to the remainder of the property?—Yes.

1325. So that if the alteration is made with regard to the issuing of the precept that inequality would be abolished?—Certainly.

Compounding, advantages of system.

1326. Then with regard to the amount allowed for compounding the property is not the main object of compounding to make it easy to collect the rate?—Yes, you make it easier and more certain, and you save a infinity of trouble in going to the occupiers who may be in occupation from week to week or month to month, and obtaining a *pro rata* payment of rates from them.

1327. Have not some occupiers a habit in our large towns of removing every three or four weeks when the rent becomes due?—I am afraid to say how often they move.

1328. So there might be a good deal of difficulty in collecting the rates from the individual occupiers?—I look upon the compounding as a great benefit to the general community.

Compounding. Limit of composition should depend upon rent paid by working classes in different localities.

1329. Why do you suggest 10*l.* as the limit for the composition of property?—We have found that 10*l.*, which is the limit in the Public Health Act so far as Hull is concerned, has proved satisfactory. I can quite conceive that the limit of 20*l.* in London is right, and that in Liverpool 13*l.* might well be 15*l.* or 20*l.* That question might be left to the council, I think.

1330. Should it not to a certain extent be dependent upon the amount of rent at which dwellings occupied by the working classes are usually let in particular localities?—Yes, I think that is the basis. I think 10*l.* is about the amount of the rental in Hull. It would vary no doubt in different localities, and that is recognised in the Act of 1869.

Exemptions, partial, in respect of certain portions of railways, canals, and docks, should be abolished.

1331. You say that you think the three-quarters exemption for railways, canals, and docks should be abolished as regards municipal rates?—Yes.

1332. Take a dock, I think the docks only get the three-quarters exemption on the water-space?—Yes, on the water-space.

1333. They pay in full upon the quays, sheds, and warehouses?—That is so.

1334. Suppose we take the railway also, the railway gets its three-quarters exemption only in respect of the part occupied by the rails?—It goes a little further than that, I think, and includes railways and all that is essential to the railway. There is a recent decision on that point.

1335. As regards their stations and sheds, warehouses and hotels, and so on, they pay in full?—Yes.

1336. If the business of the town is increased by the local expenditure, their valuation is increased, is it not?—Yes.

Railways in some parishes derive little or no benefit from local expenditure.

1337. When you get outside a town and get into a country district in the case of a railway, supposing there happens to be a parish in which there is no station or siding, say, and the railway runs through that parish, what particular benefit does that line of railway get from the expenditure, we will say, of a school board or on a public pump, or something of that kind?—It gets no benefit whatever. It does, however, occupy space, and upon that space it is conceivable that other rateable hereditaments might be erected. But I quite recognise, that upon the principle of benefit it gets little or none from the local expenditure.

Overseers and assistant overseers. Power of Local Government Board to transfer to urban authorities on application the powers and duties of, under the Local Government Act, 1894. Policy of Local Government Board.

1338. With regard to the remedies that the Corporations desire to see carried out, does not the Local Government Act, 1894, make provision for those remedies being given?—Yes, to a great extent under section 33 of the Act of 1894, but I fancy there is a delicacy on the part of the Local Government Board in exercising those powers to the extent that the municipalities would wish.

1339. In your opinion, if the Local Government Board would exercise their powers to the fullest extent that the Act of 1894 enables them, it would to a large extent bring about the remedies that are required?—Yes, I certainly think so.

1340. Does your experience of the action of the Local Government Board lead you to the conclusion that the Board have practically prevented those beneficial remedies from being carried out in a simple way?—I would say that I do not think the Board have made the fullest use of the opportunities which the Act of 1894

afforded them. The Board took the view (rightly or wrongly) I think, that the other authorities should be consulted.

1341. Do I understand you to suggest that there should be one area for valuation and rating purposes in a borough?—Yes.

1342. And also one union?—I think myself the best area for rating and all other purposes will prove to be the best area for poor law relief. I quite recognise that a union ought not to be altered merely for the sake of rating.

1343. It is not essential to an amendment of the law that the area and the union should be altered at all?—Certainly not; it is not essential, but I think probably it is advisable. If the principle which I have before referred to, namely, of asking the various rating authorities to raise such and such a rate in the £ and pay over the proceeds to the spending authority or to the union, there could be no necessity for it whatever, at all events *qua* rating.

1344. Do you see any objection to following the principle laid down in the Local Government Act of 1888, where in cases of contributions or payments as between a county and a county borough the valuations on which those payments or receipts are to be based should be settled by a joint committee representing both authorities?—I should see no objection to that beyond this, that in a union the placing upon each area a contribution instead of asking them to levy a rate in the £ sufficient to meet the expenditure is altogether a mistake and gives rise to a lot of trouble without any corresponding advantage, but with positive disadvantage, because if you find, as I say, that a given rate is sufficient, all that you have got to do is to ask that that given rate may be levied over the whole of the area.

1345. (Mr. Smith.) I believe you are anxious to increase the number of compound householders in Hull; how many have you got at present?—I cannot tell you that.

1346. What is the proportion?—I cannot tell you; we have endeavoured to obtain the information from the various assistant overseers, but we have not yet got it, and I am not in a position to put it before the Commission.

1347. Then you would consequently not be prepared to tell me what proportion you would have if compounding were increased up to 10*l.*?—No, I cannot tell you that.

1348. (Mr. Arthur O'Connor.) Do you represent the Irish municipalities in any way?—I am afraid that I cannot say that I do.

1349. Could you tell me if there is any difference in the position of the Irish municipalities and the position of the British municipalities in this respect?—I could not; I am sorry to say that I am absolutely ignorant about Irish law.

1350. (Mr. Wharton.) Will you turn to Section V. of your memorandum, and paragraph 29; towards the end of it you will see these words:—"The result would be that in a borough the Corporation would be or appoint the rating authority for all purposes; and similarly in a county the council would be or appoint the rating authority." I want to ask you to consider the matter of appeal by an aggrieved ratepayer; if the county council were the rating authority to whom would the appeal be then?—I presume the county council would appoint committees for various districts then as they at present appoint their rating committee, and that the rating committee would hold a meeting in various districts which no doubt would be properly accessible from all parts of the county.

1351. You would make them a court of first instance?—Yes; I would make really the rating committee do what the assessment committee does at the present time. I think myself it is not necessary to have the two committees. I believe that the committee which made the rate would feel more at liberty to deal with the representations of the aggrieved ratepayer, than an assessment committee which often feels a delicacy in altering a valuation which has been approved by the overseers.

1352. You had not apparently dealt with the question of appeal, so I thought it would be as well to amplify it to that extent?—I think in all those cases you want to simplify procedure as much as possible.

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Area for valuation and rating purposes should be identical.

Committee of authorities to settle basis of contributions between county and county borough.

Compounding, increase to uniform limit desirable in Hull.

Irish municipalities not represented by witness.

County councils as rating authority suggested.

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1353. No doubt you would contemplate that an appeal would be necessary in the case of your new rating authority?—Yes.

1354. I suppose you would give an appeal to quarter sessions from that rating authority as it at present exists from the assessment committee?—Yes.

Estimated rental. The actual rent taken, if possible, though evidence admitted to show what the property is actually worth.

1355. (Mr. Balfour.) I see you say that the method of ascertaining the rateable valuation is, first, by taking an estimate of what you term the "gross rental" and then making certain deductions?—Yes.

1356. You have always, I have no doubt, carefully used the expression "estimated gross rental" in arriving at that estimate; if you can get the actual rental, do you not take it?—Yes, you do; and, in fact, you have to do that under the Act of 1836; you have to take the rental, but inasmuch as you are dealing with the future, it is always called the "estimated rental."

1357. At the time is not the best evidence of the lettable value what is actually paid?—Precisely, and it is, as a rule, the actual rental at the time, but it refers to the future and therefore it says "estimated rental." The estimated rental in the future is probably the same as the rent which the premises command at the time the estimate is made.

1358. In speaking of an estimate do you put on anything if you think it will rise in the period of five years?—No, I should say not.

1359. Do you just accept the actual rent?—You accept, as a rule, the actual; but if you have evidence to prove that the property is worth more you would put it on at once.

1360. Even for such a period as five years?—Yes.

1361. If the rental was taken up annually, of course. I suppose you would then adhere to the actual as the best test?—Certainly.

1362. Unless there was a very long lease or some peculiarity in the case?—It has to be the rack-rent, and it has to be the rent which the premises would command if let from year to year. That is why I think the valuation list should be open to objection from year to year, because it is the basis upon which the valuation is made up.

Estimated rental. Method of obtaining information.

1363. You told us something about the methods of ascertaining the estimated rent, as it is called; is it the practice in taking up the rental or ascertaining the value, to serve schedules to be filled up upon owners or occupiers?—No, I do not think so, except in cases of railway companies or companies incorporated, I think, under the Act of 1862 or 1867.

1364. But the method of serving forms for five years or one year, whatever it was, upon owner and occupier would be a very slow way of getting at the truth?—Yes, it would be, but it is not done now.

1365. You would not think there was anything unduly inquisitorial in that, would you?—No, I do not think there would be in that.

1366. It would not be carried that length?—No.

1367. I think you said some information was asked for; what amount or measure of information is asked for?—I think that when the collectors go round they have no difficulty whatever in ascertaining the rent; and, as I say, if any difficulty were experienced I should put up the valuation; that would at once put it beyond all doubt that it was covering the value. In that way you can always get it.

1368. That is very similar to surcharging for the income tax, is it not?—Well, it might be done in that way.

1369. And putting on something, say, which a man must clear himself out of; is that not a very circuitous method as compared with ascertaining the actual rent paid?—It is, but somehow or other there is a general feeling that if you are asked a question you need not answer you answer it, and if bound to answer it does not follow that you always get the correct answer.

1370. But surely there is no such great secret about what a man's rent is—there may be a lease?—There is no secret now.

1371. Would it not appear to you that an amendment of the law in that direction would be advantageous?—I see no objection to it at all, but, as I say, we have no difficulty whatever in finding out the rental at the present time.

1372. You used an expression that I did not quite understand—I think you said you would have regard to ability to pay?—Yes.

1373. What did you mean exactly by that?—I think myself that the ability to pay is at all events taken into consideration in what is called the ideal principle of taxation. The ability to pay is an element to be considered, and I do feel that in the case of the railway companies to which I go back there is every ability to pay, and they do not appeal to your sympathies at all as being very poor. That is what I had in my mind.

1374. What I should like to know is this: I can quite understand that if you were dealing with a personal tax, ability to pay would be very material, perhaps conclusive; but what has ability to pay got to do with the amount that should be levied on a piece of real property, I mean the ability of the person to pay as distinguished from the ability of the property to pay?—If I had any doubt as to the fairness of the rate, and there was no ability to pay, it would probably decide me on a simple point of expediency in not enforcing it; but if I come to a case where I have not a shadow of doubt as to the equity of the rate, and where I find plenty of ability to pay I can see no reason whatever for a reduction. That is what I mean.

1375. If the rate is what you call equitable, if the rate is fairly struck, why should it not be exacted apart from the personal wealth of the individual?—It should undoubtedly, but I should say supposing you do import into it that consideration of ability to pay, and it is a question which is imported into the Public Health Act with regard to the general district rate, then on that point of ability to pay, there is no doubt that in the case of the railways which I have in my mind, there is abundant ability to pay.

1376. Do you think ability to pay should ever be a criterion?—No.

1377. Unless you come down to cases where exemption on the ground of poverty is proper, there may be people so poor that they are exempted on the ground of poverty, but when you get above that level, has personal ability to pay anything to do with the rating of the property?—No, I think it has nothing whatever to do with the question of whether they should pay or not, because, if it is fair or just, they should pay; supposing that you impose taxes in such a form as to place upon a ratepayer or upon property something which is unfair, then the question of ability to pay does come in, and you encroach upon the ability to pay.

1378. Is not the true remedy then there to make your rate equitable and fair?—Yes.

1379. But is it not mixing up two things that do not quite work together?—I do not think I have suggested in my memorandum that payment on the full assessment should be made because of their ability to pay.

1380. It was an expression you used in an answer that I did not quite understand, and I wished to be sure that I caught what you meant?—There is abundant ability to pay, and therefore no appeal, as it were, to the generosity of Parliament should be made.

1381. (Chairman.) Does that apply to the Hull and Barnsley Railway?—Yes, they are flourishing very much.

1382. (Mr. Balfour.) Is it solvent now?—Yes; we have 100,000*l.* of ordinary share capital ourselves in the undertaking, and its traffic is increasing.

1383. There is one other point I should like you kindly to explain; you mentioned that you thought the principle might be adopted of fixing a limit of what should be a maximum rate, practically, in a particular district, and if there was something beyond that the ratepayers should pay, but as to which there should be a subvention. Now you spoke in dealing with that of what might be a fair rate; what did you adopt as the standard of fairness, what had you in your mind as the standard of a fair rate?—I have nothing in my mind upon the subject, and the suggestion put forward only deals with the poor law, and is not a standard to be arrived at by any local authority, but by the legislature over the whole country. The standard I quite agree with Mr. Dalton, would require considerable care in fixing.

1384. Would it not be as Sir John Hibbert suggests one step towards a national poor rate?—No.

1385. You think not?—I think not. I think it would be done purely on the lines of these government aids

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Ability to pay Application of principle of.

Poor rate Scheme for a fixed grant from Government in aid of, according to abilities of localities to pay. Objections to.

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that we at present receive. We do, at present, receive, as you are aware, government aids in relief of the poor, and I say that the suggestion which I make would enable the contribution from the Government to be in direct proportion to the needs of the locality.

1386. Of course in some places where the poor rate is high at times, there is a want of employment, or depression or the like, and then there is very great prosperity at other times from the industry of those very people who fall into poverty?—Yes.

1387. Is that a matter, do you think, which other parts of the country have much to do with; why should the prosperity and adversity not be borne with by the locality?—They would under my proposal.

1388. You would give them something?—No.

1389. Then I misunderstood you. I thought you said that up to a certain point it was to be regarded as the rate that should naturally be paid by the locality, then that there was a certain part to be met beyond that by subventions from the public Exchequer?—I am afraid I have not put this as clearly as I ought to have done. What I suggest is a maximum poor rate, which should be allowed all over the country.

1390. All over the country?—Yes. There would never be in any district anything beyond a certain maximum poor rate for the purposes of this contribution, and any expenditure beyond what the maximum poor rate would yield, which exceeded a certain amount, should be paid out of the Imperial Exchequer; then anything further and beyond the fixed amount, which should be made up by the Exchequer, would fall upon the rates.

1391. I so understood, and it seems rather a complicated system, a sort of sandwiched-in system?—It is sandwiched in between, as you say, and that is the best way of expressing it.

1392. It is sandwiched in between the public subvention and two local rates?—In between what should be the result of the maximum rate and what should be the result of the maximum expenditure.

1393. Would you throw the rate above what you think should be the maximum of expenditure, above the Government subvention upon the locality?—Certainly.

1394. As a penalty for extravagance?—Certainly, but not as a penalty.

1395. If it was not a penalty for extravagance?—I should not call it a penalty. I simply say this: if you administer your poor relief in such a way that you exceed what Parliament considers is a fair amount for the relief of the poor, you must pay for the luxury. That is all.

1396. Local circumstances and local conditions vary?—Then the locality itself would have to pay for that variation.

1397. Apart from any extravagance at all?—Yes, certainly, they have to do so now.

1398. Why should they not have to pay for other local conditions as well?—They would have to pay for whatever expenditure they incurred above a certain limit, which would be laid down by the Government. The proposal is only put forward to meet the case of the division of the unions, if necessary, by making the unions continuous with the boroughs, that is, if there is any fear that the principle of the Act of 1834 is being upset.\*

1399. (Viscount Emlyn.) I want to understand clearly with regard to the railways and docks exemption. I understand you to take, as a rule, the basis of what benefit they directly derive from such rates?—No, I should say that I find them as ratepayers in a locality, and I should say I find no sufficient ground to give them an exemption and to throw upon their neighbours the burden which they themselves, I think, should bear. That is all I should say.

1400. What has that got to do with their ability to pay?—It was simply this, that there is an ability to pay, and that therefore they have no ground to make any appeal on the score of inability.

1401. Then you do not take their ability to pay and the extent of that ability as anything in the nature of a basis?—No.

\* The witness has, since giving evidence, drawn up a statement in further explanation of his suggestion. Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 7 (par. 36 and footnote).

1402. You would not, for instance, discriminate between a railway which could pay and a railway which could not?—No, certainly not, and I hope my memorandum does not suggest it; I certainly did not intend to suggest it.

1403. I do not think your memorandum does, but I do not understand the answers you have given to other questions. What I may take to be your view is that by the ability to pay you mean that, if a person comes in *in forma pauperis* and says, "I cannot pay this, and you must let me off," you would then consider whether you could let him off?—I would say there is no ground for exempting railway companies on the principle that they are so poor that they cannot pay.

1404. You would not discriminate between one and the other?—What I say is that there is this distinction, that in respect of land there is really not the ability to pay the full taxation, and in the case of railways there is.

1405. But are all railways alike?—Yes.

1406. In their ability to pay?—I think most of them are.

1407. Whether bankrupt or not?—There are few bankrupt ones that I know of.

1408. Take a bankrupt one which cannot pay its way at all?—I should say that they must still pay their rates; I should still say that the rates would have the first claim before the other creditors.

1409. You would still maintain that, though a railway is absolutely bankrupt, there still is ability to pay?—So far as there is ability to pay, they should pay.

1410. Do you discriminate between a bankrupt railway and a bankrupt individual?—I do not.

1411. Do you think there would be ability to pay in both cases?—So far as there is ability to pay, they should pay. The payment of rates in the case of a bankrupt company should be adjusted in accordance with the general law that regulates those matters.

1412. You do not take ability to pay as the basis of the grant of rates at all?—No, I do not suggest it in any shape or form.

1413. In the case of railway companies and other companies—not only railway companies but all companies—do you think they ought to have the power of voting at the election of guardians?—Yes. I think they might if they wished it.

1414. They used to have the power, did they not?—They had some power under the old Act of claiming an owner's vote, but I think myself it would be a retrogressive move—

1415. To give them a vote?—Yes, I think so; I do not think it would find favour.

1416. Are you aware that the power they had of voting has been recently taken away?—I did not know that.

1417. It has been taken away under the Parish Councils Act; assuming that to be so, do you not think that a retrograde motion?—So far as I am aware they have no votes in the municipalities. I take it you are referring to municipalities now. In municipalities the burgess roll is the only register for voting, and I think myself that it is best that that should be maintained. When you speak of a company, it is composed, of course, of individuals, and they have every right of voting for someone or other to represent them. The question as to whether companies should be allowed to vote is a very large one, and I do not know that I have gone into it particularly. I should have no objection to property being represented, because that is what it amounts to. The only thing is that all modern legislation points in the other direction.

1418. Take a case in which a railway company pays 80 or 90 per cent. of the rates in a parish; does it seem to you reasonable that they should have had, by recent legislation, withdrawn from them the right to nominate anyone to appear for them and vote for the election of guardians?—I would not have been the person to withdraw it. I would be one of those who would say: I would be only too delighted for you to have a vote, and not only to vote but to send representatives into the council.

1419. I understood you suggested that there should be an annual valuation, but I am not quite clear whether you meant that there should be a regular valuation of the whole and a fresh list made out, or whether there should only be a right to a ratepayer

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Com-  
panies.  
No power  
to vote at  
election of  
guardians.

Valuation  
list, annual  
revision  
desirable  
by giving  
ratepayers  
opportu-  
nity to  
object to  
list.

Exemptions,  
partial, in  
case of  
railways  
and docks  
undesirable.



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annually to object to anything in the valuation?—The latter I meant—that there should be the right to the ratepayer to object to the valuation list every year.

1420. In order to get that list right whenever a fresh rate is made?—Yes. He has it now, but the question I was dealing with then was as to whether that right should be taken away in favour of the quinquennial valuation; that is what I understood Mr. Cripps' question to be.

1421. Would not your point be entirely met if the right of the ratepayer to object to the rate whenever a rate is made is still maintained?—Yes, certainly.

*County councils and corporations as rating authorities.*  
1422. (*Sir John Hibbert.*) You stated that in a borough you proposed that the corporation should be the rating authority for all purposes, and that similarly in a county the county council should be the rating authority?—Yes.

1423. I wish to know whether you contemplate in that proposal the setting up of any county or other authority for the purpose of providing for a uniform basis of assessment?—Yes. At present there is what is called the county committee, and they do that work. I should maintain those, but give them power to deal with the individual assessments in each parish.

The witness withdrew.

Mr. ROBERT E. FOX called and examined.

*Mr. R. E. Fox.*  
1429. (*Chairman.*) I understand that you are town clerk and deputy clerk of the peace for the borough of Blackburn?—Yes.

1430. You have been in that office for five years, and previously you had experience as town clerk in the county borough of Burnley and as deputy town clerk in the county borough of Birkenhead?—Yes.

1431. You are a member of the Association of Municipal Corporations, and are one of a committee appointed to give evidence to this Commission on behalf of that body?—Yes.

1432. This printed paper which I hold in my hand is the memorandum with which you have been good enough to furnish the Commission?—Yes.

*Discount of 5 per cent. allowed to ratepayers in Blackburn under a local Act if rates paid within specified time.*  
1433. It deals, I may tell you, as of course is natural, with subjects which we have had before us through other witnesses, and therefore if I do not take you through the whole of the memorandum you will understand it is not because the Commission undervalue the trouble you have taken, but because when statements of fact are unchallenged it is no use to have them repeated upon the notes of evidence over and over again. You refer to some special provisions which are contained in the Blackburn Improvement Act, I observe, as regards the power of recovering rates. Perhaps you will be good enough to tell us shortly in what way they differ from the general law?—The two special powers which I have referred to in my memorandum are first of all the power to allow a discount in respect of the rate due from the ratepayer. Under one of the sections, 265, of the Blackburn Improvement Act, 1882, as amended by section 6 of the Blackburn Corporation, Act, 1892, the corporation may allow a discount of 5 per cent. on the amount due in respect of rates to any person who pays the same within the time limited by the corporation. This time the corporation, as a matter of fact, limit to three months from the laying of the rate.

1434. What is the justification for that?—The borough of Blackburn has possessed this power since 1870. It was an idea which occurred to them in 1870 that it would assist very greatly in getting in the rates promptly without undue expense of collection. The experiment has been thoroughly justified by the success which we have had in the collection of the rates. We find that at least—I am putting it of course roughly—nine-tenths of the ratepayers pay their rates in sufficient time to earn this discount. They value the privilege of having the discount most highly.

1435. Assuming of course, which I am inclined to assume, that the ratepayer ought to pay his gross rate and pay it promptly?—Yes.

1436. Letting that pass for the moment, what is the amount in pounds which the Blackburn town council are out of pocket on account of this discount?—I will take the year 1895-96, if I may. The actual amount

1424. (*Chairman.*) In an answer you gave just now you said that ability to pay was imported into the Public Health Act?—Yes.

1425. What is the basis of that statement. Where do you find it?—I think section 221 enables the local authority to forego a rate when there is not the ability to pay.

1426. Only in case of poverty?—Yes.

1427. It did not apply to public works and companies?—No. I am afraid importance is attached to that term of "ability to pay" which I never attached to it or intended to. All I meant to say was that where you have agricultural land it is recognised on all hands that there is great distress, and has been great distress, and there is an appeal, as it were, to one's sympathy.

1428. If you come down to mere ability to pay as regards any public company it really amounts to the ability to pay of those component individuals who make up the corporation?—Yes, it does, and the expression about ability to pay has merely reference to that. There is a great distinction between agricultural land and railways. I mean they are in two different categories; one is as hardly pressed as it can be, and the other is flourishing. That is all I meant by it.

which the corporation had to pay in discount was 2,576*l.* I have some printed statements showing the amounts for the last five years, and perhaps I may hand copies in.\*

1437. There are two main rates I understand, the general district rate and the poor rate, which are levied within the confines of the borough?—Yes, the poor rate of course includes the borough rate, which is levied with the poor rate.

1438. We will take the general district rate; that will be best for our purposes probably?—Yes, that is the one collected by the corporation.

1439. The rate in the £ was 3*s.* in 1895-96?—Yes.

1440. The amount of rate which you desired to levy was 63,483*l.*?—Yes.

1441. And the amount actually collected was 58,590*l.*?—Yes.

1442. You head the next column "Discounts and compositions"; what is meant by "compositions"?—Compositions applies entirely to the poor rate—the rate you are not dealing with at the moment.

1443. For the general district rate, I may take it then, that the sum which you lost was 2,576*l.*, all under the head of "Discounts"?—Yes.

1444. You collected 92 per cent. of your total rate and had only .05 of arrears?—The actual figure of arrears on the 25th of March 1896, is 32*l.*, and that represents a per-centage of .05 of arrears on the total rate.

1445. The balance to make those figures agree is made up owing to empty tenements, is it not?—Yes.

1446. The amount in respect of which empty tenements you did not recover being 2,285*l.*?—Yes.

1447. You do not have many cases in which you have recourse to the law for recovering your rates I understand?—Very few indeed. In the year we are speaking of, 1896, we had 12 cases in which it was necessary to distrain.†

1448. There is another special power which you were going to tell us of—the special power of distraint which is not part of the general law?—Yes. By section 266 of the Blackburn Improvement Act, 1882, it is provided that it shall be lawful for the corporation "to levy the amount of such rate or any part thereof by distress and sale of the goods and chattels of the person neglecting to pay the same."‡

1449. In what respect does that give you a more summary process than the ordinary method of recovering rates?—The ordinary method of recovering a general district rate would be to apply to the magistrate for a summons against the defaulting ratepayer, and on that summons a distress warrant would be issued by the magistrate, and would then in some cases be levied by the police, and in other cases by the bailiff;

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 11 to 17.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 17 (Table I.).

† *Ibid.*, p. 17 (Table II.).

‡ *Ibid.*, p. 15 (par. 19).

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I think as a matter of practice as regards the poor rate it is levied by the bailiff; however that is probably a matter of detail. In the case of the special power we possess, whenever the corporation is satisfied that a ratepayer is in arrear as to his rates, all that is necessary is for the corporation to sign a distress warrant and hand it over to the bailiff who distrains without the intermediary of any summary court of justice. The practice in Blackburn is for myself as town clerk to investigate the various cases in which there are arrears, and to sign a distress warrant under a standing authority which I have from the corporation for that purpose.

1450. Are you not rather in that matter acting both as prosecutor and as judge?—In some sense I may be, I quite agree, but after all when you compare the two processes there is not much practical difference, because when you go before the magistrates to ask for an order to distrain, all that you have to prove is that the rate is in arrear; the ratepayer who is summoned to appear before the justices can come, and he has an opportunity of denying that the rate is in arrear if he likes, but I should think a case has never occurred where a ratepayer has been in a position to go before a magistrate and deny that he owes the rate.

1451. I do not want, in any way, to depreciate the value of the system, but I suppose you sit privately, and the whole thing is done without any publicity of any kind?—That is so; it is quite on *ex parte* evidence.

1452. I take it from you that it works well and without friction?—It works exceedingly well, and I submit that the fact that it has been prevailing in Blackburn for 25 years without the slightest objection from anybody, and the fact that the ratepayers pay their rates so well, there being only an average of about 13 of these distresses during the year, show that no one is hurt. No one complains and everyone seems to be quite satisfied.

1453. I put the question in a general way just now that the practice works well, now, I wish to emphasise the question in this way: Are you prepared from your experience of the city to say that it works well, not only from a corporation point of view but from a ratepayer's point of view?—I am quite prepared to say that.

1454. You have not had any complaints or correspondence in the local newspapers, or points raised at elections as to any arbitrary proceedings on the part of the town council?—Never.

1455. Have you had any difficulty in regard to bills of sale, for example?—I have had exactly the same difficulties as regards bills of sale and bankruptcy as a landlord has under the ordinary common law power of distress. We have always considered and believed that this power we have puts us in exactly the same position as a landlord who has the common law power of distress for rents. Of course, as between a landlord and his tenant questions do arise as regards bills of sale and as regards bankruptcy. As regards bills of sale we have a right of distress which takes precedence of the bill of sale creditor just in the same way that the landlord has.

1456. Are you sure that is so?—I think so; I have not looked up this matter.

1457. (Mr. Arthur O'Connor.) If you look at the terms of your own memorandum and the quotation from the end you will see that it is, "By distress and sale of the goods and chattels of the person neglecting to pay the same," so that the subject matter of the bill of sale would have to be proved to belong to the person neglecting to pay the same, or else you would not have power of distress, upon it, whereas the landlord would have power of distress irrespective of the ownership, because the goods were on the premises; is that not so?—I am afraid I do not quite follow that.

1458. (Chairman.) Assume that a landlord has his rent in arrear, he can take possession of any article to satisfy his demands, can he not, such as a clock on the mantelpiece?—Yes.

1459. Can you do so?—Yes.

1460. Irrespective of whether the clock belongs to the head of the family or not?—I may say this section of ours has never had a legal construction put upon it in the courts, but the words of the section have always been so construed.

1461. We will not press it too far, we will take the fact that it has been so up to the present time at any

rate?—I should like to say that my opinion is that we can.

1462. Do you know of any other borough in England which has a similar power?—No, not as regards rates.

1463. Were you town clerk when the Bill was passed?—No. Might I say that similar powers of distress are, I know, possessed by gas companies, but the power is not quite the same in words. The usual power I have seen before in the case of gas companies has been a power saying in express words that the gas company has to have the same powers of distress as a landlord has at common law; and, I may say, we have exactly that power under our local Acts as regards gas and water accounts. The wording, as I say, is different; but in those two cases, we have conferred upon us exactly the same powers as a landlord has at common law. This section as regards the rates does not adopt that form of words, but we have always given it the same construction as the other two sections, we consider, are bound to have.

1464. Do the Commission understand you as putting this forward as a suggestion for general application?—I do not desire to do that. My object is simply to put before the Commission the exceptional powers which the Borough of Blackburn possess, and to put in evidence that those powers we have found in our case to work exceedingly well.

1465. You next deal with what you call the question of ownership rating. Do I understand that by ownership rating you mean the question of compounding?—Speaking generally I do, but it is not compounding as far as I am concerned in my own local rate, because we do not compound in the local rate.

1466. Perhaps you would describe to me what you do exactly mean by ownership rating?—By ownership rating, I mean the rating of the owner of property which is under a certain value per annum. As regards the Poor Law, and as far as provincial towns like my own are concerned, I am referring to ownership rating where the value is under 8*l.*; in the case of the general district rate, I am referring to ownership rating where the value of the tenement is under 10*l.*

1467. I want you to describe to me what is the difference between what you call ownership rating and compounding, because I have looked through all your memorandum, and as far as I can make out, you do use the term "ownership rating" as a term meaning exactly the same as what we call compounding?—Yes, I think I should be right in saying that ownership rating is the same as compounding.

1468. Section 211 of the Public Health Act, 1875, which you say in paragraph 6, "Provides in effect that the allowances which are to be made in ownership rating by the local authority are to be not less than 20 per cent. nor more than 33½ per cent., empties to be allowed in addition, or for a composition to include empties 50 per cent.;" that is compounding, is it not?—That is compounding.

1469. Then your limit, I understand, is 8*l.*?—My limit for poor rate and borough rate only is 8*l.*; for the district rate my limit is 10*l.*

1470. You suggest, I understand, like the previous witness, Mr. Dawe, that for the sake of uniformity, if compounding is to be the practice in future, it had better be made universal at 10*l.*?—Yes.

1471. You approve of the principle of compounding, I understand?—As regards that, I desire to make the suggestion that each local authority should have it within its option either to adopt the principle of compounding or not. May I describe what I mean by referring to my own case? In the case of my own general district rate, the corporation do not desire to compound; they do not consider that is the best system; they levy their general district rate in tenements under 10*l.* directly upon the owner, making no composition allowance, but allowing the discount of 5*l.* per cent. which is allowed to all ratepayers—and they allow him in respect of all empty property he has during the year. That is the system they prefer. On the other hand, as regards the poor rate and the borough rate, there is compounding and no discount.

1472. By statute?—By the Poor Rate Assessment and Collection Act, 1869 section 3. Under that section the owner of a tenement rated under 8*l.* a year may enter into an agreement with the overseers for a term not being less than one year, to pay the rates of

Mr. R. E.  
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Compounding in Blackburn, increase to uniform limit desirable.

Compounding, suggestion that local authorities should have option to adopt.

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such property, whether occupied or not, and in that event the overseers may, subject to the control of the vestry, agree to make the owner a deduction not exceeding 25 per cent. of the total rates. Then, under section 4 of that Act, the vestry may order that the owners of all rateable hereditaments to which section 3 applies (as regards Blackburn, hereditaments rated at not exceeding 8l.) shall be rated instead of the occupiers, and in the event of the vestry making such order, then the overseers are to rate the owners instead of the occupiers and are to allow them an abatement of 15 per cent., and if the owner is willing to compound—that is to say, to enter into an agreement to pay the rates in respect of his property whether occupied or not, such agreement being for a term not less than one year—the overseers are to allow him a further abatement, which abatement is in their discretion, but not exceeding 15 per cent. The latter section is in force in Blackburn, and, as a matter of fact, the overseers allow the further 15 per cent. The owners who compound thus receiving an abatement or deduction of 30 per cent. from the amount of the rate. The opinion of the Association of Municipal Corporations is that compounding under the Poor Rate Assessment and Collection Act, 1869, should apply to all kinds of rates levied within one borough boundary. I venture to make the suggestion that in order to meet cases of boroughs like my own, for instance, it should be optional upon the corporation whether they should allow compounding or whether they should simply allow for empties and discount.

Compounding under Poor Rate Assessment and Collection Act, 1869. Association of Municipal Corporations consider the Act should apply to all kinds of rates levied within one borough boundary.

1473. You would probably agree with me that whatever system is adopted should be universal for all rates over the area in which it is adopted at all?—Certainly, that is my principal point. Assuming that the Commission thought fit to adopt the suggestion that compounding under the Poor Rate Assessment and Collection Act, 1869, should apply to all local rates in the same area, then I think there is a question as to whether it is desirable that that Act should remain exactly in its present form. I am referring now more particularly to section 4 of that Act. Under that section it is left for the vestry to decide whether there shall be ownership rating or not; if it is decided that there shall be ownership rating, the vestry or the overseers must allow an abatement of 15 per cent. to the owner so rated, and it may allow something more; but if there is ownership rating it is bound to allow this 15 per cent. I venture to submit that that should be discretionary on the part of the local authority. I venture to think there is no reason why the local authority should be compelled to allow even that 15 per cent. In the case of the borough I represent, under my existing powers I cannot have uniformity so long as that provision remains, though still of course that is only by way of illustration.

Exemptions, partial, railways and agricultural land. A revision in the amounts allowed suggested.

1474. The next point with which your memorandum deals is the exemptions from local rating which you quote in paragraph 8. You correctly state, I think, the principle which underlies the enactment that occupiers of the classes of property most benefited by the expenditure of the district rate should be liable to be rated at the highest rate and so on, and the occupiers of classes less benefited at a lower rate. Then you go on to say that, "It is for the Commissioners to consider whether this principle ought to exist to the same degree or not at the present time, and it must be remembered that the occupiers of agricultural property and of railways make considerably increased profits from the land used by them in connection with their trade or business by reason of their being situated among the population of a large town." In the first place I want to get your opinion to help us in forming our own what is your view of that?—My own view I arrive at in this way: It is a long time since that Act of Parliament was passed, and since that Act of Parliament was passed urban districts and municipalities have very greatly increased, and are of very much greater importance than they were. I think the result of that is that the hereditaments (rateable property) which are specially exempted and which enjoy these exemptions ought not to have the same extent of exemption now, because owing to the surrounding circumstances, owing to the increase in population and the increased prosperity of these towns they, so far as they are concerned, get greater profits in consequence of the existence of these towns.

1475. Just let us look at that. I understand in the first place that while you object to the three-fourths deduction you do not take an objection to exemptions altogether?—No, I do not.

1476. You think some exemption is right?—I think some exemption is right, I think it would be too sweeping a change, and I do not think it would be altogether a just change to absolutely do away with exemptions. Of course in saying that I am simply expressing my own opinion.

1477. When you bring into consideration the question of profits, how far do you think that is an element which ought to come into local rating?—Speaking generally, profits I think theoretically ought not to come into local rating, but, as a matter of fact and as a matter of practice, I think profits are largely considered now, under the present law, in local rating.

1478. In what class of cases?—For instance in the case of railways.

1479. It is because, is it not, profits are so largely considered in the amount entered in the assessment roll for railways, that these exemptions are allowed?—No doubt that is so. My point is that the exemption should be reduced as the profits are now greater than they have been in the past, I should say, taking the case of railways for the moment by itself.

1480. Why? Can you point to me any other class of property besides railways and agricultural land which at this moment are rated upon profits?—There are waterworks and gasworks; I think those are the principal ones.

1481. Is that so, as far as gasworks are concerned, they are very largely the property of the corporations themselves. How do you get at the profits of gasworks?—In the case of rating municipal gasworks the professional valuer employed by the overseers goes carefully through the accounts published by the municipal corporation of those gasworks, and from those accounts and from his measurements he arrives at what he considers is the value at which they should be rated, and in arriving at the value of the gasworks he considers the revenue which comes from those gasworks.

1482. Are the owners of the gasworks obliged to show him their books to enable him to make those calculations?—I am not quite sure whether they are absolutely obliged to do it by law, but, as a matter of practice, they do. Further than that, if the gasworks belong to the municipal corporation it does not matter whether you refuse to show your accounts or not, because your accounts are printed and published, and they are always obtainable by the ratepayer.

1483. But there is not a profit made, is there, speaking generally, by a municipality, in the sense that a private owner makes a profit, and in the sense that a railway makes a profit?—Yes. I should say, as a general rule, there is a profit; there is a balance which is carried annually towards the relief of the rate, usually under the provisions of the Act of Parliament which authorises the gasworks.

1484. You make a suggestion I see in paragraph 12 of your memorandum for the transference of the Inhabited House Duty to each local authority in aid of local expenditure?—Yes.

1485. Do you mean that in addition to present subsidies or as the commencement of a principle to be ultimately extended to take the place of those subsidies?—I certainly meant it as being an addition to what is now received from Imperial taxation; I do not consider it is for me at all to make the suggestion what it is to be, I only desire to make a suggestion that there should be some further Imperial relief to our local taxation, and I have mentioned the Inhabited House Duty under the impression that that might be a convenient tax to allocate to local purposes.

1486. Do you know what the Inhabited House Duty collected from Blackburn at the present time is?—I am able to form what I consider to be a fairly correct estimate.

1487. What is it?—I put it down at 2,000l. a year.

1488. How much does *ld.* in the £ on the value of Blackburn raise?—Between 1,800l. and 1,900l. a year.

1489. Roughly speaking, it would come to about *ld.* in the £?—Yes, roughly speaking.

1490. Do you suggest that the Inhabited House Duty should be handed over to the local authority absolutely, or that it should be collected by the Imperial authority and the proceeds handed over; I mean, would you give the local authority the power to raise the Inhabited House Duty, *per se*, or would you keep it as an Imperial tax as to amount, the proceeds only being handed to the local authority?—I would, certainly, keep it as an

*Mr. R. E. For.*  
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Exemptions, partial, allowed in respect of certain properties where profits are taken into consideration in rating.

Inhabited House Duty. Suggested transference of proceeds by Imperial authority to local authorities in aid of local expenditure.

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Imperial tax, the proceeds to be handed to the local authority, following the same principles adopted by the Local Government Act, 1888, in handing the proceeds of what are practically Imperial taxes to the local authority. I do not think the corporation would like to have the responsibility of dealing with that tax as regards levying it; as regards collecting it, that might be another matter.

1491. The local authority could collect it?—Yes; but still, I think, the local authority would, certainly, of the two alternatives, prefer that the tax should be collected by the Government and handed to them.

Valuation, rating, and collection of rates. Systems not uniform where several parishes exist in a municipal borough.

1492. (*Mr. Glare.*) A previous witness pointed out generally the difficulties in the present system of assessing property and collecting rates, and I think, if I might venture to give the effect of his answer, it was this—that where you have several parishes in a municipal borough you do not get either a uniform system of assessment or an equal and fair levying of rates over the whole borough?—Certainly not; it is my opinion that you do not.

1493. May I gather from your experience that the dual collection of rates between the overseers and the municipality is an unnecessary expense which might easily be saved?—Yes, certainly.

1494. You suggest that there should be one assessing authority and one rate collecting authority in each borough?—Yes.

Boroughs should have one assessing and one rate collecting authority, but not necessary to interfere with areas of unions.

1495. I understand from the memorandum you have put in that you do not think it at all necessary, in order to carry out these reforms, that any alteration should be made in the unions?—No, I do not think it is necessary, speaking generally, that any alteration should be made in the unions. I think there may be some exceptional cases where, probably it might be greatly for the benefit of the local authorities interested; but, still, as a general principle, it is not necessary.

1496. It is not necessarily an essential part of a scheme for reforming the principle of rating, and the principle of collecting rates to interfere with the areas of existing unions?—No.

Exemptions, partial, should be extended to certain portions of waterworks and gasworks.

1497. With regard to exemptions, do you see any reason why, if railways and canals are entitled to the exemption of three-fourths from municipal rates, waterworks and gasworks should be excluded from a similar exemption?—No, certainly not; I think gasworks and waterworks are certainly entitled to whatever exemption a railway has. I would not say, and I do not desire to say, that they are entitled to the same exemption, but I think they are entitled to some exemption.

1498. Why should, for instance, a reservoir and pipe line belonging to a corporation be assessed at its full value for any sanitary rates that may be payable, but a railway or a canal have the exemption up to three-fourths?—I do not see any reason for it.

1499. May I take it your opinion is this: That if the existing exemptions to railways and canals is continued it ought to be extended to the reservoirs and pipe lines of waterworks and to the pipe lines of gasworks?—Certainly, on exactly the same principle as any exemption extended to railways.

1500. They ought to be treated alike?—Yes.

1501. And either the exemptions should be removed as regards railways and canals, or should be extended to the other properties?—Certainly.

Arrears of rates in Blackburn, special summary powers of distraint under local Act. Possible objections to.

1502. With regard to this special power which you have of distress, is it not rather a strong order to give an official of the corporation, practically the power to issue those distress warrants just as he thinks fit?—No doubt it is rather a strong order.

1503. I assume, of course, that as we know very well in the case of Blackburn the power is exercised with a great deal of discretion, but cannot you conceive of a case where a power of that kind might be extremely dangerous to place in the hands of any one man?—Compare it with the existing mode of procedure where the power can be exercised by one magistrate; speaking generally, a man who is fit to be a town clerk is usually fit to be a magistrate or ought to be.

1504. As regards the discounts you allow, when do you lay your municipal rate?—It is either in May or June, for the moment I think it is in May.

1505. Do you lay it for the whole 12 months?—Yes, we lay them retrospectively from the last 25th of March to the following 25th of March, we have power to lay them retrospectively.

1506. It is in respect of the whole year?—Yes.

1507. Do your demand notes go out about two or three months after the council has passed the resolution to lay the rates?—As a matter of fact we have extra staff on and we have the demand notes out very soon after the council lay the rate, within a few weeks as a matter of fact.

1508. Up to what time do you allow the ratepayers to pay their rates without the issue of a distress warrant?—We allow them one quarter.

1509. The first quarter only?—I may say that it depends very much upon the circumstances of the ratepayer. We do not issue a distress warrant until the end of the half year, and then we decide on the particular circumstances of that ratepayer as to whether it is necessary. In most of the cases in which a distress warrant is issued it is issued at that particular time because probably the landlord is making demands for rent, or the estate is in bankruptcy, or there is some special circumstance of that kind, then we issue the distress warrant at once in those special circumstances. But as a general rule if a man is a bad payer he is allowed two quarters, and then he is threatened with distress before the actual warrant is served, a written demand is served upon him at the place at which he is liable for the rates and he has about 12 hours after the service of that demand to come and pay the rates; if he does not, then the distress follows.

1510. Do you collect, practically, the whole of the rates in Blackburn within the first six months after the rate is made, or do you allow until, we will say, the last quarter before you take the extreme measures which the law allows to recover it?—We practically collect nine-tenths of the rate in Blackburn within six months after it is made.

1511. At what date is the person entitled to the discount?—If he pays before the 1st of September, I think it is; you may take it that the 1st of September is about the date.

1512. Then it comes to this, that all ratepayers who have a sufficient amount of money to be able to pay the rates for the whole 12 months at some period during the first six months get 5 per cent., but those who are not in that fortunate position have to pay the rates in full?—Yes; that is so.

1513. So really the discount is 5 per cent. reduction of rates given to those who can afford to pay them, which is not extended to those who really are very hardy pressed to find the amount required for the rates; the rich man can get his 5 per cent., but the poor one cannot?—Yes. But I should not like to say that it is by no means within our experience the poor man who is the defaulter. The case no doubt does happen to some extent that the poor man is the defaulter, but in many of the cases where the people do not pay in time to get their discount it is more from habit than anything else, and it is not from poverty. We are surprised to find that there are so many people who plainly tell us that they can get more than 5 per cent. for their money, and that they would rather pay their rate on the very last day on which they would be allowed to do so. Nine-tenths of them do pay and get the discount. I want to emphasise that; the poverty stricken people and the speculative people are only the remainder.

1514. With regard to the property to be included in the list of composition property, I understood you to say that you recommended that no definite rule should be laid down, but that an option should be given to each corporation to allow a composition or not?—Yes.

1515. How will that work in the case of the poor rate in the same town, supposing, for instance, that the corporation decide not to give the composition, and the overseers decide that they will?—I think that will work perfectly well. I am assuming, in saying that, that the town council have obtained, as they can obtain, from the Local Government Board, the powers of the vestry. It is within the power of the vestry to decide whether a composition shall be allowed or not. They have the power to say aye or no as regards that, and if the local authority adopt the principle of not allowing the composition as regards their local rates they can do the same as regards the poor rate, should they have obtained the powers of the vestry.

1516. I just want to ask you a question about the Local Government Board. They have power to give the corporation the powers of the vestry; have you in Blackburn made any application to the Local Govern-

*Mr. R. E.*

*For.*

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Discounts allowed in Blackburn system of.

Compounding. Suggestion that local authorities should have option to adopt.

Overseers and assistant overseers. Power of Local Government Board to transfer to urban authorities

Mr. R. E.  
For.

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on applica-  
tion the powers  
and duties  
of, under  
Local Govern-  
ment Act, 1894.  
Policy of  
Local Govern-  
ment Board.

ment Board under the Local Government Act of 1894 to get the powers of appointing overseers and assistant overseers?—Yes, we have those powers by provisional order and also the powers of the vestry.

1517. Am I right in assuming that under the Act of 1894 the Local Government Board have the power, if they think fit to exercise it, to give the corporations to a very large extent the power to take over compulsorily the rate-collecting from the guardians and overseers?—They have no power to take over compulsorily; they can only do it by what I may describe as a slightly roundabout arrangement.

1518. But with that exception they can, if they choose, vest in the municipalities a power which will enable the municipalities to carry out a uniform system of rating and to collect the rates in future?—Yes, with that exception, and that exception is this: they have not any power to alter the limit of compounding from 8*l.* to 10*l.* That additional power is required in order to bring about the uniformity which could be obtained under that section.

1519. From your experience of the applications which have been made by town councils to the Local Government Board, do you think the Local Government Board have exercised their powers to the fullest extent, or have they been actuated by the question as to whether any objection or opposition is raised by the parochial authorities?—My experience of the procedure of the Local Government Board has been that the first step they have taken after the application has been made is to say that first of all the opinion of the overseers must be taken upon it, and secondly the opinion of the vestry.

1520. Then, practically, the Local Government Board instead of exercising their discretion as to what is the best thing to do in the interests of local administration consult with all the parochial authorities first of all?—Precisely so.

1521. And if strong opposition is offered they practically give way?—Yes.

1522. So that wherever any opposition is offered by parochial authorities the Act of 1894 is practically a dead letter for all the purposes of improving local administration as regards this subject?—Yes, I believe that is so. I have not had any experience of any opposition myself from the parochial authorities; they have been quite ready to fall in with my suggestions in the matter.

1523. From the table you have put in\* I notice that the percentage of collection of rates by the municipality is considerably better than of the collection by the poor law authorities?—Yes.

1524. There is one figure I do not understand; how is it that under the column headed "Discounts and compositions" (col. 5) for the general district rate a sum of 2,576*l.* is put down, and for the poor rate a sum of 4,564*l.*?—The 2,576*l.* represents a discount of 5 per cent. to those people who pay before the date I have mentioned; the poor rate figure of 4,564*l.* represents, as regards those people who have signed an agreement with the overseers under the third section of the Poor Law Assessment Act, the 25 per cent. which is allowed to them, and it also represents the 30 per cent. deduction which is allowed to them under the fourth section.

1525. It is the composition?—It is their composition.

1526. Do you have no composition at all with regard to the general district rate?—None.

1527. Then what you do is to substitute a 5 per cent. discount to be given to all persons who have the money to pay for the first six months in place of a composition for the poorest class of property, which is allowed by Poor Law?—Yes, that is so. As regards that composition the general experience, I am told, of the people responsible for making the rate in Blackburn is that this class of property—we are speaking about the property under 10*l.* a year—is probably the best paying property from the owner's point of view of any property in the town.

1528. Are not the circumstances of Blackburn somewhat peculiar in this fact that there is regular employment, and that good wages are, as a rule, paid to what are called the working classes, and that is a very different state of circumstances to those which exist in a place like Liverpool where regular employment is very scarce, and the population is constantly shifting?—Quite so. What applies to Blackburn of

course applies to the general run of manufacturing towns in Lancashire and Yorkshire.

1529. As a rule in a manufacturing town the employment is constant, wages are good, and the men do not want to leave their houses?—That is so.

1530. Therefore you can collect the rates directly from the occupiers?—No. We cannot collect the rates directly from the occupiers. Experience shows distinctly the contrary. If you want to get your rates in you must collect them from the owners.

1531. Would the owners pay in full?—They are quite willing to pay in full. In Blackburn the recognised custom when a tenant goes into a cottage house is that he objects strongly to have to pay any rates himself; he wants to have one payment due for the whole thing; so he pays the landlord the rent, and in the rent is included the rates. We have, as I have said, this difference between the general district rate and the poor rate, that the 10*l.* relates to the general district rate and the 8*l.* to the poor rate; as a matter of fact all those people between 8*l.* and 10*l.* do not compound, but pay in full.

1532. (Mr. Elliott.) To what extent have the views you have expressed with regard to partial exemption from rating received the approval of the Association of Municipal Corporations?—I do not think the Association of Municipal Corporations have actually laid down any extent of exemption that they would advocate. I think the opinion is probably not quite unanimous on that point. I know that there is a strong feeling among members of the association that there ought to be no exemptions whatever.

1533. Has your memorandum been in any way submitted to the Association of Municipal Corporations?—No, it has not.

1534. Then the observations you have made with regard to the exemption of agricultural land under the Public Health Act only represent your individual views and not those of the association?—Purely.

1535. I did not gather from what you said in reply to Lord Balfour that you dissent from the principle indicated in Chief Justice Erle's dictum?—By no means.

1536. But only that you considered that in consequence of the change of circumstances the extent of its application was excessive?—Quite so. That is a question of degree merely, and I put it merely as a question of degree.

1537. Would you tell me more particularly what was in your mind with regard to the alterations of circumstances which have taken place since 1875?—Of course I am speaking of the class of towns which I know best. My experience lies principally among the manufacturing towns of Lancashire, some of which have trebled and almost quadrupled their population within that time; the trade of those towns has sprung up and—taking the case of railway companies—the railway companies have many more goods to carry and are getting a very much bigger trade out of those towns. The circumstances in that respect are different from what they were so many years ago. As regards agricultural land, the dairy farmer who has farms all round the town gets a ready sale for his milk, and is able, I think, to make a very good living.

1538. Then the alteration of circumstances to which you refer consists not so much in any alteration of the purposes for which local expenditure is required, but rather in an alteration of the circumstances as regards the particular properties rated?—Quite.

1539. Would not the remark that these properties now yield increased profits apply equally to all the properties situated in the towns?—Yes. I take your question to mean that the same principle must apply proportionately all round.

1540. I wanted to obtain from you this: whether there had been any particular increase in the profitable character of these properties which would render the differential treatment fair in 1875 and not fair now?—I think so.

1541. You think that the profits of these particular properties have increased in greater proportion to the profits of other properties?—As a general principle I do think so. I have just been trying to run through in my mind what the other properties are. The bulk of the other property in a town consists of the ordinary dwelling-houses, and to my mind the value of the railway has increased to a very much greater extent than, we will say, the value of a dwelling-house or of land.

Mr. R. E.  
For.

25 Mar. '97

Exemptions,  
partial.  
A revision  
as to amounts  
allowed  
suggested.  
Reasons  
for.

Discounts  
and compositions  
in Blackburn.  
System  
adopted.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 17 (Table I.).

Mr. R. E.  
Fox.  
25 Mar. '97

Exemptions, partial. Agricultural land; benefits received from general district rate, whether substantial ones.

Inhabited House Duty. Suggested transference of proceeds by Imperial authority to local authorities in aid of local expenditure. Difficulties in connexion with carrying out of scheme.

1542. Would that apply to agricultural land which happened to be in the neighbourhood of a borough?—To some extent it would; I think to a considerable extent it would, for this reason—that as the population grows the farmer changes his style of farming, and becomes a grass land farmer; he keeps a larger number of cows, and it does not seem to matter how many cows he keeps, for he has always got a ready market for his milk provided he lives near a town, either within the boundaries of a borough or thereabouts.

1543. What are the principal purposes for which this general district rate is levied?—First of all, general sanitary matters, such as sewage works, highways, and fever hospitals. The general district rate is a sort of guarantee fund, in a way, for some of the municipal undertakings, such as markets and gasworks.

1544. Would you say that those purposes are as beneficial and necessary to the occupation of agricultural land as to the occupation of other rateable property in the borough?—Generally, I should say no. Of course as regards highways, several of the items apply equally; but all the items do not apply equally.

1545. May it not be said of some of the larger items of that expenditure that the benefit to agricultural land in the borough is very small indeed?—Yes, as regards some of the items it may be said so.

1546. With regard to the suggestion that the house duty should be transferred to local authorities, you have told us that in your opinion it would be better that that tax should continue to be levied by the Imperial authorities; do you suggest any changes in the constitution of that tax?—No, I do not.

1547. Would you propose that it should still continue to be levied upon the gross value of property, and not upon the net?—I have not considered that question.

1548. Have you taken into consideration the fact that the house duty is a graduated tax, and that the rate of the tax is higher in the case of more valuable houses than in the case of less valuable houses?—Yes, I have thought of that in this way, that it might probably not be quite an equal distribution, I mean, comparing one class of town with another—a manufacturing town, for instance, with a highly residential town; the residential town would get a great deal more in the way of Inhabited House Duty. I have thought of that, and I consider that is a point of great importance.

1549. Have you also taken into account that the house duty is not only a graduated tax but also a classified tax—that it is charged at a lower rate to farm-houses, public-houses, shops, and property of that description as compared with dwelling-houses?—I may say that I have not carefully considered the incidence of the tax. My evidence is really on the general principle that we ought to have more funds from Imperial sources.

1550. Do I understand that the suggestion as to the transfer of the Inhabited House Duty was made without any full consideration of the incidence of the tax?—No, certainly not; I do not mean to convey that at all. When I put it forward, I considered those various points you have mentioned. I put forward the suggestion of the Inhabited House Duty as being one tax, which even with its various incidence might conveniently be suggested as to be allocated to local authorities; but I do not put it forward in exclusion of any other tax which might be found more convenient.

1551. You do put it forward as a substantial proposal for the reform of local taxation?—Yes, I do.

1552. With regard to the question of equality, not as between borough and borough, but as between property of different classes in the same borough, have you considered what would be the effect of this proposal upon these different classes?—I have considered the effect would practically not be different from what it is now, because, if the proceeds of the tax were handed over to the general relief of taxation, the incidence would remain exactly the same as it does now between the different kinds of property.

1553. You mentioned, I think, that in the case of the Borough of Blackburn if the Inhabited House Duty were transferred it would give a relief all round, according to the rateable value of property in the borough, of about 1d. in the £?—Yes.

1554. Agricultural land in the borough at the present moment pays nothing to Inhabited House Duty?—No.

1555. Consequently agricultural land would be a clear gainer of 1d. in the £, would it not?—Quite so.

1556. Then in the case of manufactories, manufactories are not charged with house duty?—No.

1557. But they are rated, of course?—Yes.

1558. Manufactories, therefore, would be clear gainers?—Yes.

1559. Then in the case of shops where the rate of Inhabited House Duty is comparatively low, would they be gainers, or would they be losers?—I should think they would be gainers.

1560. Not gainers to the same extent as agricultural land and manufactories?—No, certainly not. They would be gainers merely because it is a lower tax.

1561. With regard to the smaller dwelling-houses, they also would be gainers, but not to the same extent as those properties in the borough which do not pay house duty at all at the present moment?—That is so.

1562. Then, again, with regard to dwelling-houses of high value; they would gain least of all, would they not?—Yes, they would.

1563. Because they pay the highest rate of house duty?—Yes, they would gain least of all.

1564. Therefore, in proportion as the charge to the house duty was high or low, there would be a gain?—Yes.

1565. Do you think that result would be an equitable one?—I think that in a comparatively small amount like 2,000l. a year the inequalities that you refer to would be very small—would be so small, indeed, that I do not think they would press unduly on anyone.

1566. Still you do, as I understand, advocate a scheme which would give a greater measure of relief to agricultural land and to manufactories than it would give to shops, and a still greater measure of relief than would be given in the case of dwelling-houses of the higher value?—Yes, I do. I advocate that there should be an Inhabited House Duty added to the resources of the borough, and I advocate it with the idea that those inequalities would not be very material, and would not do much harm. In doing that it does not seem to me that it differs very much from the principle that has already been adopted in transferring to the local authority a portion of the probate duties and licence duties. If you go into the detail of those licence duties you will see that there must be some inequalities: for instance, the beneficiaries under large estates have to contribute more to local taxation than other and poorer people. If you analyse what already exists there must be inequalities, and I submit there will be inequalities, and this use of the Inhabited House Duty would not add materially to the already existing inequalities.

1567. Inasmuch, then, as the application of the Inhabited House Duty to local purposes would be attended with inequalities as regards the extent of relief given, do you see any great want of equity in those inequalities?—No, I do not.

1568. (*Chairman.*) I want to ask a question on behalf of Sir John Hibbert. You have mentioned in paragraph 19, and it has already been the subject of some question that under section 266 of your Improvement Act, it is lawful for your corporation to "levy the amount of such rate or any part thereof by distress and sale of the goods and chattels of the person neglecting to pay the same"?—Yes.

1569. You told us about the procedure to carry out that section, which I understand was something like this: that the town clerk, acting under the authority of the council, simply signed a warrant and it proceeded to be executed?—That is so, after a previous demand, as I have mentioned in evidence, having been served.

1570. How many previous demands in writing do you make to the ratepayer before this process is had recourse to?—A great many; I could not tell you quite how many, but after all the ordinary "duns," if I may use the word, have gone to the ratepayer.

1571. At what date in the year is your rate levied?—In June we lay the rate.

1572. The council resolve upon it, in what month?—In June.

1573. When is the first notice sent to the ratepayer?—Within, I should say, three or four weeks.

1574. Now follow it out; supposing a man is liable to pay a rate of which notice is sent soon after June,

Mr. R. E.  
Fox.

25 Mar. '97

Arrears of rates in Blackburn. Special summary powers of distraint under local Act.

Procedure in carrying out, time allowed, and notices given.

*Mr. R. E. Fox.*  
25 Mar. '97  
at what period of the year do you arrive at the point when the town clerk issues the warrant for distress?—In general cases, without considering those exceptional cases I have mentioned to Mr. Clare, somewhere about December.

1575. Within about six months?—Yes.

1576. And during that time he will have had three or four notices to pay?—Yes, at least.

1577. Has he warning beforehand that this process is to take place at sight of the town clerk?—Yes.

1578. In writing?—A form of demand is served upon the ratepayer about 12 hours before the rate collector will come to me for a distress warrant. That demand states the arrears which are owing, and the rate collector intimates to him at the time personally and verbally if he sees him, of course—there may be times when he does not see him—that a distress will be issued on the following day. I am sorry I have not got the form with me.

1579. From your description of the process it does not seem to me quite certain that the individual will always get definite notice that this process is to be gone through; I understand that he does if the officer finds him, but in the event of his being out at work and the officer not finding him, is it possible that the warrant can be issued without his having an opportunity of appearing?—I do not think it is possible, but it might happen. I can imagine a circumstance where it might

happen as a very exceptional thing, but, speaking generally, it is not possible.

1580. As a matter of fact, do they appear before you?—No; as a matter of fact they do not. I do not think I ever had a case during the five years I have been there. You know the custom has been prevailing in the town for 25 years, and they all understand it.

1581. Please do not assume that because I am putting these questions I am necessarily hostile; I am only anxious to elicit the information on behalf of Sir John Hilbert. Now, take this comparative statement of the collection of general district and poor rates\* into your hand and look at the column headed "Discounts and compositions," (col. 5), which has already been the subject of some questions. You will observe that the discounts under the general district rate remain pretty constant right through the whole of the five years, and that they hardly vary?—Yes, that is so.

1582. It is not so as regards the poor rate; in the first two years of this quinquennial period that item remains pretty much the same, and for the next three years it also remains pretty much the same; but between the second year and the third year it rises by about 1,000l.; how is that accounted for?—I am afraid I cannot account for it.

1583. Perhaps you will look into it, and if you can find it out you will be good enough to add it to your proof?—Yes.†

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

## FIFTH DAY.

Friday, 26th March 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Viscount EMLYN.

The Right Hon. J. B. BALFOUR, Q.C., M.P.

The Right Hon. Sir J. T. HIBBERT.

Sir E. W. HAMILTON, K.C.B.

C. N. DALTON, Esq., C.B.

H. E. CLARE, Esq.

T. H. ELLIOTT, Esq.

ARTHUR O'CONNOR, Esq., M.P.

E. O. SMITH, Esq.

JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. WILLIAM JOHN JEEVES called and examined.

1584. (*Chairman.*) You are the town clerk of St. Helens, and are one of the gentlemen who have been delegated to appear here by the Association of Municipal Corporations?—That is so.

1585. This paper which I hold in my hand is the memorandum which you have been good enough to prepare for us\*?—That is so.

1586. How long have you held your present office?—As town clerk since 1st January 1891; I was deputy town clerk three years prior to that; and before that I had some years' experience of the non-county borough of Peterborough.

1587. As you correctly indicate, the assessment for the poor rate is really the basis of all rating?—Quite so—absolutely.

1588. And the poor law union is the area of that assessment?—Yes.

1589. I will ask you in the first instance whether you think that the poor law union is the best unit to take for the assessment, or whether you would suggest any other?—I would say in answer to that that it seems to me the only possible unit, because, generally speaking, the union is the largest unit over which there is a common assessment, and what strikes me is that you must

have an authority for the whole of the largest area over which there is a common rate.

1590. By that answer I understand you to exclude the idea of making the area urban and rural respectively?—For my own part I do not see that that is possible where a borough forms part only of the union.

1591. Assuming that it would be possible to alter the boundaries so that the more important boroughs were not in more unions than one, do you think the reform which I indicated in the question would be a wise object to aim at?—From a practical point of view I should say that I do not see any great advantage in it, if the assessment committee of the larger union had representatives of the corporation upon it.

1592. Your suggestion for alteration, I take it, is that the municipal representatives should have power to see that the union assessment is fairly compiled?—Quite so.

1593. Would you like to elaborate that in any way and give me any further suggestions?—I would like to point out, particularly with regard to the present assessment committee of the union, that there is a considerable variance in practice in the allowances made for deductions from gross to rateable value. I

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 17 (Table I.).  
† *Ibid.*, p. 16 (par. 24).

*Mr. R. E. Fox.*

25 Mar. '97

Discounts and composition Blackburn amounts of.

*Mr. W. J. Jeeves.*

26 Mar. '97

Poor rate, the basis of rating.

Poor law union, the area of valuation.

Assessment; the best area for, the poor law union.

*Mr. W. J. Jeeves.*

26 Mar. '97

Assessment. Boroughs in two unions, representation of urban and rural interests secured by representation of corporation in assessment committee.

Mr. W. J. Jeeves. Will hand in a table showing the variations in ten unions from which I have particulars.\*

26 Mar. '97 1594. Ten different unions in the same county, for example?—No. I have taken four unions in Yorkshire, two in Nottinghamshire, and four in Lancashire.

1595. What is the common test which you apply to all these unions from which you deduce the differences that you object to?—The common test, of course, of assessment is letting value, which must be arrived at on the particular facts of each case, but then when you come to deal with the rateable, certain varying deductions are made for such things as repairs, insurance, and that kind of thing, and those deductions vary very considerably in different unions.

1596. You admit the necessity for having some exemptions?—These are not exemptions; these are deductions which are made from the gross rateable value.

1597. Is it your view, that there should be no deductions, using the term in the narrower sense which you have just attributed to it?—No. I think deductions are necessary.

1598. Perhaps you would name the deductions?—I am talking exclusively for the moment of deductions from the gross estimated rental in order to arrive at the rateable value. Taking the letting value as arrived at on the particular facts of each case to be the gross estimated rental in two unions, and suppose it were of cottages, the deduction in one union that I have here is said to be 25 per cent., in order to arrive at the rateable, and in another union it is only 15 per cent. The effect of that would be if one borough were in the two unions, that one lot of property would be having a lower assessment and the other a higher assessment; one part of the borough would, therefore, be paying more in rates than they should, and the other part less.

1599. Do you see your way to making those deductions statutory and universal?—I think from the table I have of them that that would be perfectly possible.

1600. And fixed and stereotyped by Act of Parliament?—I think that would be possible from the actual table that I have of them.

1601. Is that a suggestion which you make to us as a practical proposal for reform?—That was not a point to which I had directed my attention, and I answered your question from the table that I have here. My idea had been that these deductions did not very much matter in different unions so long as two unions did not meet in another area of common rating.

1602. That, I think, everybody will agree with; relatively speaking, it does not matter so long as they are domestic to the union, but the moment that parts of two unions have to be rated for the common purpose your criticism is clearly a good one, that it is not fair as between the two different unions. But I should like to get from you some suggestion as to how that difficulty can be met short of enforcing one scale of deductions by statute?—In a case of that sort, where two unions do join in the middle of a borough, it seems to me that you might get over it apart from the statutory provision you refer to by having a joint assessment committee for the two unions.

1603. The county authorities would, of course, have also to be represented on that committee?—I do not think the county authorities would, because the county assessment is a separate assessment for county purposes.

1604. I suggest to you that some authority outside the borough must also be represented upon the assessment committee, so as to secure uniformity as between two unions which are in the assessable area outside the borough?—That authority, I take it, would be the board of guardians at present.

1605. The district council?—Yes, the district council in other words.

1606. You think that would meet the difficulty?—I think that would meet the difficulty.

1607. (Sir John Hibbert.) I do not think you are right about the district council; they have no assessing powers?—What I understand the Chairman's point to mean is this: that practically he would have for a particular union an assessment committee made up of representatives from the urban district councils, in which I include the boroughs, and also from the rural

district council, instead of having, as now, an assessment committee appointed by the whole board of guardians which represents the whole area, and then giving additional representation to the urban district council, because, as I understand the suggestion, that might give the urban too great a preponderance.

1608. (Chairman.) That suggestion that you have just indicated has been made to us already and has been criticised in this way—that it would make the assessment committees too large in size, and cumbersome in working; what have you to say to that criticism?—I do not think it would be so, because the rural district council is made up of representatives from a whole lot of townships, which are practically the same as wards in a borough. The suggestion does not mean that each township shall be represented, but that a certain number, representative of those rural townships, shall be appointed by the council for the whole rural area.

1609. To sum up that part of your evidence, what I understand you to say is that the main object to be aimed at by one method or another is to secure, as far as possible, uniformity of valuation in each area that is rated in common for any particular purpose?—That is so.

1610. Do you or do you not mean to interfere with the parish as the smallest unit for assessment purposes?—For my own part I see no necessity to interfere with the parish in a borough, except for the purpose of amalgamating the parishes in that borough, and I should have something to say with regard to the way in which the officers of the parish should be appointed in the borough.

1611. Would you not say it now?—Certainly. My view is that if you consolidated all the parishes in a borough, and make one parish for the whole, and then you give to the council of that borough the powers of the vestry together with the power of appointing overseers and assistant overseers, and also give to the council the power to delegate to the overseers, so to be appointed by them, the power of the collection of urban as well as poor rates, you effect all that can be effected, and all that need be effected in the way of economy and efficiency both of collection and of assessment. Instance St. Helens, where in effect this state of things exists, under the provisions of a Local Act, the result being increased efficiency and a saving of 700*l.* per annum in administrative expenses, as set out fully in paragraph 15 of my memorandum.

1612. You wish to have one collecting authority to begin with?—Yes.

1613. What do you desire that that collecting authority in a municipal or urban area should be?—I should say that it should consist of overseers with executive assistant overseers, such overseers and assistant overseers both to be appointed by the council; and in the term assistant overseers I intend to include rate collectors.

1614. To that extent it would be a supersession of the parish?—Then every borough would consist of one parish—it would be the borough and township, or the borough and parish of—the name of the borough.

1615. We know that the actual valuation list upon which the rates are levied is an annual creation, but we have been told that in many cases the same list goes on from year to year with just the minimum of alterations that may be absolutely necessary, as some individual feels aggrieved. Would you explain to me what the system in St. Helens is?—It seems to me that to a large extent the system is described by your question. Many years ago there was a new valuation list, and since then new property, and also alterations in existing property have been dealt with by means of supplemental valuation lists. Upon the consolidation of the townships in 1893, the working effectiveness of this arrangement was found to vary in the different townships.

1616. Do you think that a satisfactory system?—I should say there should certainly be provision for a periodical re-valuation.

1617. At what intervals?—I do not think that periodical re-valuation need be every year; I should say, perhaps, a period of from three to five years for re-valuation, and dealing with any alteration in the meantime by way of a supplemental list would be sufficient.

1618. What is the system in force in St. Helens as to the compounding for the payment of rates?—We now, under a local Act passed in 1893, have power to make the same allowances for our corporation rates as are

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Deductions, variation in amounts allowed in different unions.

Deductions could be, of fixed amount by statute.

Deductions. Uniformity in amounts as between two unions forming parts of a borough secured by the creation of a joint assessment committee.

Assessment. Consolidation of parishes in boroughs. Appointment by council of one collecting authority for all rates.

Valuation lists. System of annual revision but not of annual re-valuation.

Valuation lists. Periodical re-valuation desirable.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 53.



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made for the poor rates; and having also the powers of the vestry, we regulate the allowances that are made on the poor rates, and we make one uniform allowance for all rates on properties not exceeding 10*l.* in rateable value 15 per cent., and a further five per cent. in respect of empties.\*

Compounding, system of, in St. Helens. Uniform allowances in case of corporation rates as well as poor rates under local Act.

1619. Do you find the different scales of compounding which are prescribed in different Acts of the present time a source of inconvenience to you?—I should say that, taken altogether, the high allowances that have to be made in many cases are prohibitive. At St. Helens up to this Act of 1893, we had provisions under the local Acts to make practically the same allowances as under the Public Health Act; those allowances were considered to be much too high, and therefore, we did not put them into operation; we simply gave a discount under another power to property under 10*l.*

Compounding. Advantages of system.

1620. You approve in principle of compounding, I understand?—Up to a rateable value of 10*l.*, certainly.

1621. What do you consider the arguments in favour of it?—The point is, that the landlord first of all takes the responsibility—he is in the position of a guarantor; and secondly, he has to collect these payments weekly or fortnightly, as the case may be.

Compounding. How far a movement in rates affects rents, and how far are occupiers paying no rates interested in the administration of local affairs, and how far do they take the same view as the owners.

1622. Do the lessors, in any practical number of cases, divide, for the information of their tenants, the sums they collect into the two items of rent and rates?—Not that I ever heard of.

1623. So that the occupier, as a fact, does not know whether the rates are rising or falling?—No, except this, that I believe there was a case where the rates went up when they put the rent up so much a week; but unless the rates go up so much, and there is a sufficient unity among property owners to make a general rise of so much a week to meet that, the occupiers do not know.

1624. You would, of course, agree with me in this, that the power of the owner to make that additional charge would depend entirely on whether the demand for house accommodation was slack, or whether it was the reverse?—Clearly.

1625. So that it really rests rather upon the ordinary supply and demand than on the consideration of whether the rents are actually rising or falling in any particular term of three or four years?—To a very large extent that is so.

1626. You say, to a very large extent; to what extent is it not so?—You constantly meet now with what are called Cottage Property Owners' Associations, and I think where there was a sufficient association among owners of property of that class they might make arrangements among themselves whereby rents were to rise slightly, or to fall slightly, on an increase or decrease in the rate.

1627. Do you feel able to express any opinion as to whether a system, under which so many of the smaller occupiers have practically concealed from them the movement of the rates, tends to economy of administration or the reverse?—I can hardly answer that question directly, but I should say that the people who make the greatest amount of fuss when any rates rise are the cottage property owners.

1628. Are they numerous enough in St. Helens to have any real weight in elections?—I should say certainly they are in St. Helens, because it is a manufacturing town, and in almost all towns, I should say, that would be so, because, whatever may be the actual fact, the cottage property owner, when there is any chance of raising the rate and so on, takes care to operate on his tenants, and his tenants are voters, and therefore, you may take it that in most cases the occupier very foolishly takes the view of the owner.

1629. When you suggest, as I see you do, the abolition of the allowances to railways, may I take it that the word "allowance" means "exemption"?—Yes.

1630. Will you tell me why and upon what principle you make that suggestion?—I make the suggestion because I conceive no logical reason on which the exemption has ever been made.

1631. Are you familiar with the principle which has been more than once alluded to before this Commission, and which is to be found in a judgment, I think of Chief Justice Erle, that there should be some measure,

\* The witness states that power is given under s. 114 of the St. Helens Corporation Act, 1893 (56 & 57 Vict. c. 215) to allow composition up to a rateable value of 15*l.*, but the Corporation need not go and have not gone to the utmost limit.

it may be a rough one, of consideration given to the question whether the particular property is or is not benefited by the rate which is levied upon it?—By that I understand you to mean that the exemption only applies to the lines and not to the fixed buildings such as stations and so on; is that so?

1632. Assuming that to be so, would you follow it out and give me an answer to my question?—I should say that the lines of a railway company are nearly analogous to fixed machinery in a manufactory for instance, and that the owner of the railway gets quite as much benefit from local expenditure as the manufacturer *qua* manufacturer does.

1633. Do you put it forward to me that the manufacturer is rated upon his profits?—He is not rated on his profits; he is rated on the things which he has attached to the land whereby he makes his profit.

1634. But the railway is rated upon its profits, is it not?—I should say that method of assessing railways is adopted, but I should say the net result of it is very much the same as in the case of the manufacturer. It is simply a method. You take the profit and you take certain deductions and so on, and you treat it in the same way as you do a gasworks or a waterworks; it is simply a method of getting at what is the letting value of that railway to a hypothetical tenant. But in the end, whether he be assessed on the profits by way of profits or not, he is assessed at the price at which it is assumed that any other person would be glad to take his property. I do not think it fair to say that railways are assessed on profits, because, among other things, you deduct interest on tenants' capital—on the working capital as distinguished from owners' capital.

1635. You would, I suppose, agree with me that so far as possible the basis upon which every class of property is entered in the valuation list should be the same? I will give you an illustration: it would not be fair to assess the owner of one subject in a way which brings in profits unless you assess others upon the same principle?—The whole principle, I take it, of rating is to secure as far as possible uniformity among the various classes who have to pay.

1636. You agree with that—it is your desire to carry that into effect?—Certainly. Then I would like to further point out with regard to railways that, when you take the gross profits and you make the statutable deductions, and so you work up to the letting value, it has to be remembered that not only the net profits but the gross profits of a railway company are made out of land and out of the people in the country, whereas in the case of a manufacturer only part of that is so, because in the greater number of cases he makes here and he finds his market elsewhere.

1637. Now we are going into rather too abstruse questions, and we may be liable to get into argument, but in the case of a railway, which has a large export trade, is your analogy correct?—It would only have a large export trade, I take it, by having ships and so on, and if they have their ships and steamers that part of their capital would not be assessed to rating.

1638. But if a railway carries a quantity of merchandise, which comes into London from abroad and goes out of Liverpool, is its trade not an export trade in the same sense as the manufacturer's that you gave me?—I should not say in the same sense, because they make it by transferring the goods along their lines of railway from one end of England to the other, and if the lines were not there they could not have had that business.

1639. In the last paragraph of the summary of your memorandum, you make a plea for what I think I must call "additional Imperial aid to local taxation?"—Quite so.

1640. Would you develop that for me a little; what are the reasons on which you ask for it?—The reasons I should sum up in the fact that although of course the power of rating theoretically is unlimited, practically that is not so. The increase in rating has been so heavy and still goes on that you may say as a practical question that the limit of rating has been reached. Take the case of lunatic asylums, which I particularly mention as an instance; the increase in the cost of lunacy to the local authorities has been very great.

1641. Have you ever thought out in your own mind the possibility of making a distinction between those rates which are rates of purely local concern and those in the expenditure of which the community in its larger aspect derives benefit?—I scarcely know how to answer that question in that form. What has struck me about a great deal of the expenditure, such things

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Local taxation requires more aid from Imperial sources.

Rates in respect of national and local matters distinguished.

**Mr. W. J. Jeeves.**  
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for instance as lunatics, police, education, the maintenance of the poor, and so on, is that they have seemed to me for a long time to be largely questions of national concern and not merely of local concern, in the same way as such things as baths and free libraries and sanitary administration are things of local concern.

1642. I can quite understand differences of opinion about putting rates upon one side or upon the other of the dividing line: it is obviously a matter requiring great care, and I do not wish to discuss the position with you of whether any individual rate should be on the one side or the other, but rather to draw from you whether you have thought out any principle which could be applied by the Commission in deciding between those which should go into one category and those which should go into the other?—I should say there is no general principle that would apply, unless you can call it a general principle, that as things stand now the Government have recognised that in certain matters they ought to pay a part of the expenditure.

1643. But the idea of the Government aid has proceeded in the past upon two considerations mainly, has it not, one that you suggest, of whether the thing to be aided is of Imperial or local concern, and the other, whether the burden of the thing which is even of local concern should or should not rest upon one class of property in the locality?—I should have been inclined to say that the only instance of that second principle was the Agricultural Rating Act.

1644. Would you not say that the aid to roads proceeded, for example, upon the sort of feeling that those who have large personal property and not much real property should contribute even to local roads in a greater sense than by mere rating?—Only a limited contribution was made to what are known as main roads, and that contribution was confined to main roads. As I understand it, the principle on which they proceeded was that, in the interest of the community as a whole it was desirable to maintain thoroughly good thoroughfares from one end of the country to the other, and because it was for the good of the community as a whole, rather than solely of the localities specially concerned, contributions were made.

1645. I should like, without leading you, which I do not wish to do, and without indicating my own opinion at all, to draw from you your opinion as to whether you think it fair and equitable that real property should bear to so large an extent as it does now directly, the burden for such things as police, education, and other things of a similar kind?—In answering that I think I should have to give you the answer in my personal capacity, and not in my representative capacity, because the Association decided that we should simply, as their witnesses, lay before you the existing state of things, and leave any deductions to be made by others. My own personal opinion is, as I have said, that for purely local purposes the possible limit of rating has been practically reached, and therefore it becomes necessary in certain matters to give additional aid to the locality, and I take it the logical deduction from that view is that land, as represented by land and houses, because that is really the assessment, ought to have relief.

1646. Make, if you can, a little more distinct for me what you mean by the limit of rating?—I mean to say that if the localities generally speaking were to endeavour to raise their rates much, the local works for the good of the community must of necessity suffer. The particular method by which rates are now made seems to me to be such that the people who pay these rates have been taxed to the full extent to which they will allow themselves to be taxed. That is the effect of it, because after all they control it, and they control it through the expenditure.

1647. Do you see, from your experience in dealing with people in your community, an increasing objection to the rates that are imposed, and to any increase of them?—I do not think I would say that specially of my borough, but I would say that certainly of many other boroughs of which I have considerable knowledge from following their proceedings. There are particular reasons why that is not specially true at St. Helens. Through this particular Act of 1893 we were able to knock a penny in the £ off in administration expenses, and one or two special things of that kind. Up to the time we were able to convince them we were having the most economical administration it is possible to have, there was an objection, and a very strong objection, and if that objection had gone on I

should say that a class of people would have come into the council who would have made the work of the community exceedingly difficult to manage.

1648. Can you at all fix an amount per £ above which the feeling against an increase of rates would be liable to increase with greater rapidity?—That of course must depend to a certain extent on the class of properties that have to be assessed; I mean it must to a certain extent depend on the different boroughs. I will explain what I mean by an illustration: Sheffield, I believe, has a rate of nearly 8s. in the £, we in St. Helens have a rate of about 4s. 5d. I do not think St. Helens would have been St. Helens if we had anything like 8s.; and if we were to have anything like 8s. in St. Helens now you would close a good many of the works, and instead of it being an increasing town it would become a decreasing town.

1649. Do you think that the amount of rates per £ and the probable fluctuations of them are seriously considered by those who are going to live in any particular district, or those who wish to carry on any trade in it?—Where it is a question of living, your question would only apply to residential towns; but as to the other points I think it is most clearly considered; certainly in Lancashire the question of getting low rating, cheap water supply, and cheap gas are essential conditions to the carrying on of a manufacture.

1650. You have just given me the incidents which I wanted: cheap water and cheap gas, and the method by which they are provided are clearly rates—if I may use the expression—of benefit rather than of rates of burden?—It works out so in the case of gas works emphatically; it works out so to some small extent in the case of waterworks, but in many cases, in order to get a cheap water supply the ratepayers will bear a burden, *qua* ratepayers, in order to keep manufacturers who particularly depend on their water supply, in their particular area.

1651. You gave me a moment ago—and I take your own figures—a contrast between St. Helens, where the rates were about 4s. 5d. in the £, and Sheffield where they were nearly 8s. in the £; surely before you can estimate which of those two communities is the most heavily burdened you must split up these rates and find out how much the component parts of them in each case are rates which add to the use and the enjoyment of the property, and how much they are rates which do not?—I should have been inclined to answer that by saying that, as a matter of fact, the opinions of a people who live in a town are such, nowadays, that you have got to have very much the same benefits provided by the different authorities in those different localities—I mean to say you must have free libraries, you must have baths, you must have proper sanitary administration, you must have efficient police, you must have good lighting, and so on.

1652. The poor rate may vary very much?—The poor rate may vary, but I was speaking of the borough rates when comparing benefits in different localities.

1653. But you see of course that for the purpose which I have been taking, we must not take only the borough rates. The limit of rating cannot apply to the borough rates to the exclusion of rates which are levied by other authorities; if you talk of such a matter as the limit of rating being reached, you must surely take into account the gross amount of rates which are imposed upon any hereditament regardless, comparatively speaking, of the authority who imposes them?—I have done that up to the point of comparison; then when I came to the point of comparison I said that, so far as urban rates are concerned, you must take it that, except in the exceptional case of a particular borough having to bear a burden of its rates in order to get a cheap water supply—except in such a case as that—the benefits to one community are much the same as the benefits to another. With regard to the poor rate that, I have suggested, is a matter of national concern, and one great reason why I should say that is that there is great variation, and I see no reason why one particular community should have so much more to pay for the maintenance of the poor than another.

1654. But is that not one of the things which, of all others, depends most upon economy and judgment in administration?—It depends very largely upon policy; e.g. you may have the policy of indoor relief or the policy of outdoor relief.

1655. Quite so; I take that, but is that not the thing which is in the control of the community, which would

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Rates of benefit and rates of burden.

Rating for local purposes, limit reached, therefore land and houses from which rates are derived should have relief.

Increase of rates. How far objected to by the community.

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Poor relief expenditure should be contributed to by Government and controlled by it to a considerable extent, but not entirely.

Returns prepared by the Association of Municipal Corporations.

ating in than districts. ow far gh rates and the derprise f manu-cturers ad the eneral prosperity f manu-cturing wns.

have to bear the burden of its recklessness or the reverse?—What I should say is—this, again, is my personal opinion—that the very fact that certain communities are entirely reckless, as you put it, is an additional reason why the State should bear the cost, and in bearing the cost, largely regulate the policy to be followed. I do not suggest that the State should pay more to one particular locality than to another, but I suggest that they should bear the cost, and, as I say, in bearing the cost, they should practically control the policy relating to that particular item.

1656. Do you suggest that the policy to be pursued in a matter of Poor Law administration is to be regulated by the central authority under the control of Parliament?—I think I should say, personally, I should consider that would probably result in an advantage, because there is, as I say, this very great variation in the rating; and it seems to me, in a thing of that sort, it is very hard for the people in a particular union to be rated in one particular manner, and the people in the next in another.

1657. There may be cases of great individual hardship, but they have been, to some extent, neutralised and rectified, as for example, by the equalisation of rating over the Metropolis for Poor Law purposes, with which, no doubt, you are familiar?—Yes.

1658. Do you not think that the feeling that bad administration will tend to raise the rates is a most powerful factor in tending to wise administration in such a matter as the poor rate, and that you would lose that check if Parliament were to accept your theory of a limit of rating, above which assistance was to come from the Imperial Exchequer?—What I should say with regard to that is, that by my suggestion, you would get the benefits of both. I do not suggest that the Poor Law administration should be entirely taken out of the hands of the community. That, I think, would be quite wrong, because you would lose the advantage to which you now refer; but I suggest that the thing should be, if possible, so arranged, that you should have the benefit, as far as possible, of one uniform policy, and also the benefit of the economical administration locally of that policy.

1659. I understand that Mr. Goring Pritchard, the Secretary of the Association of Municipal Corporations, has sent you this buff paper with the request that you would hand it to the Commission\*?—That is so.

1660. It is a series of tables made up from returns received from 140 towns?—Yes.

1661. Application was made to all English and Welsh towns, but only 140 returns were received?—That is so.

1662. Do you wish us to ask you questions in regard to these figures; are you prepared to speak to them; or do you make yourself in any way responsible for the return?—I am prepared to speak to them, if I am desired to speak to them. May I at the same time hand in another paper† on behalf of the Association of Municipal Corporations, namely the returns as to the actual practice with regard to compounding and compounding allowances in local rating. As to these returns again application was made to every borough in England and Wales; 160 answers were received, and for these returns, and the summary of them, I make myself personally responsible, as I got the returns for the Association.

1663. (Sir John Hibbert.) As I understand all your remarks with respect to rating have reference rather to the urban rate than to the poor rate?—With reference to the machinery of townships and so on, that is so, but not otherwise.

1664. I refer more to the burden?—I mean burden of all rates—urban and poor. In the two instances I gave of 4s. 5d. and 8s., I have included all local rating.

1665. You state that you think that a man in seeking a place in which to work would rather go to a town in which the rates are low than to a town in which the rates are high, would that principally apply, do you think, to the various towns in Lancashire?—Not the man who desires to live there, but the manufacturer who desires to establish his works is what I referred to. What I said was that as to the pure living; that related to residential towns purely.

1666. I wish to know whether you consider it to apply to such a town as Preston, where the rates are considerably higher than in any other town in Lancashire?

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 18 to 46.  
† *Ibid.*, pp. 54 to 56.

—There again, if I give you my personal opinion, I should say that Preston would have been a much more flourishing town to-day if the burden of the rates had been less.

1667. Has not Preston increased in population very largely during the last 10, or 20, or 30 years?—It has increased, but I should say not to the extent which, from its geographical situation, it could have increased, considering the increase that has taken place in other communities.

1668. Has St. Helens increased largely?—St. Helens has increased very largely—about 15,000 in each decade for the last two decades.

1669. With respect to the poor rate your suggestion is rather that it should become a national matter than a local matter?—To some extent.

1670. Would that not, as they are both places with very large poor rates, cast a very great burden upon the taxpayer of the country, supposing you were to cast it upon the nation instead of the locality?—Of course it transfers the burden from the locality to the general community.

1671. But is there not an advantage in the present system that where you have bad administration and high poor rates the people themselves of the district have to pay for it?—I have said that there is an advantage in that, and I would endeavour to retain that advantage, but at the same time, even where there is thoroughly good administration on that and on all other rates, the rating has increased so much that relief, it seems to me, is required, and I suggest that the expenditure upon the poor is one of the items which may be said to be quite as much national as local in its character. I take it that, properly coupled with any special grant of that kind, there would be a certain amount of control over local administration, and I was quite prepared for that control.

1672. Would you be prepared to accept imperial interference?—It would depend on the form. I should say that imperial interference is in some cases good. Take education, for instance, imperial interference to the extent of its inspectors and so on is distinctly good, and provides to some extent for a general policy. Then the locality comes in on variations of that general policy, and if they want to vary that general policy, then I should say they should pay.

1673. It is not the fact, is it, that the poor rate has increased in any of the 30 unions in Lancashire?—I do not think I am in a position to answer that question, because things have so changed; I mean things that used to be paid out of the poor rate are now paid out of other rates.

1674. I am speaking of the poor rate as poor rate for the purposes of the relief of the poor?—I took the Local Government Board returns of, I think it was, 1885 and 1896, I think those were the two years, at all events there was a difference of 10 years. What I found was that taking the expenditure on the poor purely it had increased in those 10 years 20 per cent., while the rateable value had increased 10 per cent.

1675. Is not that increase principally caused by the increased expenditure upon lunatics?—I did not go into the details of how they arrive at the relief of the poor as distinguished from payment to other authorities. On the one side there were payments to other authorities, and I concluded that those would include payments for lunatics.

1676. If you take payments to other authorities, of course that is a very different question?—I assumed without looking, and I cannot say whether I was right or wrong, that those payments to other authorities would include lunatics.

1677. How many parishes are there in St. Helens?—We had four.

1678. Have you consolidated them?—We have consolidated those four.

1679. Under the Act of 1834?—Under the Act of 1834.

1680. Have you also under that Act obtained a transfer of the powers of overseers?—I should like to say here that the Local Government Board very much opposed what we asked for, that was that the corporation themselves should be the overseers, but the police and sanitary committee considered that we made out our case, and they gave us the powers. When I came to go into settling the clauses, and

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Poor rate. Burden of should be partly borne by the nation, but local control should be retained to some extent.

Poor rate in Lancashire, how far an increase

Consolidation of parishes in St. Helens.

Overseers, transfer of the powers of, at St. Helens. Advantages of.

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bearing in mind certain correspondence I had had with the town clerk of Birmingham, who pointed out to me the difficulties which Birmingham had considered there might be in such a case, I came to the conclusion that the best thing would be to take the power of appointment of overseer and assistant overseers, and we took that power; at the same time the power of the vestry was also transferred to us.

1681. You have been working under that power?—We have been working under that power since 25th March 1894.

1682. Would you say from your experience of it that it is a desirable thing to make that general and applicable to every borough in the country?—Unquestionably, and I would go further and say that, so far as the work in relation to the union is concerned, I should be borne out by the clerk to the union. The work is done more efficiently and more economically.

Com-pounding under local Act at St. Helens.

1683. With reference to the evidence you gave about the composition under your local Act, that is the same as under the Act of 1869, is it not?—Yes.

1684. Before you obtained that Act, had you many defaulters amongst the smaller class of ratepayers?—We had not, because as a matter of fact we had the power of discount which we gave to the people who would have been entitled to composition, if they paid before a certain day, and they generally did pay.

1685. Then you were not obliged to issue any large number of summonses for non-payment of rates?—Not any very large number; it was nothing to occasion remark.

Com-pounding. Advantages of system.

1686. Are you aware that in towns where they have no power of composition in respect to the borough rate, there is a considerable grievance as to the number of summonses which are obliged to be issued yearly?—That is so, and from knowledge of the facts I should say it must be so.

1687. So that, of course, you would agree that this system of composition is a great relief of itself for the poorer class of ratepayers?—I should regard a system of assessing owners in some form or other, either with or without composition, or with or without discount, as really essential in the case of the smaller owners of property.

1688. Would you consider that the assessment of owners in the smaller class of properties is a considerable advantage to the occupiers of those cottages in saving them, from the necessity in the case of non-payment, of being brought up almost yearly before the magistrates?—In that sense, certainly.

Com-pounding. Adoption of principle should be voluntary on part of locality, but there should be a uniform limit of rateable value.

1689. Would you recommend that some compulsory system of composition should be applicable to urban rates as well as to the poor rate in all places?—No, I say that you should have one set of conditions applicable to all rates when you go in for composition and one authority to regulate them, but I think the question of whether there should be composition or not must be left to the locality.

1690. You would leave that to the locality?—I would do so. All that I say is that you should have one general principle, that is to say, one limit of rateable value, and one general set of conditions which the locality adopt, and I suggest, and the Committee of the Association suggested, that the rateable value should be not to exceed 10*l.*, that is to say, practically, the same as the Public Health Act, and not the same as the Union Assessment Act, and that the provisions of the Union Assessment Act as to the allowances are elastic and good; and should be made to apply to all rates. It should be left to the locality first of all to say whether they will put them into force, and secondly to say the extent to which they will put them into force.

Valuation. Boroughs in two unions. Representation of joint interests of unions and uniformity secured by representation of corporation on assessment committee.

1691. With respect to the assessment committee, you have suggested that in boroughs which are in two unions there should be either a joint assessment committee, or that there should be representatives from the borough upon the assessment committee to each union, have you not?—I suggested that there should be representatives and a joint assessment committee as well.

1692. You combine the two?—Yes. I say where there are two unions and one borough the principle of assessment in both those unions should be the same, and in any case, whether a borough be in one or more unions, I suggest that there ought to be representatives

of the corporation upon that assessment committee, largely because the rates which the corporation require are very much heavier than those of the Poor Law, and therefore the corporation have by far the greater interest in the assessment.

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1693. Do you approve of the proposal, which is very largely supported, of having one assessment for all purposes?—Would you tell me quite what you mean by that?

1694. At the present time there are various assessments—assessments for poor rate purposes, assessments which can be made by a municipal borough if they think proper to have their own valuation, and also assessments for imperial taxation; would you support the idea of having one assessment for all purposes in which the representative of the State should be allowed to take part?—I would prefer to confine myself to all questions of local rating, and with regard to that I say that one assessment is distinctly desirable for all rating purposes, and that the means by which it is arrived at should be made such as to make that assessment perfectly fair. I might just say here that, from my experience of the assessment to the inhabited house duty, if the imperial authorities were represented, I have very little doubt that assessments would be much higher than they are in many cases. I may say that particularly, because, recently, when we took over these powers under the local Act to which I have referred, we had a new valuation for the whole township, and we found that in public-houses particularly, the assessment to the inhabited house duty was very much higher than the assessment to the poor rate. In that particular item we raised the total assessment 36 per cent. without any appeals to quarter sessions—there were certainly appeals to the assessment committee, but after those appeals to the assessment committee, the result was as stated.

Valuation. One valuation desirable, but county rate committee would still be required.

1695. Are you aware that the system which I have been suggesting is in operation in the metropolis?—I know that it is in operation, but I do not know how it is worked; I do not know anything of its working.

1696. It is quite true that the assessment may be higher, but would it be any injury to the ratepayer if the assessments were higher uniformly in every place?—I do not know about the occupier, but from the point of view of the authority it would be an advantage rather than otherwise.

1697. If the assessments were higher, would it not end in a lower rate per £?—It would end in a lower rate, or in rates not being increased as the case might be.

1698. At the same time would you approve, if your plan was carried out, of retaining the county rates committee of each county, so as to attain a greater uniformity throughout the county?—It seems to me that if you are to have county rating for particular purposes, you must have an assessment which is shown to be arranged on lines common to the whole county, and therefore you must keep the county rate committee alive.

1699. Supposing that you were to retain the county rating committee as an assessment committee for all purposes, could you not have in that committee representatives of the various urban authorities?—Do I understand that to mean that you would make the county rating committee as thus constituted the present union assessment committee, so to speak?

County rating committee might be assessing authority for all purposes.

1700. Yes, for all purposes?—I should see no objection to that. You would then have, of course, to keep your township authorities or your borough authorities alive to do the local work.

1701. Of course?—I should see no objection to that.

1702. You are aware that the county rating committee from time to time revise the county rate, and that they visit all the boroughs in the county for the purpose of obtaining a uniformity of principle throughout the county?—Is not that uniformity practically arrived at in the county assessment by taking the gross annual value to the poor rate and making uniform deductions for woods, and so on?

County rate. Periodical revision of county rating committee. Gross annual value taken. Uniform deduction made.

1703. Is it the case that uniform deductions are made?—I am talking of the theory, and theoretically I should say yes in the county assessment, but how that works practically I do not know.

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1704. I understood you to state that owing to the deductions which were made upon the gross value great want of uniformity resulted; you said that in one union 25 per cent. was deducted on cottage property, and in another only 15 per cent., and that there was a great want of uniformity?—Clearly.

1705. Is it not necessary to have one controlling body of some kind so as to arrive at a uniform system throughout counties?—I said that it is necessary to have one controlling authority for the union, that is the union assessment committee, and if you are going to have county rating and not make the county take the place of the union assessment committee, you must keep the county rating assessment committee alive for the very purpose of the deductions. They take the gross rateable value and then they apply uniform deductions for the same class of property throughout the county.

1706. Supposing you leave the power to your assessment committees, amended as you suggest, would that plan obtain uniformity throughout an area like the county?—No, you would have to keep the county assessment committee alive, in my opinion, unless of course the Chairman's suggestion—though I do not want to call it suggestion—of the possibility of uniform statutory deductions were carried out.

1707. Are you aware that in the Bills that have been introduced for one assessment for all purposes there has been always a schedule of deductions?—I was not aware of that.

1708. And that that is so with respect to the metropolis?—I know that is so in the metropolis.

1709. (Mr. Elliott.) I gather from the concluding paragraphs in your memorandum that you think it desirable that a portion of the burdens which have hitherto been borne by the ratepayers according to their respective localities should in future be borne by the taxpayers as a whole?—Yes, I certainly suggest that.

1710. Do you think that will result in a more equitable distribution of the burden?—I should say it would result in a more equitable distribution of the burden, and looking at it from a local point of view, as to the possibility of administration, it is largely necessary.

1711. Would you give me a little in detail your reasons for thinking it would constitute a more equitable distribution of the burden?—I do not know that I can give any further reasons than those that I gave the Chairman.

1712. I think in answer to the Chairman you said that you considered that many of the objects for which local taxation is levied were rather of a national benefit than of a purely local benefit?—Equally; I said they were quite as much one as the other.

1713. Would it not follow then, if your answer is that it is only just as much benefit to the nation as a whole as to the locality, that there would be no more reason for placing the burden upon the nation as a whole than upon the locality?—I should say no, because my suggestion was that by placing it on the locality you place unequal burdens on different localities at times, and to the extent that they are quasi-national the burdens would be more equally borne if they were borne either wholly or partly—partly, is rather what I suggest—out of national taxation. In that sense it would make the burden more even.

1714. Do you favour the transfer of taxes from the imperial to the local authority rather than further contributions towards the expenditure of the local authority?—The idea, I think, of the committee whom I represent is that it would be a distinct advantage if there was something that was absolutely given to us which we could feel was our own in respect to those particular matters, rather than grants.

1715. Would you suggest that the something should be the Inhabited House Duty?—I suggest that as a something; I do not say *the* something.

1716. Have you taken into consideration the fact that the Inhabited House Duty is a tax graduated according to the value of the properties charged?—Yes, I have said *a* instead of *the*, because I had understood that certain information was to be got by the secretary of our committee as to the amount of those taxes and as to the effect that it would have, and I have not seen that. That information has not been obtained. Without knowing the actual monetary

result, I do not suggest that the Inhabited House Duty of itself, and by itself, would be sufficient.

1717. Is it possible, then, that the result of that further information which is being obtained may be to modify the view which you have expressed on behalf of your association?—If I found the taxes sufficiently large it might turn "*a*" into "*the*"; I mean to say I might say we did not want to ask for anything more. But I do not think that would be likely. My impression of things is that the Inhabited House Duty of itself is not sufficient.

1718. May I at least put it in this way, that the suggestion is not a fully matured suggestion?—If the suggestion be taken as being the only suggestion, then it is not fully matured.

1719. And we may have further suggestions from your association on this subject?—I do not know whether you would have further suggestions from them. What they suggest at present is the general position that there ought to be further aid, and that that aid should be in the shape of the proceeds of specific taxes being paid over to them; and specially among those taxes they mentioned the Inhabited House Duty.

1720. Have you ever considered the possibility of securing greater variation in the way in which local revenues are raised?—From a practical point of view, yes. It has not seemed to me that any variation other than such variations as we already have in the shape of profits from gasworks and profits from waterworks occasionally, and profits from quasi-commercial undertakings are possible. To the extent that that is possible I would suggest that localities have done very much. With regard to that, I just roughly in the train last night took the rateable value of the 140 towns shown in the Association's return,\* and I took the total profits, or rather the profits of commercial undertakings in such of those 140 towns as had them, and I found that allocating those profits over the whole of the 140 towns they represented a rate of 3d. in the £ at the least, because you have to understand that a nominal penny rate does not realise the full amount.

1721. You would hardly, of course, suggest that those profits could be considered in the nature of taxes?—I suggest emphatically that they are in the nature of taxes.

1722. They constitute a tax on the consumers of gas for the benefit of the locality as a whole?—Clearly; and it should be stated that they constitute a tax on the richer portion of the community for the benefit of the community as a whole.

1723. You are aware, of course, that the Imperial revenue is raised in a great variety of ways?—Yes.

1724. And that owing to that fact, it is possible to raise a very large revenue without undue discomfort?—Quite so.

1725. Do you see any possibility of applying that principle of variation to local revenues further than it has already been applied in the way in which you have suggested?—By the local authority?

1726. Either by the local authority or by Parliament?—No, I do not myself, and it is because of that that I suggest that local expenditure and expenditure by local authorities should be aided by the proceeds of Imperial taxation. If it were desired I should see no objection to local authorities collecting any particular tax that might be allocated to them, but on rating pure and simple, I do not see any possibility of elasticity. As I tell you I should say the practical limit is really reached.

1727. You are aware, of course, that the proceeds of certain licence duties are now paid over to the local authorities?—Yes.

1728. Would you favour a proposal that those licences should be collected by local authorities?—There again I must answer you personally. There is a great variety of opinion, and many people seem to think they would like to have it so collected; for my own part I have never seen that there would be any advantage in that.

1729. Do you think it would be feasible to give to local authorities any power to vary those licences?—I should not suggest that it would be desirable

1730. To put before you an example: you are aware, of course, that a small duty is imposed in respect of a dog licence?—Yes.

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Profits from municipal undertakings regarded as taxes.

Rating limit of, has been reached.

Licence duties paid to local authorities. No advantage for local bodies to have the power to collect or to vary in amount.

Local taxation raised for matters of national as well as local concern, should be partly borne by taxpayers.

Inhabited House Duty, proceeds of, should be transferred to local authorities.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 18 to 41.

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1731. You are aware, of course, that opinion as to the propriety of keeping dogs in towns differs very considerably?—Yes.

1732. Do you see any objection to a local authority being empowered to raise that particular licence duty?—If by "raising" you mean that they should exercise a discretion as to "Aye" or "No," I should answer the question in the affirmative.

1733. On what ground?—For many reasons. You do not keep your dog in the one locality always; you take your dog about with you, and for that very reason it is rather a thing that should be regulated by the good of the community as a whole than by the particular locality in which you happen to live and have your dogs kennelled.

1734. Take licences to carry on, say, a particular business at a particular place, would you favour a proposal to give local authorities power to vary such a licence duty?—Again, personally, no. I should say that control of that kind should certainly be exercised by the highest ultimate authority, rather than in the particular interest.

1735. Supposing that in any locality a strong opinion is felt in favour of a high duty on licences for the sale of liquors, do you see any objection to the exercise of such a power by the local authority?—Personally again, that seems to me essentially an imperial question, and in questions that are essentially imperial I think myself it is highly undesirable that local authorities should interfere. It seems to me that in the interests of the local administration it would be much better for each—Parliament and local authority—to take their own part.

1736. Then apart from the case in which by carrying on certain industrial undertakings the local authority is enabled to make profits, you see no method of giving variety to the raising of local revenues?—I should say not.

*Rates, inequality of, in urban area comprising several parishes subject to a common rate.*

1737. You have referred in the early portion of your evidence to the desirability of obtaining equality amongst those who have to pay local rates; have any grievances been brought to your knowledge on the part of those who have to pay local rates as against those who have not to pay local rates?—The inequality is not as between payers and non-payers, but as to the amount which payers contribute. I should like, if I may, to hand in a table\* which was sent to me yesterday. It was prepared by the accountant at Sheffield in 1888, and shows how in the different townships in the borough the rate for the same purposes varied. There are in that borough seven townships; the highest rate for borough rate purposes, and of course the borough rate is common to the whole area, was 1s. 0½d., and the lowest was 8d.; the man who paid 1s. 0½d. would consider himself aggrieved. Again on the school board the highest rate was 8½d., and the lowest rate was 6½d.

1738. That was a grievance of locality against locality, was it not?—That was a grievance of part of a locality against part of a locality.

1739. Is it not rather a question of grievance between parish and parish?—Between parish and parish as being part of one area, subject to a common rate.

1740. Of one area for urban purposes?—Yes.

*Rating. Grievances as between different classes of persons in respect of.*

1741. Is there any grievance as between different classes of property in the same parish? Has the manufacturer a grievance against the occupier of a dwelling-house?—That is a question I can hardly answer, except to say that manufacturers always consider in any part that I have observed them to take, in my town at all events, that expenditure in respect of which they have to pay rates is not for their benefit as manufacturers and is, if possible, to be avoided. In that sense I daresay the manufacturer does feel that he is overtaxed; but I do not think I can go further than that.

1742. Have you heard any expression of complaint on the part of shopkeepers that they are overburdened as compared with the residents in private dwelling-houses?—I have heard it in individual cases.

1743. What has been the ground of complaint in that case?—I think their ground of complaint is, as I understand it—and, mark you, it is only individual cases—that practically they take their living accommodation and so on, and the area of their place, and they say it is a hardship we should have so much to pay whilst this private resident who has much better premises does not pay so much.

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1744. Do the profits which the shopkeeper realises in the premises in respect of which he is rated constitute as high a proportion to the rateable value of the premises as the income of a private resident does to the rateable value of a private dwelling-house?—I do not think you can answer that as a general rule; that would depend on particular cases. I could find you cases in our own town on both sides.

1745. You referred to the question of railways; have you gone into the question at all of the proportion which the total profit of the railways bears to the amount on which the railways are rated?—Yes, I have gone into the question of the railway assessment in my own particular locality; in that sense I know it.

1746. Could you give the Commission any information on that point?—In what form; in what way would you suggest information?

1747. Is the proportion of the aggregate profits of a railway company to the amount on which the railway company pays rates, a high proportion or a low proportion?—I should not myself consider it a high proportion.

1748. To sum up my questions, you have not gone into the question of the proportion of the values upon which these different classes of people pay rates to their aggregate income?—Only in a general way.

1749. And what is the result of that general examination?—I hardly know how I can answer that question in that form.

1750. (*Mr. Smith.*) I understand the effect of your evidence is that you are decidedly of opinion that large boroughs, at all events, should comprise one union and one parish?—If practicable.

1751. You think that would have the effect of getting rid of the various deductions which are made by assessment committees of different unions?—Variations in the various deductions.

1752. And where practicable, you think one borough, one parish, desirable?—I should say as a general question, that I think one borough, one parish, distinctly desirable, and where practicable, one union also.

1753. Where the borough is large enough to afford a good centre for poor law administration?—Clearly, and where developments have not been such as to make the accumulated property too big for either divided part.

1754. With regard to compounding, you wish to see an equalisation of the compounding for municipal and public health purposes?—Yes, and for poor rates also.

1755. In answer to the Chairman I think you said that in most cases of urban expenditure, the occupier took the view of the owner; but supposing the expenditure is of, what I will call in the best sense of the term, a socialistic character, is the interest of the occupier always the same as that of the owner?—No, the interest is not the same. I said that the occupier, in my opinion very foolishly, took the view of the owner and mainly, as I take it, because the small cottage property owner, when he hears of an expenditure which is for the general benefit—it does not matter to him whether it is for the general benefit or not, the great point for him is that it is expenditure—and when he hears of it he goes and tells his tenants that rents will go up.

1756. Supposing, in the case of a corporate undertaking, it was proposed to largely increase the wages of the workmen, would that be unpopular among the compound householders?—I should not like to express an opinion upon that, because I should only give my opinion, and it would be simply an opinion.

1757. Supposing it were an expenditure in favour of building dwelling-houses for the working classes, would it be unpopular among the compound occupiers?—I think that might possibly be made to be so, in the same way that proposals to introduce free libraries have been made to be through the operation of the paying owner.

1758. In point of fact, the many luxuries or amenities of towns that are now paid for out of the rates are not, as a rule, unpopular to the people who do not directly pay the rates, are they?—The undertakings, emphatically no. The procedure that was necessary to bring those about, in many cases, was made very difficult; therefore my suggestion of the occupier, until he gets into possession, so to speak, taking the view of the interested class who oppose the expenditure.

*Railways, rating of. Relative proportion of profits to amount paid in rates.*

*Large boroughs should comprise one union and one parish where possible to obtain uniformity in rating systems.*

*Compounding. Equalisation of system for municipal, public health, and poor law purposes desirable.*

*Compounding. How far do the occupiers take the same view as the owners with regard to expenditure.*

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1759. You think he is now more clearly understanding and beginning to see that these so-called burdens or rates are really for his direct benefit?—The tendency is, I should say, distinctly in that direction.

1760. So that you would think that the truth of your observation, that the occupier takes the view of the owner, is probably disappearing?—I should say it is not the force that it was where the object can be fairly easily shown to be for his benefit.

1761. Do you find that expenditure upon parks, workmen's dwellings, and libraries is unpopular with your working classes?—I should say not to the extent, even in the course of my career, that it has been.

1762. You would not go so far as to agree with me, that they are popular?—What I should say is, that the results are distinctly popular, and they are desired and required, but that the expenditure in some cases is unpopular.

1763. Do you not find that the working man is finding out now that he gets more out of the rates than he contributes towards them?—I think he is beginning to find it out.

1764. I do not think I should ask you any further questions as to machinery, because we have had so much evidence on that, but as to these tables you have handed in,\* they purport to give in over 140 boroughs in England and Wales the total amount of rates levied?—Yes, that is so.

1765. And they show them under practically the three heads: poor, borough, improvement; I am not taking the school board, because that is generally included in the poor or borough rate?—Quite so.

1766. You spoke of the limit of rating having been reached; I presume that you mean by that in towns?—In towns, clearly.

1767. We have it, I believe not in evidence, but we have it in Mr. Fowler's memorandum, that the average rates for a country parish at the time that report was written were 2s. 3d. in the £ all told, do you know that?—I believe that is so; I know the report.

1768. Can you tell me, from these tables or any summary prepared from them, what is the average of all rates in. I do not mean to say urban districts but in the borough districts, that you have calculated?—Mr. Fowler, in talking of 2s. 3d., applied the net amount raised to the rateable value, so that the actual rate in the £ levied for that purpose would have been slightly higher.

1769. Would that apply equally to these tables?—I can only tell you the actual rate in the £ here. This actual rate was got out in connexion with the compounding returns,† and in the 160 boroughs it was 6s. on the average, 3s. 6d. of which was corporation and 2s. 6d. poor, including of course borough and school board in the term poor.

1770. The remark about these being net figures applies equally to the 2s. 3d. and the 6s.?—No; I say you would have to increase your 2s. 3d. slightly; the 2s. 3d. is net.

1771. And yours is actual?—Mine is the actual rate in the £, therefore the 2s. 3d. would have to be increased by the difference between the net receipts and the actual rate in the £.

1772. Mr. Fowler in putting it at 2s. 3d. did not take into account the question of collection?—He took the net result; he took the sums actually received, and then he says that represents so much in the £. What he did not take into account were the losses on empties and so on.

1773. Subject to that qualification may I take it that the 2s. 3d. in the country corresponds to the 6s. in the 140 boroughs of which you have collected the recent statistics?—Yes, the 160 boroughs.

1774. They are divided, I see, into 3s. 6d. corporation rates and 2s. 6d. poor rates on the average?—That is so.

1775. Now there is another distinction that I want to draw, which I am afraid is not drawn in the paper. Can you tell me what proportion of the 6s. would be represented by rates that are in the nature of benefits to the property, and what proportion would be in the nature of burdens?—No, I could not give you that.

1776. But in any comparison of urban with country rating, do you not think it very desirable that we

should endeavour to get at those facts?—I think it would be desirable, and I think it would not be difficult.

1777. Could you undertake to supply it to the best of your judgment?—I would like to leave the question of whether I would undertake to do it over. I will go into it and see if I can do it, and if I find I can I shall be glad to do it.

1778. It is obvious that if we have to consider which class of ratepayer is being over-rated, we must eliminate from the town rating those that are direct rates of benefit to property?—You mean property in the town receiving benefit the rural ratepayer does not get?

1779. Yes?—That would be so.

1779a. To afford a just comparison you must eliminate rates of benefit from rates of burden?—I think so. Following on what I have now said, I should say that the general idea that there are certain benefits—very much larger benefits—in boroughs, is much more apparent on the surface than in actual fact; and that again would be an additional reason for getting some figures on which to base general deductions.

1780. We should have probably some difficulty in agreeing exactly on the dividing line?—Take such a thing as sewerage. Some people would say that was a distinct benefit to the property; it seems to me that it is a distinct burden on the community by reason of the necessity of a great number of people having to live together in towns.

1781. It is a necessity of urban life?—It is a necessity of urban life and not a special benefit.

1782. I think it is obvious to us all that there will be things on the border line?—Quite so.

1783. Probably some principle will have to be laid down. Could you give me any instances of very high rating in towns from the paper you have put in—you have given us the average?—I could if I had my returns here.

1784. I want to know at what period the strain is felt so acutely that it is intolerable?—I could give you the instances of high rating if I had the returns here.

1785. Should I be right in putting it that at 7s. in the £, it becomes almost intolerable after that?—I should say 7s. in the £ on an average borough would be distinctly intolerable. I should put it lower than that for the average borough myself.

1786. I think you said that urban rates would be even higher than they are if it were not for the commercial undertakings in which many municipalities have engaged, that bring in a profit in aid of the rates?—That is so. In the 140 boroughs that are represented in the Association's returns,\* the rate would have been something over 3d. in the £ higher—as much more as was necessary to make up for empties, and so on.

1787. As regards commercial undertakings generally, they are a great gain to the municipality?—Undoubtedly.

1788. And cast nothing on the rates?—Nothing.

1789. But rather go in aid of the rates?—Yes; and the fact that they are managed by the community, for the good of the community, tends to the prosperity of the community as such.

1790. The only way in which they affect corporations is by increasing their debt?—Yes.

1791. They pay their own interest, and are worked at a profit; that is so, is it not?—That is so or the general result. There are just odd cases as appear from those returns where a loss is made.

1792. And that loss is exceptional?—Where there is a loss it is exceptional.

1793. They not only pay their interest and give something in aid of the rates, but there is a principle of amortization extending over various periods of years by which the capital expenditure is entirely paid off?—That is so in all cases, and that period in no case exceeds 60 years, and, speaking generally, is about 30 years.

1794. But for these undertakings the rates in town would be 3d. in the £ higher?—At least 3d. in the £.

1795. (Mr. Arthur O'Connor.) I should like to ask you just a few rather general questions, as I am not conversant with the details sufficiently to be able to go

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Rates of  
benefit and  
rates of  
burden.  
How far  
distinguishable.

Returns prepared by the Association of Municipal Corporations. Rates raised in certain boroughs.

Rating in boroughs, maximum limit of.

Profits from municipal undertakings as an aid to rates.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 20 to 30.  
† *Ibid.*, pp. 54 to 56.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 18 to 46.

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Value of land and buildings in different localities. Reason for differences in.

into them. I suppose that of two houses built stone for stone alike, one in the middle of Salisbury Plain and the other in Lombard Street, one would be very much more highly rated than the other?—Certainly.

1796. Though it might, perhaps, be that it would cost more to build the same house in the middle of Salisbury Plain than it would if you were to build it in Lombard Street?—Leaving out the question of the price of the land, that might be so.

1797. What is it that increases the value of the house in Lombard Street as compared with a similar house in the middle of Salisbury Plain?—The possibilities of the use to which it can be put.

1798. I suppose if there were many people in Salisbury Plain the value of the house would go up?—Undoubtedly.

1799. Would you say then that it is the presence of men and the pressure of men about centres that increases the value?—I should say that is a factor.

1800. The land at the North Pole would be worthless; in the City it is very valuable?—You see we do not quite know what the North Pole is, but subject to that I might assent, I think.

1801. Would you say that with the increase of population, valuation also increases, not only in point of area but also in point of degree?—I should think, generally speaking, that would be true, but I do not think that necessarily follows.

1802. Can you give me any instance in which, with an increasing population there has been a diminution of value?—I would not say a diminution. I hardly suggest a diminution; I suggest that a particular property might not increase in value, because there were a greater number of people round about it.

1803. That is the same particular property under exceptional circumstances?—Yes, I understood you to refer to particular property.

1804. I am speaking only in the general and at large?—It does not of necessity follow that the general value of property in an area goes up in proportion to the increase in population. The general valuation of the area must go up, because there are more places wanted for the people to live in, but it does not follow that the individual items making up the same will become higher; in many cases they do, in other cases they do not.

1805. Now we have agreed that of the two houses the cost of production of the one in Salisbury Plain would possibly be even greater than the cost of production of the one in Lombard Street?—The actual building, possibly yes.

1806. The higher valuation of the house in Lombard Street, therefore, cannot attach to the cost of production?—No, not to the cost of building.

1807. I put it to you that it really attaches to the site?—I should hardly say that. I should, speaking for myself—and, again, it is a personal opinion—be inclined to suggest that the very increased value of houses of that type is not, so to speak, taxation on land, but is rather taxation on personality, because what you tax there is really the use to which the place can be put.

1808. What gives the house its value is, that it is in Lombard Street, and not in Salisbury Plain?—Yes, and can be put to so much greater use.

1809. Because it is in Lombard Street?—Yes.

1810. That is what I mean; it is because of the place in which it is. Do you remember the principle of valuation for the poor rate?—Yes.

1811. It is that amount at which the property may be expected to let to a hypothetical tenant having always regard to certain possible deductions for repairs and insurance?—Yes.

1812. It shows the net annual value?—Yes.

1813. These deductions for insurance and repairs, &c. are deductions of expenses to which the owner would be put, or may be supposed to be put, to preserve the value of the property?—Yes.

1814. The net annual value therefore means the net annual value to the owner?—That is so.

1815. Then the principle of valuation for the poor rate has regard to the net value to the owner?—In effect that is so.

1816. And in terms, is it not so?—Not of necessity, because a man is frequently a tenant having to do inside and outside repairs: in that case no deductions are made.

1817. That is a question of a particular bargain between two individuals, is it not?—Yes.

1818. But I am concerned now with the terms of the law looked at at large?—The rateable value, I should say, is really that which the tenant gives for the pure right of occupation—the net amount which he gives for that purpose.

1819. Those are not the words of the Act?—The words, as far as I remember them, are: “The letting value subject to certain deductions”; in effect, it comes to what you say, that it is the net amount which the owner makes out of the tenant.

1820. Now we will take a place on the banks of the Tyne, which, 40 years ago, was a swamp, and is now covered with large shipbuilding yards belonging to Palmer and Company; I do not know whether you are aware of their existence?—I did not quite hear the early part of your question, I am sorry to say.

1821. I will take any place which, 50 years ago, had few or no inhabitants, but now is covered with a large industrial population; the valuation of that place has gone up very much indeed?—Undoubtedly.

1822. By reason of the industrial community which has come there?—Quite so.

1823. The value to the owner has gone up very much; ground rents naturally increase?—Supposing leaseholds have been the tenure, of course. But there may have been succeeding owners; the land is, of course, of greater value to-day than it was many years ago. The leasehold is not by any means a universal tenure, but on the contrary.

1824. But whoever the owner is, of course, he benefits by the presence of a large population upon his land?—Quite so.

1825. Therefore, the principle of the Poor Law which we have referred to seems to accord with natural justice?—Generally speaking, I should say yes.

1826. When, in a case of that kind, charges are made on the occupier, and also other charges on the owner, the occupier pays from the produce of his industry?—You said, when charges are made on the occupier, and others on the owner?

1827. In the shape of rates?—They are all made on the occupier.

1828. Or through him?—Even when an owner pays, theoretically, it is the occupier—occupation is the test.

1829. Are you distinguishing now between the general district rate, which is, in the terms of the law, leviable upon the occupier, and the poor rate, which, in the terms of the law, is gatherable from a different class?—The gatherability, if I may use the word, seems to me to depend upon the question of whether in the case of the poor rates a condition of things exists, under which the owners are made to pay in the place of the occupiers; but that is only a limited part of the assessment, even so.

1830. Are you aware of the difference in phraseology of the Acts of Parliament with regard to poor rate, in the case of Elizabeth's statutes in the first instance, and the later Acts relating to district rates?—Generally speaking I am; I know them, but I have not considered them just recently.

1831. Are you aware that the poor rate was obtained in the first instance, at any rate, from the owners of property?—From the theoretical owner, yes.

1832. The district rate is obtained from occupiers; it is assessed on the occupiers?—Again I should say the theoretical occupier—and both seem to me to be the same person.

1833. I am speaking of the Act of Parliament?—It is a question of phraseology rather than of meaning, I should have said.

1834. Take the community which we were referring to just now as having arisen within the last century, the portion of money which is paid by the occupiers for rates is obtained by them from the produce of their industry?—Certainly, and of course, in the case of business premises, from the use to which they are able to put those premises.

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Incidence of rates as between owners and occupiers.



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1835. Where does the theoretical owner of this particular land get the means to pay rates?—He gets it, I should say, out of the person occupying, in other words the same source again.

1836. Who in order to pay it to him would again draw from the produce of his own industry?—Quite so.

1837. The creator of the wealth is the industrial occupier?—To a certain extent that is true, but the essential fact that you must remember is that if those burdens that you are mentioning had to be paid directly by the owner, the price which the occupier must pay for that right of occupation would essentially go up on the laws of supply and demand. That again is my personal view.

1838. I quite follow, but whether they go up or whether they go down, whether they are high or whether they are low, the owner of this suggested piece of land now occupied by an industrial community will derive what he does get from it from that industrial body of men?—So long, of course, as his property is occupied by an industrial person.

1839. We are assuming that?—Yes.

1840. We have agreed once and for all that this piece of land is occupied by this industrial community who have to pay rent for the occupation and we need not repeat that. Under those circumstances, is it not the fact that the owner draws from those occupiers the consideration or the rent out of which he himself pays the rates to which he is liable?—I would like to hear that question again.

1841. Does not the owner pay the rates for which he is liable in respect of his real property out of the proceeds of that real property derived from the industrial occupier of it in the shape of rent?—I should say where the owner pays rates he gets it from his tenant.

1842. Then ultimately the source of all payments is the tenants, or the industrial part of the community?—In conjunction with the land he occupies and the tenement which he occupies.

1843. In conjunction with the land?—Yes.

1844. The man must work upon the land. Then the owner, as regards the payment of rates, is nothing more than a sieve through which money called rates paid by him is passed from the industrial producers?—In a sense that is true.

1845. And whatever the rates may be, or however they may nominally fall in the end, they are paid by the industrial community?—I should say they are paid by the occupying community. A man may occupy a house for his own purposes and not be a working man at all. He may pay in that case from private income and so on. I think you must put it as the occupying rather than the industrial classes.

Land, ownership of.

1846. Now you have spoken about some charges being local and other charges being more properly national; you look at England as a whole and you look at it in its several parts; the parts of course are held by individuals, but taking England as a whole who would you say is the owner of that?—I do not quite see how I can answer that. Theoretically, I take it, if you go back you come to the Crown, but there again it is a theory that has been very materially modified and only holds in, so to speak, a lawyer's sense to-day.

1847. Give whatever answer you prefer?—That is what I am endeavouring to do.

1848. Your answer is the Crown?—Using the word in a lawyer's sense, yes.

1849. In your own sense?—No, in a lawyer's sense.

1850. I will ask you to use the words in your own sense?—I do not quite know how to put it. In a general sense the Crown is not the owner, and in a practical sense the Crown is not the owner, but in a theoretical sense the Crown is.

1851. I will take it so, any way you like. Theoretically England belongs to the Crown, as I suppose representing the community, is that so?—I am not prepared to say why that happened.

1852. Practically you say it is actually held separately by individuals?—Yes, practically.

Rating, limit of, has been reached.

1853. You speak about the limit being reached of practical taxation or rating, does that mean that local works cannot be undertaken because people will not submit to charge themselves any more?—The under-

taking of those works, I should say, would be distinctly prejudicially affected.

1854. These people therefore have the power to limit the amount of rates to which they will submit?—In a sense, yes.

1855. Would you be in favour of a body of men in your own corporation or in your own county being able to fix rates which they themselves would not be concerned to limit, not being themselves ratepayers?—Do you mean to say, would I be in favour of an independent body who should say what expenditure a particular locality should go in for?

1856. Would you be in favour of a body of men for, say, the county of Lincoln, meeting and deciding that such and such shall be the rates for that county for the year, themselves not being liable to pay those rates?—I hardly follow your meaning. You see that from a practical point of view you have to deal with Poor Law purposes, urban purposes, and county purposes.

1857. We will take county purposes; who fixes the county purposes?—Of course the county rate, that is the amount in the £ that should be levied, is fixed by the county council.

1858. They are a local representative body?—Yes, they are a representative body.

1859. Would you be in favour of a body non-representative who shall be able to fix, according to their own judgment, and without the intervention of the inhabitants of the county, the rates to be paid in that county—would you, or would you not?—I would not.

1860. Are you aware that that is the system which prevails in Ireland?—I am talking purely of the system as administered in England.

1861. You are not conversant with the grand jury system of taxation in Ireland?—No, practically I am not.

1862. With regard to the real property taken for railways, I understand you to say that if land now held by railways within the limits of your municipality were in other hands it would, like the rest of the area, pay considerably higher rates than are now obtained from a railway?—Do you mean in other hands than as railway or railways.

Exemptions, partial, in case of railways, should be abolished.

1863. Other than as railways?—In many instances the actual line might be so—the actual line might be lower assessed than property.

1864. There is an exemption, is there not?—Yes, there is an exemption. What I say is that there is an occupying value to the railway company which, on the general principles of occupying value as applied to other properties, they ought to pay in full for, and I do not see why, logically, they should not pay. That is the extent of my view.

1865. I think we are at one: the railway is treated on better terms than any other occupier, say a householder would be for the large portion of the rates?—Yes, and I contend that is logically wrong.

1866. (Sir E. Hamilton.) I think you had to do with the compilation of this buff paper?—All that I had to do was in connection with formulating the questions.

1867. You know the contents pretty well?—Yes.

1868. I am going to ask, first, what I suppose is a very ignorant question. It is this: If I take St. Helens and Sheffield—they both happen to be on the same page—I do not understand how you work out the amount in the £; I should have thought that the natural thing to do would have been to take the amount of the proceeds of the rates and to divide it by the rateable value?—The amount in the £ I did not work out from this return. I worked it out from the returns which I got in the other paper—the compounding paper.† What I did was to ask them what their rateable value was, what the rates in the £ for all purposes were, and then each rateable value was multiplied by the amount in the £ for one year. The products of these sums were added up and the total was divided by the sum of the rateable values. On the nominal rates that are levied it is absolutely an average of 6s. in the £, but that was not got from any figures that are here.

Returns prepared by the Association of Municipal Corporations. Method of calculation.

1869. Will you just turn to Table B; the rateable value of St. Helens is put down there at 311,233l., and the total proceeds of the rates at slightly over 60,000l.?—Yes.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 18 to 46.  
† *Ibid.*, pp. 53 to 56.

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1870. That I have made out roughly to be just under 4s. in the £ on the total?—Yes, and then if you take the next column you will find the nominal rate, in order to get that result, was 4s. 6d.; that is exactly what I said to Mr. Smith.

1871. The difference in the two calculations comes out strikingly in Sheffield, for instance; if you add up in the column the amount in the £, 4s. 2d., and 3s. 6½d. that makes 7s. 8½d. P—Yes.

1872. But if you divide the proceeds of the rates, which come to 225,023l., by the rateable value, which is 1,178,464l., that comes out to a little under 4s. P—Yes, but then you notice that in Sheffield they have not given you the amount received in respect of the poor rate.

1873. But St. Helens does not come out the same under one calculation as under the other?—It will not come out the same, as I explained in answer to Mr. Smith. The actual rate has to be greater than the net rate received, because when you lay a rate of a penny in the £ there are certain leakages for empties, allowances, and so on, and therefore when you work it out as you have it worked out on that column, if you are going to compare it with the nominal rate, you must add a similar proportion. Take that case of 4s. and 4s. 6d. That shows, roughly speaking, a difference of an eighth, and if you are going to compare nominal with actual, you may take it roughly that there is a difference of an eighth.

1874. I see that in St. Helens, with which you are most familiar, the amount received from the local taxation account comes to 7,368l. P—Yes.

1875. That consists of your share of the excise licences and of the probate duty P—Yes.

1876. Can you tell me now to what purposes that 7,368l. is applied, I mean roughly speaking?—Yes. First of all we pay, as you see here, 2,871l. to union officers, that is in the next column; then we allocate one half of the cost of the pay and clothing of the police to the police account—we charge it to that 7,368l.; that comes again, I think, to about 3,500l. We charge what are known as the "discontinued grants," that is the grants that were made prior to the passing of the Act, to this fund, and we (so to speak) put ourselves in the same position that we were in before the passing of the Local Government Act of 1888. Then the balance goes to the general account in aid generally of local taxation, but the balance is not a large one.

1877. That sum, of course, represented on this page by 7,368l. is a variable sum, dependent really upon the proceeds of the Probate Duty, which is now the Estate Duty?—Yes, that is so.

1878. Has any inconvenience been felt by the fact of its being a variable sum?—I should say no practical inconvenience. The variation has not produced practical inconvenience.

1879. Do you think that the relief represented by 7,368l. has been sensibly felt. Has it tended merely to arrest the growth of rates, or has it tended towards the actual reduction of rates?—In so far as it was an increase on the old state of things prior to 1888—it was only a small increase you know—it certainly tended to arrest the increase of rates, I should say. I am perfectly clear that expenditure was not gone in for merely because there happened to be a little money. On the contrary it was applied to pure economical purposes.

1880. You do not, then, think that the fact that it has been received from an outside source has tended to un-economical administration?—Absolutely no.

1881. At St. Helens itself, is there a strong feeling, do you consider, among the ratepayers generally that the rates are excessive?—I should say not specially so in St. Helens. Any increase would be very much resented, and would work a material injury to the town, being a manufacturing town; but, as a matter of fact, when we do hear any complaint we say we are lower than most people, we are lower than the average, therefore, why are you complaining? It is because we have that answer that we have been able to meet their complaints.

1882. Now I turn to Table F,\* where St. Helens again appears. This Table, as I understand, purports to show how the proceeds of the rates have been applied?—Yes, that is so.

1883. One of the most important items of expenditure which must practically form a first charge on all

rates must be the debt charge, so to speak, and I do not see any mention of that at all in this Table?—The answer to that is that the charge in respect of debt, both interest and sinking fund, is apportioned to the particular item, and the amount here under each of these heads includes the sinking fund and interest on that part of the debt which is represented by this particular head.

1884. Surely that is misleading. The proceeds of the rates represent your revenue; the first charge upon that revenue must be the interest and sinking fund in respect of your debt, which I was looking at this morning in a book; it comes to a very considerable amount; I think I am right in saying that the total of your debt, for what I understand to be remunerative expenditure—I take it from Mr. Burdett's book, which I happen to have on my table, and which I believe is fairly correct—amounts to 420,000l. P—You are now talking of St. Helens.

1885. Yes. That is the amount for remunerative expenditure, and it is about 182,000l. for unremunerative expenditure. I make out that the charge in respect of both those debts is about 4 per cent., roughly speaking. The charge in respect of the debt raised for remunerative expenditure comes to about 17,000l., and for unremunerative expenditure 7,000l. P—Yes.

1886. Would not that naturally form a charge upon the rates which you show in your income account?—You see, with regard to remunerative expenditure, you may take that to mean in our case the gas and water undertakings. The loans with respect thereto were incurred by reason of the gas and water undertakings belonging to the Corporation and charged wholly to gas revenue as payments for gas purposes, and to water as payments for water purposes, and there is no charge on the rates; but, on the contrary, in the case of gas, there is a profit going in aid of the rates.

1887. Quite so; but I should have thought you would have brought to account as part of your revenue all you received from your gas and water undertakings?—We keep accounts which show all that. Table F.\* shows the net result, that is the profits.

1888. As regards the unremunerative expenditure?—That is —.

1889. I made it out to be, according to this book, 182,000l. The whole of that is not outstanding, I admit; but still I understand there is an annual charge in respect of it amounting to about 7,000l. a year?—Quite so, and that is divided among these various heads, establishment, police, and so forth, according to the purpose for which the debt was incurred, and each of these items in Table E.† includes the proportion of the sinking fund and interest in respect of the debt.

1890. But surely one ought to show first of all in an account what one's debt charge is?—You have got to remember this is a summary simply. We show all these things in our abstract of accounts. I would be very glad, if you like, to send you a copy. That will show you the returns from which this was worked out.

1891. Therefore, you do separate expenditure which is incurred on capital account from expenditure which is charged to revenue account?—Yes, that is clearly shown; every item is shown. Take the gas account; you show so much for production, so much for distribution, so much for capital charges, so much for interest charges, and so on. Would you like to have an abstract of the account?

1892. I should like to see it very much P—I will send you one; it is an example of all abstracts of account.

1893. Mr. Elliott asked you some questions this morning with respect to whether there was any feeling among localities about having some power of raising by other means than rates, and I understood you to say that you were averse to any such power being conferred on local authorities?—As I understand it the feeling is, and my personal feeling certainly was, that what we want is the proceeds of a particular tax, not the power to impose that tax.

1894. But one would have thought that local authorities would desire not only to have the actual money but to have the control of that money, and to be able to put up or put down, so to speak, the rate. I do not mean rate in the sense in which we are generally using the word, but the rate of the tax, so as to accord with the requirements of the particular year?—I personally suggest—I think it is essential in the matters that

Local Taxation Account. Sums received from, how applied at St. Helens.

Local Taxation Account. Sums received from, not conducted to extravagance at St. Helens.

Debt charge at St. Helens for remunerative and unremunerative expenditure. How treated in accounts.

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Local Taxation assisted from Imperial sources. Proceeds of taxes required, not power to impose taxes.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 46 to 46.

† *Ibid.*, pp. 33 to 39.

Mr. W. J. Jeeves. were mentioned to me—that as it is an Imperial question it is better to be uniform throughout the whole country.

26 Mar. '97 1895. Now take such a tax, for instance—please do not think I am advocating it—as a tax on amusements, which has been suggested, I believe, very often—a tax upon people who are going to the theatres, music-halls, and so on: I cannot conceive why that should be uniform throughout the country; if St. Helens likes to put on a tax for that purpose there is no reason why Sheffield should put it on?—My own point of view would be that I should resent such a tax very much, even if it were imposed by Parliament, and I should resent it still more if it were imposed by any lesser authority.

1896. Why should you object very much to its being imposed by a local authority?—I should say that is a distinct interference with the liberty of the subject which is not within the function of a local authority, who exist essentially for the government of the locality for purely local purposes, and who, I think, it is desirable should exist for those purposes alone.

1897. But you raise your own rates now for purposes which you, rightly or wrongly, consider in part national purposes?—Yes, we do.

1898. Therefore I do not see quite where the great objection comes in to your raising some other form of taxation?—As I say, I should see great objection to local authorities having the right, so to speak, to interfere with individual liberty, but as they raise their rates now they do not interfere with individual liberty.

1899. But surely rates are that, are they not?—No, I do not think so.

1900. You draw a distinction?—I should draw a distinction.

1901. (Mr. Arthur O'Connor.) One question with regard to what was put to you by Sir Edward Hamilton as to gas and water; you make a profit out of them?—We make a profit out of the gas, but water we neither make profit nor loss on; we are not allowed to.

1902. Out of gas you make a profit?—Yes, out of gas.

1903. Is it confined to your own area?—We have a power of supply outside, and do to some extent supply it outside.

1904. Do you pay income-duty on the profit which you make outside your own area?—We certainly pay income-tax, and there is a general impression that corporations pay income-tax twice over, and to a certain extent they do.

1905. That is a matter of opinion; you are great sticklers for personal liberty in St. Helens, but do you consider it would be a greater interference with personal liberty to have a charge upon an institution like a music-hall or a theatre, than it is to prevent a man selling the contents of his own dust-hole?—I am afraid I do not follow that.

1906. I suppose that under the special laws you do not allow a man to remove his own dust—do you, to empty his own dust-hole?—We empty it for him; I do not think we should object to his emptying himself.

1907. As a matter of fact it is an offence against the sanitary law, is it not?—No, I do not think so.

1908. It is in London, I think?—I do not know about London; it is not with us. We undertake it, and it is a privilege to the ratepayer.

1909. (Sir John Hibbert.) I want to ask you upon a question put this morning. I wish to know what is included in the term "poor rate," because it seems to me to vary very much in different places?—You may take the term "poor rate," generally speaking, to include the precept of the corporation for borough rate purposes, that is, the purposes of the municipal corporation, including the police and also school board purposes. Roughly speaking, more than three-fifths, I should say, of an ordinary poor rate is for pure urban expenditure, and something more than one-fifth for pure Poor Law expenditure.

1910. According to Table E.\* I find that at Manchester the whole of the expenditure by the county borough is taken out of the poor rate?—They have special provisions for that purpose.

1911. I have just added it up; 350,000*l.* are taken for various purposes connected with the corporation, and

only 106,000*l.* for the relief of the poor. Is that not very misleading, and must that not be very misleading, when you consider the amount of the poor rate?—As I say, in considering the question of the poor rate, on the average, you may, I think, consider that more than three-fifths are for urban purposes, and something over one-fifth only for poor purposes. Manchester is a very special case, and you must there take, roughly speaking, about 1*s.* in the £ for poor rate purposes, and the rest for urban purposes.

1912. Have you considered about retaining this question of levying all this money under the term "poor rate," and whether it would not be desirable to have some other term for it?—As I said I should give to the corporation the power to appoint overseers, and I should levy one general rate which would be to meet precepts.

1913. You agree, I presume, that it is misleading to have all these large expenditures taken out of the poor rate?—Yes, to an ordinary person that may be so.

1914. It would be desirable to have some change with respect to the title of the rate from which this expenditure is taken?—Yes, I should advocate one rate for one area.

1915. (Mr. Dalton.) With regard to these tables, Sir Edward Hamilton has asked you some questions upon Table B.\* he pointed out that the amount received in respect of each of these rates was not apparently what it would work out, according to the rateable value in the second column; that rateable value in the second column is the rateable value for the purposes of the poor rate, I think?—Yes.

1916. Of course, for the purposes of a general district rate or any rate to which properties are exempted to the extent of three-fourths or otherwise, it would not at all work out?—No, that would be so.

1917. Take these three rates that you have at St. Helens, the highway rate, the borough rate, and the poor rate; under the local Acts, are any properties exempted to those rates in any way?—For the borough rate they are exempted.

1918. Your borough rate is practically a general district rate?—Yes, practically.

1919. Therefore, that would account for very much of the difference between the rates in the £ appearing in the table, and what would apparently be the result of a calculation?—Yes, that would be one reason.

1920. I suppose that would be the case with a great number of boroughs?—That would be so, and the other reasons would be compounding and empty property.

1921. That reason might in some cases account for a very much larger amount than you would get from compounding or empty properties?—Yes, in the case of St. Helens it would account for the difference in the results between the highway and the poor rates, as compared with the borough rate.

1922. Table E.,\* as I understand it, merely gives the net results of the net charge upon the rates of these different undertakings?—That is so.

1923. It is not the gross charge at all, but merely the net charge falling on the rates?—That is so, after deducting the receipts from any other sources than rates.

1924. Table F.\* is the net profits and losses, on possibly remunerative undertakings?—Yes.

1925. They are not accounts at all, but merely give the net results?—That is so.

1926. Do you feel any doubt that, when rates become high in a town, that has a very detrimental effect upon the industry of the town?—I am very clear that is so in manufacturing centres.

1927. Could you give me any experience of your own on that in St. Helens?—Yes; I have in my mind particularly the loss of large works in St. Helens, because they found they could get practically the same rates, and cheaper gas and water in a neighbouring town.

1928. It is not, therefore, merely a question of whatever the incidence of the rates is as between the owner and the occupier, but it is a matter of importance to the community in the town, that the rate should be low?—Clearly.

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Poor rate, a misleading description of rate.

Returns prepared by Association of Municipal Corporations. Method of calculation.

Profits made by municipalities on undertakings. Income tax paid on.

Poor rate. What rates are included in.

High rates detrimental to industry.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 33 to 39.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 20 to 46.

**Mr. W. J. Jeeves.** 1929. Do you think that, without the Government subventions you have had at St. Helens, you could possibly have maintained your present position as an industrial community?—If we had maintained our position as an industrial community, we should not have maintained our position as a municipal and sanitary authority; that I am clear about. What I mean to say is, that if our rates had gone up to that extent, we should have lost our position as a manufacturing centre, or if we had not done that, the sanitary institutions, and our other municipal institutions would have had to suffer.

1930. You consider that Government subventions are a matter of as much importance to towns as to rural districts?—Undoubtedly.

1931. And you would not agree at all with the view that is occasionally put forward that it is merely the rural districts who desire them?—No, I should not.

1932. The Inhabited House Duty, you recommend, should go over to the local authorities because it is a local rate levied for imperial purposes?—Exactly—as stated in paragraph 21 of my memorandum.

1933. Does it in any way vary from a local rate?—In its incidence I should say not at all.

1934. Is there any justification in your mind for levying a local rate for imperial purposes in addition to the local rates that are levied for local purposes?—I should say no, and I should think it also impracticable as well as unjustifiable.

1935. (*Chairman.*) In the course of your examination by Mr. Elliott, I think you handed in a table\* prepared by the borough accountant, showing the

The witness withdrew

**Mr. JOHN HENRY ELLIS** called and examined.

1940. (*Chairman.*) You are, I understand, town clerk of Plymouth?—Yes.

1941. This paper which I have in my hand is the memorandum which you have been good enough to send to us in answer to our request?—Yes.

1942. How long have you been town clerk?—Six years, of Plymouth.

1943. I do not want to take you over the various points which are matters of fact, which we have had from other gentlemen. I see that a good deal of your memorandum is taken up, as is perhaps not unnatural, with special circumstances of Plymouth?—Yes, I understood the general evidence was going to be given by other witnesses, and I confined myself to the Plymouth case to a great extent.

1944. You illustrate, as regards Plymouth, some of the difficulties of the present system?—Yes; they are less in Plymouth than in most other places by reason of the fact that the Plymouth Poor Law area and the Plymouth borough are co-extensive.

1945. You agree, so far as the facts are concerned, with what has been stated by Mr. Jeeves in regard to the present system for making up the valuation list not being a very convenient one?—Not being a very convenient one generally, but there is no inconvenience in Plymouth.

1946. That arises on account of the Poor Law area and the municipal area being the same in that district?—Yes, and the corporation of Plymouth having the power of the allowance of the poor rate.

1947. Then I understand that Plymouth is exceptionally favourably situated in the two respects which have been mentioned?—We think so.

1948. Is there any special matter which you wish to bring before us as to the method of making up the valuation list?—No.

1949. Have you anything special to say as regards the practice of compounding?—No, we have no compounding in Plymouth.

1950. No compounding at all?—No.

1951. Is the occupier in every case the hand which conveys the produce of the rate to the rate collector?—No, the owner in the case of small properties.

1952. How do you manage that?—We govern, as stated in my memorandum, under certain old private Acts. The Act of 53 George III. cap. 73 provides in section 11 that where any houses, tenements, or here-

amounts assessed by various bodies in regard to Sheffield?—Yes.

1936. Are you prepared to speak to the details of that table?—I am prepared to speak to them as they appear there; I cannot make myself responsible for them, but I believe them to be correct.

1937. Why, for example, does the school board rate vary in different districts of Sheffield?—Simply because, as I have pointed out, there may be differences in the practice as to composition in the different areas; that through there not being one area, one parish may have more empty property than another parish, and therefore, in order to prevent that variation, I suggest that there ought to be one area, because that rate ought to have been common over the whole area. That is a table which shows better than any table that I have seen the bad results of divided areas of taxation in an area over which there is a common rate.

1938. Why is there no burial board rate in five of the districts which are mentioned here?—The answer would be that a burial board, generally speaking, was made in the old days for an ecclesiastical parish, and probably that ecclesiastical parish would only extend over the one parish and not over the others.

1939. (*Mr. Arthur O'Connor.*) Surely, when you have a somewhat large area, a subdivision of that area may have a higher charge in respect of the debt incurred in respect of it, and not in respect of the whole area?—That might be possible in some cases, but not in respect of either the school board rate or the borough rate, which are referred to there, and which are for purposes common to the whole area.

1953. You have no special difficulty to bring under our notice as regards Plymouth?—No, we very nearly attain this—one rate-assessing, and one rate-collecting authority for the whole borough, and we do not wish to be disturbed. We have now decided to make an Order under section 57 of the Local Government Act of 1888 for amalgamating the two parishes into which the borough is divided, and when that is done it will be somewhat simpler than it now is, although there being the same rate in the £ for each of the parishes, it is only in the clerks' work really now that there is anything extra.

1954. I do not take you on the particular point of the special public health administration which you have to pay for, because that is not peculiar to yourself; we have had that from other seaport towns?—Yes, you will have that from Hull, and so on.

1955. You make a statement in paragraph 9 of your memorandum, to this effect: "So long as the present system of subsidising local funds from the Imperial Exchequer obtains, Plymouth will suffer a serious injustice unless the grants are substantially increased." What do you mean to imply by that?—That we have extra expense owing to our geographical position, and we are put to extra expense because we are a service town and have naval and military establishments in Plymouth. We have extra expenses which are not common to most other towns, and in that respect we differ from them.

1956. There is nothing beyond that meant in the statement?—No.

1957. What do you suggest?—That in so far as our expenditure is incurred by reason of our being a service town, by reason of our geographical position for national purposes, we should have some allowance. It is partly adjusted now by what the Treasury has done with regard to the assessment of Government property in aid of local rates, but we do think it is somewhat inequitable that the Government properties should contribute one penny less than other ratepayers in the £ to the local rates, as they now do.

**Mr. W. J. Jeeves.**

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Return referring to Sheffield. Variation in certain rates.

Inhabited House Duty, the proceeds of, should be transferred to local authorities.

**Mr. J. H. Ellis.**

Area of Plymouth Borough and Union co-extensive. Advantages of.

Compounding, none in Plymouth, but Guardians assess landlords of certain tenements under old private Acts.

**Mr. J. H. Ellis.**

One assessing and one collecting authority in Plymouth.

Government establishments and headquarters at Plymouth an additional source of expense for which compensation to local expenditure should be made from Imperial sources.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 57.

† *Ibid.*, pp. 58 to 60.

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1958. That does not depend upon the present system of subsidising local funds so much as on the present system of rating Government property?—To be sure.

1959. You would not put it to me that Plymouth gains no benefit from its position as a service town, I suppose?—I think if you take the benefits and the disadvantages, and if you were to strike a balance, you would find that we should be at a disadvantage.

1960. You would?—Yes.

1961. You would not like the Government operations in Plymouth taken away, I suppose?—That is a very difficult question to answer.

1962. I thought it would be?—But there are very great disadvantages. For instance, the number of apprehensions of naval and military offenders is 20 per cent. of the total number apprehended by the police, but of the population in Plymouth it is only about 2½ per cent. Then again our poor rate is most substantially affected, whether it is through the imperial legislature or what, by this fact, that in our workhouse infirmary we have to-day 41 cases of venereal disease. No doubt our poor rate is substantially increased by reason of the forces being located in Plymouth.

1963. (Mr. Smith.) I want rather an explanation of your exordium here: "So long as the present system of subsidising local funds from the Imperial Exchequer obtains, Plymouth will suffer a serious injustice unless the grants are substantially increased"—"so long as the present system of subsidising local funds"; I do not quite see how that governs the sentence. Does it depend at all upon that, or is your grievance totally apart from that?—It is in connection with it; you see we say we have special expenses.

1964. How does the present system of subsidising funds from the Imperial Exchequer affect the question of your grievances?—It may be very remote, but I think our pauperism and our lunacy are probably increased owing to the services being located in Plymouth.

1965. That is not the question?—Yes; we have grants for lunatics, and so on.

Rateable value in Plymouth low compared with population.

1966. It does not seem to me quite clear; I think you seem to have got an ideal community. As a matter of fact, is not your rateable value—I think I remember this—very low as compared with the population?—Yes, I think it is low as compared with our population, but you see we have a great deal of what we call in Plymouth tenement property.

1967. You have also a great deal of Government property?—Yes, we have. That has been improved somewhat recently; it jumped from about 3,000*l.* rateable value, to 5,500*l.*

1968. Your rateable value is low for a considerable town?—Yes, although I believe it to be as fairly assessed as it is possible to be—for Messrs. Ryde & Sons, as you know, are well-known surveyors, and are constantly re-assessing property and keeping it upon a uniform basis.

Special expenses incurred by seaport towns. Special contributions should be received in respect of.

1969. (Mr. Clara.) I take it that all important seaports are subject to expenditure from which inland towns are exempt?—Yes, and I think the inland towns recognise to a certain extent that seaports have a claim for some contributions in respect to safeguards that the seaport towns afford them. For instance, the Chamber of Commerce of Sheffield, I believe, supported the view of Plymouth that we should have some contribution towards the expenditure to which we are put in keeping out cholera and small-pox.

1970. That is to say your expenditure as a port sanitary authority?—Yes.

1971. Does not a seaport town also suffer, if it happens to be a county borough, by the fact that a number of lunatics which are ordinarily known as vagrant lunatics, are brought by ship and landed inside the county borough, and then immediately have to be kept at the expense of the county borough?—That is so.

1972. (Mr. Elliott.) Does not a seaport town to some extent obtain a corresponding advantage by reason of the facilities it has for draining and sewerage?—That may be, but we do not find that we have much facility in Plymouth, because the services, who are able to advise the Local Government Board, and perhaps Parliament, in ways that we cannot trace, are able to prevent our sewerage either by sanction of the Local Government

Board or Parliament, and do not appear upon the inquiries. They themselves deliver a vast amount of crude sewage into our Sound, and yet they scotch us when we propose to do the same thing.

1973. Speaking generally, would you say that the fact that a town is on the coast does enable it to sewer and drain at a much lower rate of cost than in the case of an inland town?—Yes, speaking generally.

1974. So that it obtains considerable advantage from its maritime position?—It may do, but Plymouth may not. Probably you know Plymouth Sound; it has two horns, and we may have to take our sewage right outside the Sound at some future time, and in that way may be put to an expense which an inland town will not have.

1975. You suggest in paragraph 11 of your memorandum that taxation earmarked for local purposes should be collected by the local authority; I assume that you do not refer either to the probate duty or the customs or excise duties?—Not to the probate duty; I think it is impossible to do that. But in regard to dog licences and gun licences, and all those things, I do not see why we should not have some such system of collecting as I understand the French system to be—where the local authority contributes so much to the Imperial Exchequer and takes so much for itself; instead of having this collection locally, transmission to London, accountkeeping there, allocation in London, and re-transmission back; it seems to me rather wasteful, that is all.

Local Taxation Account. Certain sums now received from, should be collected by local body.

1976. Would not some difficulty arise by reason of the difficulty of distributing the proceeds of those licence duties as between the counties and the boroughs?—No.

1977. Do you not think the county would object if you simply took your own licences?—No, I do not think so. The Local Government Act, if I recollect aright, provides that by Order in Council such licences may be transferred, provided the county council makes convenient centres for collection in the county.

1978. If such a change were made, there would have to be some revision of the equitable adjustment that was effected under the authority of the Commission?—Yes.

1979. Did you hear the evidence Mr. Jeeves was good enough to give us, with regard to the possibility of varying the sources from which local expenditure is defrayed?—Yes.

Finding new sources of.

1980. Do you associate yourself generally with what he said to us on that subject?—I do not carry it altogether in my mind, but my notion would be that the direct taxation of real property is the simplest and the best form, and we do not want to go further afield for new sources of rating for local purposes.

1981. You see no advantage in following the analogy of the Imperial Exchequer?—No.

1982. In paragraph 12 of your memorandum, you suggest that there should be no differential assessment of railways or other properties; to what other properties do you refer?—The properties exempted by the Public Health Act—the tithes on land, and so on. That is merely so that we may get one consolidated rate. Let it be by discount on the whole rate, instead of the general district rate being at a fourth, so as to avoid the necessity of making two or three rates instead of one rate.

Exemptions, partial, under Public Health Act. Discount on whole rate preferable.

1983. You do not regard the present allowances as inequitable in themselves?—I have not considered that matter very fully, but for myself, I do not understand why a railway has this three-fourths exemption.

1984. On what grounds do you understand that that exemption was granted?—I understand because it is not sewered, and is not supposed to have the advantages of sewerage, road making, recreation grounds, and matters of that kind. But I think it does derive an advantage from that expenditure. By the expenditure of boroughs, land in the neighbourhood is gradually improved in value; it first becomes accommodation land, and then building land, and is appreciated in value by the borough expenditure.

1985. Would not a corresponding appreciation take place as regards other properties in the parish?—Yes.

1986. Then the relative position of the two properties would be the same?—Yes.

Mr. J. H. Ellis.

26 Mar. '97

Rateable value in Plymouth includes the rateable value of Government property.

Government expenditure in Plymouth is an advantage.

Special expenses incurred by seaport towns. Special contributions should be received in respect of.

Tunbridge Wells a non-county borough in two unions.

Tunbridge Wells borough has no direct representation in making up valuation list.

Allowances different in the two unions in Tunbridge Wells.

1987. (Mr. Dalton.) Mr. Smith drew attention to the fact that your rateable value in Plymouth was very low; I presume that does not include the value of the Government property?—I think it does.

1988. (Sir John Hibbert.) It is not rated?—No, it is not rated.

1989. (Mr. Dalton.) The 395,000l. includes Government property?—Yes, because although it is not rated we receive an allowance by way of Treasury contribution. I am pretty well certain it is included, because I have just had to negotiate with Devonport upon the basis of the rateable value; and we have both taken the Government assessment into account.

1990. (Sir John Hibbert.) You said because Plymouth is a service town, it ought to have some advantages given to it in extra grants in aid; have you not the advantages of a very large Government expenditure in Plymouth, that would counterbalance any disadvantages you have?—We have the advantage of an expenditure, but whether it compensates for the disadvantages or not, I am not prepared to say; I am disposed to think it does not.

1991. You must admit that the larger the expenditure in a place is, the place must be benefited by it whether it is expenditure by private persons or by Government?—If it remains in the place.

1992. You think that you ought to have an additional grant on account of your peculiar position, being a port; do you consider that Plymouth has any other claims for consideration than those in a place like Liverpool?—No.

1993. Would you allow the same claims to operate for all large ports?—For all large ports under the same conditions.

1994. Has any expense been thrown upon you by the giving up of the Government establishment for dealing

with cases of yellow fever. Last year the Government quarantine establishments were given up, I believe?—Expenditure has not yet been thrown upon us, that is to say no case of yellow fever has yet been imported, but we have to pay the interest and sinking fund on our infectious disease hospitals whether floating, or whether on land, and on our disinfecting apparatus. We have to be ready for such cases, if imported, and that is where the expense comes in—it is the expense of keeping yourself prepared to deal with it. It may be a dozen years before we have a case to deal with.

1995. Have you increased your hospital accommodation on that account?—We are increasing it.

1996. On that account?—I will not say on account of yellow fever—no, but to guard generally against the importation of infectious disease.

1997. In paragraph 9 of your memorandum you make use of this question of dealing with yellow fever cases as a reason for getting an additional subsidy?—I deal with the importation of all kinds of disease, "the importation of plague, cholera, yellow fever, and other diseases."

1998. With respect to the cases of the "Nubia" and the "Harlech Castle," does that put you in any different position from places like Liverpool?—No.

1999. You would think that they would have just as good a claim as you would?—Yes.

2000. Have you applied to the Local Government Board for the transfer of the powers of appointing overseers?—No, because it has not been necessary. We work together. We allow the guardians to rate, and the overseers do not make the assessment in Plymouth; the guardians make the assessment; we have the same surveyor, and there has not been any necessity.

2001. You, as has been stated, appear to be in a happy position?—Yes, and we hope we shall not be disturbed.

The witness withdrew.

Mr. WILLIAM CHARLES CRIPPS called and examined.

Mr. W. C. Cripps.

2002. (Chairman.) You are town clerk of Tunbridge Wells, and have also been in practice as a solicitor at that place for about 20 years?—Yes.

2003. This paper which I hold in my hand is the memorandum which you have been good enough to supply to us in consequence of our request?—It is.

2004. And you are one of the witnesses delegated to appear on behalf of the Association of Municipal Corporations?—Yes, especially as regards the non-county boroughs.

2005. I think from a reading of your memorandum you deal almost entirely with the special circumstances of Tunbridge Wells as illustrating that class of borough?—As a fairly typical case of a non-county borough in two unions.

2006. You are not only in two unions, but you are in two counties, I see?—Yes, but that is not so serious, because although we are in two parliamentary counties we are only in one administrative county.

2007. Your main difficulty that you wish to represent to us is because you are in two unions?—Yes.

2008. And that arises, does it, from the fact that the Poor Law union is the area for assessment, and as regards the making up of the valuation list you have no direct representation?—No, none whatever.

2009. That is your point of difficulty?—That is our first point of difficulty. We also have a difficulty arising from the fact that being in two unions different allowances are made in the two unions, and it has been impossible to arrange for the collection of the whole of the rates together.

2010. Do those difficulties arise in the respect that you are not a county borough, or if a county borough were in the same position as regards unions, would the same difficulties arise?—I am scarcely sufficiently conversant with the results to a county borough, but I believe it would be the same thing.

2011. Your idea, I understand, is this: that the rating authority for any area should be the authority under

whose cognisance the valuation list is made up?—Certainly.

2012. Do you desire to arrive at that by giving representation to your borough council upon the assessment committees of the unions, or by assimilating the boundary of the union with the boundary of the borough?—In small boroughs such as Tunbridge Wells, or other like non-county boroughs, it would be impossible to make the union and the borough conterminous. You must have, in any case such as that I am referring to, several rural areas and probably several urban areas all in the same union. The borough itself would not be a sufficiently large unit; therefore you must have either direct representation of each borough or urban sanitary district upon the assessment committee, or you must have a system such as I have suggested here, whereby the representatives on the assessment committee should be divided between the urban districts and the rural districts in proportion to the rateable value.

2013. Which system do you prefer?—I think that the latter system would be more likely to work satisfactorily throughout the country, although I am not prepared to differ from Mr. Jeeves, whose view, as I understand it, is that each urban district should have direct representation.

2014. Why do you take representation according to rateable value? Is that a safe basis to take?—I think so for rating and valuation purposes.

2015. Would you have no regard to population at all?—I do not think so for those purposes.

2016. Do you not think it would be fairer to combine the two?—No, because it is purely a question of assessing and expenditure of rates—I should correct myself; it is hardly expenditure of rates, because the assessment committee has nothing to do with expenditure.

2017. Then I gather from paragraphs 4 to 8 of your memorandum that the existing provisions for making alterations are not sufficient to effect the purpose which you have in view?—That is so. I have applied to the Local Government Board on the very point, and made every possible endeavour.

Mr. J. H. Ellis.

26 Mar. 297

One assessing and one collecting authority in Plymouth.

Mr. W. C. Cripps.

Urban and rural districts should be represented in proportion to rateable value on assessment committee.

Mr. W. C.  
Cripps.

26 Mar. '97

Local  
Govern-  
ment  
Board  
inquiries  
as to  
boundaries  
and areas.  
Objections  
likely to be  
raised by  
local bodies  
to altera-  
tions of  
boundaries.

2018. Did the difficulty arise from insufficiency in the law or from unwillingness on the part of the Local Government Board to comply with your request?—I understood the Local Government Board were personally of opinion that the law might be sufficient, but they were unprepared in the present condition of the number of their staff to undertake the enormous labour that would be entailed upon them by holding such a vast number of inquiries as would be necessary throughout the country were it desired to make boundaries in any sense conterminous.

2019. Taking that objection which you surmise in the first instance, you would probably agree that there would be an enormous number of inquiries?—I think there would be a large number of inquiries necessary.

2020. Did any difficulty arise also on account of any of the difficulties made by local bodies at the transference?—That difficulty would arise, and I have no doubt that was present to the mind of the Local Government Board. Taking my own case, the Ticehurst Union, which is a very small union within the borough, would strongly object to the area within the borough being taken from it and passed over to Tonbridge, the objection being purely a selfish one.

2021. When you say "a selfish one," you mean this: that if the transference of the area is to benefit one body of persons, it will *qua* rating do injury to another; the rates of one area will be lowered; the rates of another area will be raised?—Possibly so, and they would not have regard to the convenience of the persons who would propose to be transferred. The objection of the Ticehurst Union would be solely on the part of those persons resident outside the borough; all those inside the borough are exceedingly anxious that the transfer should be made, and they presented, I believe, a unanimous petition to the corporation to carry the matter into effect. The Boundary Commissioners who were appointed, I think, under the Act of 1888, held a public inquiry on the matter, and recommended that the transfer should be made.

Com-  
pounding,  
recom-  
mendations

2022. I do not think your recommendations as to compounding differ materially from those which have been made by Mr. Jeeves, whose evidence you heard?—I entirely agree with his evidence on those points.

Rates,  
collection  
of, simpli-  
fication of,  
and  
economy.

2023. And you agree, I gather from paragraph 35 of your memorandum, with him also that the collection of rates might be greatly simplified, and that each occupier might have only one demand note presented to him?—That is so. I have with me, if I might be allowed to put them in, the forms which are adopted in Tunbridge Wells in regard to the rates under the provisions of section 189 of the Tunbridge Wells Improvement Act.\*

2024. These consist of pages from your rate books and specimen copies of your demand notes and receipts?—Yes.

2025. Each figure which appears upon the demand note would have a corresponding figure in the rate book?—Yes.

2026. This would not, I suppose, include any rates except the borough rates; it would not include the poor rate, would it?—No. I suggest that there is no reason at all why the poor rate should not be added to this—all kept in the same book, all collected together with the corporation rates. That could be done if the whole of the borough were in the same union, and the whole of the collection were undertaken by the corporation, and of course the corporation authorised to levy the poor rate.

2027. To levy, do you mean, or to collect it upon the instance of the union authority?—It might be done either at the instance of the union authority as a rate, or the overseers might issue their precept to the corporation, and then the corporation might themselves make the rate in the same way that they make the general district rate or the borough rate. That system has reduced already the number of collections in Tunbridge Wells; there are only two collections now of corporation rates and there were formerly eight.

2028. How do you mean eight collections of corporation rates?—There were two collections formerly of the general district rate, four collections of the water rate—

2029. Not from each person, each payer?—Yes.

2030. Two, and four districts in which they were collected, do you mean?—No.

Mr. W. C.  
Cripps.

26 Mar. '97

Allowance  
and de-  
ductions,  
inequalities  
in the  
Tonbridge  
and  
Ticehurst  
Unions.

2031. (Sir John Hibbert.) You mean quarterly collections?—Yes. The general district rate was collected twice a year from each person, the water rate was collected four times a year, making six, and the overseers then collected the borong's rate twice, that is eight times. We have now two collections only. The only collection outside our own collection is the collection of the poor rate; if that could be collected at the same time there would be only the two collections then.

2032. You see no practical difficulty in effecting that reform, if you had the statutory power to do it?—None whatever, and there would be enormous economy. The cost to the corporation of collecting 42,000*l.* a year is 315*l.*, the cost to the guardians of collecting their 16,000*l.* a year for the poor rate is 410*l.* We should save at least 300*l.* a year, practically a  $\frac{1}{2}$ d. rate, if we could do what I suggest.

2033. Is there any point which I have omitted in taking you generally through this memorandum, which I have already read, on which you would like to speak?—I think not, except, perhaps, the point as to the inequalities which result from the allowances in the two unions. I have taken properties which are situated within the borough in the Tonbridge Union, the gross rent of which is 240*l.*—I take this simply as an instance—and in Tonbridge the rateable value would be 192*l.* Taking a property in the Ticehurst Union, of which the gross rent is 240*l.*, the rateable value would be 204*l.* Therefore, a ratepayer who lives in the borough and occupies a house, the rent of which is 240*l.* a year, if he lives in the Tonbridge Union part, he pays rates on 192*l.* a year, but if he happens to live a few yards distant in the Ticehurst Union part, he pays rates on 204*l.* a year.

2034. Are both cases instances of house property?—Shop property.

2035. There is no difference in the class of property which would account for that difference?—In the Tonbridge Union on private houses 15 per cent. is allowed, and in the Ticehurst Union on all property 15 per cent., but in the Tonbridge Union 20 per cent. is allowed on business premises; there is a larger allowance made in the Tonbridge Union on business premises than on private houses.

2036. Would you see any difficulty in doing away with this class of exemption or allowances, as you call them, having the rates on the gross, if it were done universally?—If it were done universally it would come to exactly the same thing.

2037. (Mr. Dalton.) I think you referred to the recommendations made by the Boundary Commissioners in 1887?—Yes.

2038. It is the case, is it not, that the Boundary Commission investigated all overlapping areas in England and Wales prior to the passing of the Local Government Act, 1888?—They did.

2039. And the original intention apparently was to carry out those alterations before the passing of the Act of 1888?—It was so.

2040. But the local objections then were so very strong that it was impossible to carry out that arrangement in the Act of 1888, was that not the case?—I cannot say the reason they were not carried out; I suppose that was the reason.

2041. The main difficulty, I suppose, is the one to which you have alluded, that the rates in two neighbouring unions may be very different, and the result of making a symmetrical boundary would be to put a very much higher rate upon certain people, who would therefore very strongly object to it?—No, I do not think so.

2042. Is that not the case in your district?—In our district it is simply the outside ratopayers who are outside the borough who object to having this particular portion taken away from them.

2043. Because their rates will go up if it is taken?—Not to any extent—nothing like the expense and difficulty which arise by reason of the existing state of things.

2044. But still, although the loss there in that case is very small, yet the opposition is very great?—I generally find that all these local things are the subject of contest; and that they are not nearly so bad afterwards.

Boundary  
Commis-  
sion in  
1887.  
Local  
objections  
to altera-  
tions of  
boundaries?

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 66 and 67.

Mr. W. C. Cripps.

26 Mar. '97

Collection, cost of.

Area containing several parishes cannot get an equal rate equitably levied. Uniform system for arriving at valuation list necessary.

ONE RATE collecting authority results in economy.

OVERSEERS and assistant overseers.

Power of Local Government Board to transfer to urban authorities,

on application, the powers and duties of, under Local Government Act, 1894.

Policy of Local Government Board.

ONE RATING and one collecting authority, advantages of.

2045. Then as to the cost of collection, you put the cost of collection by the guardians as 430*l.*, I think?—Yes.

2046. How do you get at that; is that the total cost of the salaries of the overseers?—The salaries of the collectors.

2047. It is not collected by the overseers?—No, it is collected by collectors appointed by the guardians under the orders of the Local Government Board.

2048. That is the net salary and covers nothing but collection?—It is the total expense of collection.

2049. But it is purely collection?—It is purely collection.

2050. (*Mr. Clare.*) I take it that the general tendency of your evidence is that under the existing law it is impossible to get an equal rate equitably levied over any area which contains two or three or more parishes?—That is so.

2051. And that if you want to have equality of rating there must be the same system of arriving at the valuation list pertaining through the whole of the rating area?—Yes, whatever that area may be.

2052. I understand also that your experience is, that doing away with the collection of rates partly by the guardians and partly by the corporation has resulted in substantial economy?—Yes.

2053. As representing the non-county boroughs, do you know what their experience has been with reference to their endeavour to get powers under the Local Government Act, 1894, to do away with many of these evils, as far as possible?—Not satisfactory.

2054. Under that Act I think the Local Government Board have power to go a long way, if they choose, in rectifying the evils which exist?—Yes, they have power to give non-county boroughs the power to appoint assistant overseers. In some cases they exercise it, and in some cases they have refused. They have refused it, I believe, in our instance.

2055. There has not been a systematic policy adopted by the Board in endeavouring to improve the administration in the municipalities by exercising powers which the Act of 1894 gives them?—I think the Local Government Board have had very great difficulties to contend with in bringing the Act into operation, but I cannot say there has been a systematic policy.

2056. (*Mr. Smith.*) We know that you are in favour of one rating and collecting authority; why are you in favour of that authority being the municipality rather than the guardians?—Because my experience has been mainly with rating and collection by the municipality and not by the guardians. I think a very large number of the municipalities of the country would strongly object to hand over the whole of their duties as a rating and collecting authority to the boards of guardians.

2057. Or to the overseers of distinct parishes?—Or possibly to the overseers of distinct parishes.

2058. Do you know that we do that in Birmingham?—Yes, I know.

2059. And probably you know with very considerable success as regards saving?—I think I have heard

that is so; Birmingham is, though, if I may say so, an exceptional district and has exceptional local powers, I believe.

2060. That is so; but your strong point is one rating and collecting authority?—Quite so. I would rather have the transfer to the overseers or to the guardians than that things should remain as they are. My preference between the two is that the municipality should be the one.

2061. That is merely based, I think, upon your experience as a municipal officer?—Yes, and I think I am speaking for my brother town clerks of non-county boroughs on the whole.

2062. You do not know that the town clerk of St. Helens was converted, if I may say so, by my experience?—No, I do not know that.

2063. (*Sir John Hibbert.*) Would you say what were the reasons the Local Government Board gave for not agreeing to your application for the transfer of powers to appoint assistant overseers?—I think it was because they had already, immediately the Act passed and after our application, given the collectorship to the board of guardians.

2064. They considered that to be an impediment?—Yes.

2065. Did they give you the power of appointing overseers?—They gave us the power of appointing overseers.

2066. Any other powers—parish council powers?—Two or three others, but nothing of any great importance.

2067. Yours is really a special case—it was not governed by any principle except that particular one of having appointed collectors?—I think it has been a pretty universal experience.

2068. Do you know that it is said that it is of general application?—I do not know that of my own knowledge.

2069. Perhaps you do not know that they have granted transfers of these powers to a great number of municipalities?—I know they have in some places.

2070. And to urban districts also?—Yes, I think you will find in our return a considerable number mentioned.\*

2071. What did you say with respect to the assessment? Do you wish to do away with the assessment by the assessment committees of the unions, or do you wish to have one of your own?—I think the assessment committees of the unions should be retained.

2072. You wish them to be retained?—Certainly.

2073. Do you approve of retaining the outside committee of the county for the purposes of keeping all the assessments as far as possible upon one uniform basis?—I do not think as long as you have county rates levied in the way in which they are levied now that you can do away with the general county committee.

2074. Is the assessment of the county rate revised from time to time?—I believe that is so.

2075. Every five years?—I believe that is so, but I could not speak from my own knowledge.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 20 to 30.

Mr. W. C. Cripps.

26 Mar. '97

Local Government Board, application to, for transfer of powers to appoint assistant overseers refused in case of Tunbridge Wells.

Assessment committee of union and general county committee, retention of, desirable.

County rate, assessment of, Periodical revision.

The witness withdrew.

Adjourned till Thursday next at 12 o'clock.



## SIXTH DAY.

Thursday, 1st April 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Viscount EMLYN.

The Right Hon. J. B. BALFOUR, Q.C., M.P.

C. N. DALTON, Esq., C.B.

C. A. CRIPPS, Esq., Q.C., M.P.

H. E. CLARE, Esq.

T. H. ELLIOTT, Esq.

ARTHUR O'CONNOR, Esq., M.P.

E. O. SMITH, Esq.

JAMES STUART, Esq., M.P.

J. L. WHARTON, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Sir HARRY BODKIN POLAND, Q.C., called and examined.

Sir H. B.  
Poland,  
Q.C.

1 April '97

2076. (*Chairman.*) You are a Queen's Counsel, and I believe, have had in the course of your professional experience a good deal to do with the law of rating, and with the system under which real property is rated in this country?—That is so. I do not profess to be a specialist. I practised generally, but I had a great many of the rating cases which have been tried at the County of London Sessions, and I might add that since I retired from practice in the middle of 1895, as a justice of the peace I have endeavoured to do my duty by sitting and assisting the Chairman of the County of London Sessions in trying appeals as well.

2077. I think you are also at the present time an alderman of the London County Council, and as I think you have told me a director both of a gas company and of a water company?—Yes. I wish that to be stated because a witness may be unconsciously biased, and I wish my exact position to be known.

2078. In response to the request of the Commission you have put together some notes, which I hold in my hand, as to the points on which you think you could usefully give us some information?—Yes, I have done that. Since I received the request on the part of the Commission to attend and give evidence upon the law of rating, I have endeavoured in the short time which has elapsed, to qualify myself to give as much useful information as I can.

2079. (*Mr. Cripps.*) I propose to ask you first to go through the history and the present state of the law, and then to ask you as regards any suggestions afterwards, so as to keep the two things distinct. The law of rating, I think, so far as England is concerned, commences, does it not, from the statute of the 43rd Elizabeth, chapter II. ?—Certainly.

2080. But at the present time, to understand the law, you must read that statute, must you not, with the later statute of 37 & 38 Victoria, chapter 54 ?—Yes, that is the Act of 1874. Those are the two chief Acts.

2081. Would you, in reference to those two Acts, make any statement that you think would explain to us the foundation of the law of rating so far as England is concerned?—The material words of the 43rd Elizabeth I think should be quoted. The statute requires the overseers of every parish to raise by taxation of every inhabitant, parson, vicar, and other and of every occupier of lands, houses, tithes impropriate, appropriations of tithes, coal mines or saleable underwood in such competent sum and sums of money as they shall think fit, a convenient stock of flax, hemp, wood, thread, iron, and necessary ware, and stuff to set the poor on work, and also competent sums of money for and towards the necessary relief of the lame, impotent, old, blind, and such other among them, being poor and not able to work, and also for the putting out of such children to be apprenticed, to be gathered out of the same parish according to the ability of the same parish. That really is the foundation

of the law of rating in England, which you will notice is divided into three, the parson or vicar, the occupiers of lands and of buildings, and other inhabitants.

2082. I think I may notice, may I not, from what you say that the obligation to pay the rate is not directly imposed on the land as a species of property, but on the occupier of the land?—It has been expressly held that it is on the occupier in respect of the value of his occupation, on the inhabitant in respect of his personal property, and on the parson or vicar in respect of the tithes, the ability to pay being of course measured by the value of the occupation, and in the case of the inhabitant by the value of the profits on the stock in trade.

2083. The Crown, of course, is not mentioned in the Rating Act of Elizabeth ?—In the statute of Elizabeth the Crown is not mentioned, and as it follows, is not liable in any way to pay rates in respect of property occupied by the Crown for public purposes. Perhaps it is just as well to have on the notes the case of *Jones v. The Mersey Docks*, which was decided by the House of Lords in June 1865, which puts the matter beyond all question. The judges were called in to advise the House of Lords, and there is a most elaborate statement of the law by Mr. Justice Blackburn on behalf of the judges. That case goes a little beyond the mere decision that the Crown is not liable because not mentioned in the statute; the decision goes further and extends to the case of occupations by public bodies for Government purposes. For instance, the county justices had to provide the assize courts, the judges' lodgings, and police stations, and all property of that kind when used for public purposes comes within the exemption.

2084. If I understand you that decision not only says that the Crown property is not rateable because the Crown is not mentioned in the statute, but also that where property is used exclusively for public purposes such as police purposes, it is not rateable?—Certainly. It in no way applies to municipal buildings or anything of that kind. The exception dealt with in that decision, as explained by subsequent decisions, applies to all property occupied for the public purposes of the Crown.

2085. I will not ask you at present your views upon that; we will come to that in a moment, but that is the law as it stands?—I think that is the law as it stands. There have been express decisions about the assize courts, police stations, and property of that class.

2086. I think you can also tell us, can you not, what has been held to be a rateable hereditament in regard to the English law?—Everything is a rateable hereditament which is occupied profitably; I do not mean by that where a profit is made, but where the occupation is of value, the distinction being between property which is of value and property which is of no value. In the judgment in the House of Lords they refer as an illustration of that to the fact that a man is not liable to be rated for a barren rock or for a worked-out coal mine, but anything

Poor rates imposed on the occupiers of land, not on the land.

Property occupied by the Crown and property occupied by public bodies for Government purposes not liable to be assessed to local rates.

Rateable hereditament. Definition of.

Sir H. B.  
Poland,  
Q.C.

1 April '97

Rateability  
in respect  
of portions  
of pre-  
mises  
occupied  
separately.

Value.  
Net annual  
value  
under  
Parochial  
Assess-  
ments Act,  
1836.  
Declara-  
tory of the  
old law.

Value.  
Net annual  
value.  
Statutory  
definition  
of.

else capable of yielding a rent, and which is of value, the occupier is liable to be rated for.

2087. You have used the words "profit" and "value." Suppose the occupation is what is called a beneficial occupation apart from profit, would that make it rateable?—Clearly.

2088. One other point; separate occupation makes the occupier liable, does it not, for the part of a house or premises which he occupies separately?—Yes, the present state of the law is that any part of a house which is separately occupied is a separate rateable hereditament although there is no structural severance. The leading case upon that subject is the case of *Allchurch v. the Hendon Union*, which was decided in 1891, and is in the Second Queen's Bench, 436. Lord Esher, in giving judgment in that case, said that the overseers "must not only look at the outside of a house, but they must go into the house or inquire into the state of the house, and they must rate people according to their true and legal rights in respect of that which they occupy." In that case there was a house divided into two, the first floor and the ground floor were occupied separately. There was no structural severance, but there being a separate contract to occupy one part, and a separate contract to occupy the other, they were decided to be separate rateable hereditaments. I ought to qualify that to this extent; that if there are a number of rooms in a house which are let out, and the landlord lives on the premises and has the control of the outer door, then it would be held that the landlord is the occupier of the whole, and in that case the others would be lodgers, but if the landlord does not live at the house at all, and lets out the whole of it, each occupier of a room is the occupier of a separate tenement, notwithstanding that the occupiers have the common use of the staircase and of certain other parts of the house, the conveniences and so on.

2089. Now you have spoken as regards the premises or hereditaments capable of being rated. I think that when the premises are rated they are rated on what is called the net annual value, are they not?—Yes.

2090. Is the expression "Net Annual Value" found in the Parochial Assessment Act, 1836?—Up to the time of the passing of the Parochial Assessment Act, 1836, occupiers were rated in respect of the value of their occupation, that is to say, the rent that the tenement would let for. That was expressly decided in the case of the *Queen v. Adams*. The passing of the Parochial Assessment Act, 1836, did not alter the law in any material respect; it only gave a guide to the parish officers, and further, it compelled them to rate at the full net annual value; before that many of the parishes used to take off 10 or 20, or even 30 per cent. I should like to support what I say with regard to that by referring to the case of the *Overseers of Sunderland v. the Sunderland Poor Law Union*, which is quoted in 34, *Law Journal*, *Magistrates Cases*, 135. This is what Mr. Justice Byles said in that case. "The Statute of Elizabeth imposes the rate, not on the land, but on the person of the occupying tenant, in respect of his ability, as tested by the annual value of the land; for, originally, an inhabitant and occupier was rated for personal as well as real property; and it has been repeatedly held that the poor rate is no charge upon the land. *Heed v. Starkey*, 8 Mod. 314. Nor is there much danger of abuse; for, in ordinary cases, that method of letting which will produce most rent will be preferred by the landlord. It is true that pecuniary charges on the land created by contract, as ground rent, rentcharges, annuities, interest of mortgages, and the like, are not to be deducted from the rateable value of a tenement; but that is because the legal criterion of rateable value is, by the provision of the statute, the rent which a tenant from year to year would give for the land in its actual condition,—subject to certain deductions, among which are tithes, rates, taxes, insurance, repairs, &c., but among which deductions pecuniary charges created by contract are not to found. But in truth"—this is important—"the statute of 6 & 7 Will IV., though not in form declaratory, made very little alteration in the principles of rating before accepted by courts of law." So I think that supports what I say. It is the express opinion of the judge that the Parochial Assessment Act, 1836, made no material change in the law; it was merely declaratory.

2091. In order to get it before us on our proceedings could you give us the definition of net annual value from the statute itself?—The net annual value is defined by the statute itself in the first section in these words:—"No rate for the relief of the poor in England and Wales shall be allowed by any justice, or be of any force, which shall not be made upon an estimate of the net annual value of the several hereditaments rated thereunto; that

is to say, of the rent at which the same might reasonably be expected to let from year to year, free of all usual tenant rates and taxes, and tithe commutation rent-charge, if any, and deducting therefrom the probable average annual cost of the repairs, insurance and other expenses, if any, necessary to maintain them in a state to command such rent. Provided always, that nothing herein contained shall be construed to alter or affect the principles or different relative liabilities (if any) according to which different kinds of hereditaments are now by law rateable." Now that is the clear and distinct definition of what is net annual value, which of course is equivalent to rateable value outside London.

2092. I will come to that in a moment. In your view, and you have given us the authority, the definition of "net annual value" contained in the Parochial Assessment Act was really in the nature of a declaration of the law?—Yes.

2093. Carrying on the old law?—Carrying on the old law in substance, and, as I have said, making it compulsory that the parish officers should rate up to the full net annual value.

2094. I want to put on one side any exceptional case; outside London, so far as net annual value is concerned, does the definition from that statute still decide in rating cases?—Outside London that is the sole definition of "net annual value," and you will notice that in that statute it does not mention what gross estimated rental is.

2095. I will come to that in a moment; at present I want to get it clear for our purposes that the definition so put forward in the Parochial Assessment Act, 1836, has never been altered, has it?—It has never been altered.

2096. Now, of course, the other matter that we have to consider in rating cases is called the "gross estimated rental"?—Yes.

2097. In what statute do you first find the gross estimated rental?—It is mentioned in the Parochial Assessment Act, and in the schedule giving the form of rate there is a column there headed "gross estimated rental" which is put down as 60*l.*, and another column headed "rateable value," which is put down at 55*l.*, so that shows that the "gross estimated rental" is the full value and then the rateable value or net annual value is arrived at by making the deductions which are referred to in the section which I have read; but in order to make the matter clearer, in the Union Assessment Act of 1862 (25 & 26 Vict. c. 103), the Legislature thought it desirable to define "gross estimated rental." That Act in section 15 says:—"The gross estimated rental for the purpose of the schedule to this Act shall be the rent at which the hereditament might reasonably be expected to let from year to year, free of all usual tenant's rates and taxes, and tithe commutation rentcharge, if any; provided that nothing herein contained shall repeal or interfere with the provisions contained in the first section of the said Act (6 and 7 William IV., c. 96), defining the net annual value of the hereditaments to be rated."

2098. You told us that there was some little distinction, as between London and the rest of England, as regards the definitions of the gross value and the rateable value; to what statute do you refer?—The Valuation (Metropolis) Act, 1869, (32 & 33 Vict. c. 67). In section 4 of that Act there is a series of definitions. It defines "hereditament" as meaning "lands, tenements, hereditaments and property which are liable to any rate or tax" and so on; and then they change the term, and do not call it "gross estimated rental," but "gross value," and that is defined in these words—"the term 'gross value' means the annual rent which a tenant might reasonably be expected, taking one year with another, to pay for an hereditament, if the tenant undertook to pay all usual tenant's rates and taxes, and tithe commutation rentcharge, if any, and if the landlord undertook to bear the cost of the repairs and insurance, and the other expenses, if any, necessary to maintain the hereditament in a state to command that rent; the term 'rateable value' means the gross value after deducting therefrom the probable annual average cost of the repairs, insurance, and other expenses, as aforesaid." You will notice the principal change of expression is, instead of saying "from year to year," this statute uses the more accurate term, "taking one year with another." Some persons have expressed an opinion that something different to the old definitions was meant by the new definitions; but I find in the Valuation of Lands (Scotland) Act of 1854 (17 & 18 Victoria, chapter 91 section 6), the expression used, "one year with another." I think the beginning of that section is:—"In estimating the yearly

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value and  
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" value of lands and heritages under this Act, the same shall be taken to be the rent at which, one year with another, such lands and heritages might in their actual state be reasonably expected to let from year to year." &c. As I am particularly anxious to be accurate in a matter of this importance, I should like to refer at once to a judgment of the House of Lords in what we generally speak of as the "Erith" case. It is the case of the rating of the London County Council's outfall sewage works at North Woolwich and Erith, and their pumping station at Pimlico, in St. George's, Hanover Square, and their sewers. It was decided in 1892, and Lord Herschell, who was the Lord Chancellor, in giving judgment, specially referred to these definitions. The case will be found in the ordinary law reports, but I am quoting a book that your secretary has got for your use, "Ryde's Appeals, 1891-93."

Value. Annual value, net annual value; gross value; rateable value. 32 & 33 Vict. c. 67, intended to make language of 6 & 7 Will. IV. c. 35 clearer.

2099. I may say that it is a book generally referred to in these matters?—Yes, it is generally referred to. At page 422 you will see Lord Herschell says:—"The rule which is to govern the assessment of premises to the poor rate was laid down by the Legislature in 6 & 7 Will. IV. c. 96, s. 1, which provides that. 'No rate for the relief of the poor should be allowed or be of any force which should not be made upon an estimate of the net annual value of the hereditaments rated thereunto; that is to say, of the rent at which the same might reasonably be expected to let from year to year, free of all usual tenants' rates and taxes, and tithe commutation rentcharge, if any, and deducting therefrom the probable average annual cost of the repairs, insurance and other expenses, if any, necessary to maintain them in a state to command such rent.' In the Act to provide for uniformity in the assessment of rateable property in the Metropolis (32 & 33 Vict. c. 67), the term 'gross-value' is defined as 'the annual rent which a tenant might reasonably be expected to take one year with another, to pay for an hereditament if the tenant undertook to pay all usual tenants' rates and taxes, and tithe commutation rentcharge, if any, and if the landlord undertook to bear the cost of the repairs and insurance and the other expenses, if any, necessary to maintain the hereditament in a state to command that rent.' The term 'rateable value' is defined as meaning 'the gross value after deducting therefrom the probable annual average cost of the repairs, insurance, and other expenses as aforesaid.' So far as the question to be determined in this case is concerned, I do not think the terms of the latter Act are important. 'The annual rent which a tenant might reasonably be expected, taking one year with another to pay for an hereditament' is the same thing as 'the rent at which the same might reasonably be expected to let from year to year;' and so on, I need not trouble you further. That is a direct statement by that learned person that the change of language is merely to make clearer, what the Legislature meant in the Act of 1836.

2100. In other words, there is no substantial difference between the two?—No, none whatever. I think it was to get rid of the notion that some people had that "let from year to year" meant that it was the rent that a person would pay for a hereditament, only to use it for a year and then to be turned out. Of course in the case of large country houses it would not be worth a man's while to move in the furniture if he is going to be turned out at the end of the year. The valuation is upon the assumption that the tenancy will continue year after year.

2101. Assuming that the Commission wish to find a definition which would apply in all parts of the country equally could you give us your views which of those definitions you would prefer?—I think the latter definitions are more clear, I should certainly prefer those.

2102. I do not think there is anything further you wish to add upon the definition of gross estimated rental or net annual value?—No.

2103. Perhaps I might ask you one question in reference to what was asked here the other day. When you use the expression "gross estimated rental," even although there is an actual tenant in the particular case you might still have to consider whether the actual rental was a fair one or not?—If the property is actually let it is immaterial what the rent is. The parish officers are bound to get at the true annual value, and if a father let his son have a house at a cheap rate, he is not to be rated at that sum, he is to be rated at the true sum. That is quite clear. Of course, if there has been a recent bargaining between the landlord and the tenant, and the rent has been agreed upon, there is strong *prima facie* evidence that that is the rent which a tenant might reasonably be expected to pay.

valuation, principle of. The annual value of property to be assessed, to be paid for necessarily be test.

2104. I suppose, in most cases, the actual rent would be the best evidence, but it is not the test?—If recently agreed upon it would be, but it would be a very bad test; in a neighbourhood, for instance, where the lease was 10 or 20 years old, and the property had been going up in value ever since, and recent lettings of similar property that came into the market showed that the rent paid was much below the true value.

2105. Applying the test of which you have given us the definition as regards the net annual value, or rateable value, the actual amount is always a question of fact, is it not?—It is always a question of fact.

2106. In reference to property which is from time to time in the market, such as an ordinary house, we will say, in a London street, no difficulty has been found in that case, has there, for getting at the rateable value?—No. The house agents in a particular neighbourhood know what the value of the property is. Then there are dealings from time to time, and those have to be examined. Some times a man pays a high rent and no premium, sometimes he pays a high premium and a low rent. All those things have to be carefully considered in arriving at the rent a tenant might reasonably be expected to pay. Of course, premium is nothing more than rent paid in advance, or, as it is sometimes called, capitalised rent. But the people accustomed to deal with the letting of property know how to apportion the premium so as to arrive at the annual value.

2107. Where you are dealing with a property which is practically never let or sold in a market, then the difficulty does arise, does it not?—The difficulty is very great indeed with regard to all properties which are not actually let, and properties which are exceptional and never intended to be let.

2108. Would you just explain a little further from your experience; take such cases as hospitals, or board schools, railways, gas undertakings, and matters of that kind?—Let us take the simpler cases first, board schools. They have been specially built with the playground for the purposes for which they were wanted; they are never let, as school boards have always provided their own buildings. Just to illustrate that—how would you arrive at the value of that except by taking the value of the land and the value of the buildings put upon the land; and if you combine the two you have got the capital value, and then the question is when you have got the capital value, whether it is not a reasonable way of arriving at the annual value by taking a percentage upon the value of the land, and the value of the buildings. The question of the school board is an important one, because the case has been before the courts, and there is no doubt the House of Lords have approved of the decisions in the school board cases; may I just refer to the school board case in 1885, which is reported in 55 Law Journal, magistrates' cases, page 33. It was in the Divisional Court, and the judgments of Mr. Justice Cave, and Mr. Justice Wills are very instructive. Their decision was confirmed by the Court of Appeal in the following year, and is reported in the same volume at page 169. If you will allow me I will read the head note:—"The school board are rateable to the poor according to the annual value of the buildings occupied by them, whether they rent or own the buildings. The cost of the land, and the cost of the buildings are rough tests of the value of the occupation. Fair and reasonable interest, calculated upon the necessary outlay in purchase money and building, may be taken as a method by which to arrive at the rateable value, as representing the value to the existing occupier. So also may the rent which the board might be supposed to be willing to give if the board were desirous of hiring premises for schools." They put before the court a number of facts. Now the court adopted as one view that there might be what is called a contractor's rent; that is to say, supposing a contractor had known that a school board would want a building exactly of this class and character, and had bought the land and built it, what would be a fair rent for them to pay to him for the outlay which he had expended in providing that which the school board wanted? The courts say it is entirely a question of fact, and if it is to be a per-centage it must be upon value, not upon cost. Cost might not represent value. He might have come upon a quicksand, and that might have cost an enormous sum of money in making foundations, but when the building is up, it is of no more value than one which is built upon firm ground. You must take the value, not the cost. Or, again, the cost might have been very extravagant or foolish. But when you have got the value, what per-centage are you to put on the land and on the buildings? That must be

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entirely a question of fact, and in this particular case the court put 4 per cent. on the land, and 5 per cent. on the buildings. The paragraph is: "That the assessment 'appealed against—namely, 1,150*l.* rateable value—was 'proved to have been arrived at by calculating the 'annual value of the land at 4 per cent. on its original 'cost, and the annual value of the buildings at 5 per 'cent. on their then estimated cost." If the sessions—which was the sole judge of the facts—chose to put 6 per cent. and 5 per cent., or 4 per cent. and 3 per cent., the Superior Court could not overrule them, as the question was one of fact. The school boards say that 4 per cent. and 5 per cent. is a great deal too much, because they can borrow money at a very low rate, and having borrowed the money at a low rate, they could, instead of renting, buy the land and build the school for themselves. But still, that is pure fact.

2109. Of course, one is familiar with the fact that these per-centages have been argued sometimes lower and sometimes higher, but would the 4 per cent. and 5 per cent. on the land and buildings respectively be about the figure which is now pretty generally adopted?—It used to be 4 per cent. and 5 per cent. generally upon railway stations, school boards, and property of that class; but since the judgment of the House of Lords in the Erith case there is a contention always made that 4 per cent. and 5 per cent. for property which is not occupied for the purpose of making a profit is too much, and that argument is founded on a dictum of the Lord Chancellor, Lord Herschell, in the Erith case. I will just read it:—"In the case of gasworks, 'waterworks, and other industrial undertakings where a 'hereditament is enhanced in value by its connexion with 'a profit-bearing undertaking the profits earned and the 'share of those profits attributable to any particular 'hereditament have to be taken into account, and in such 'cases as these any restrictions which the law has imposed upon the profit-earning capacity of the undertaking 'must, of course, be considered. But I do not think this 'class of cases affords any guide to the assessment of 'such hereditaments as those with regard to which your 'Lordships have now to lay down the proper principle of 'rating. Owing to a statement made in the course of the 'argument at the bar, I wish, in order to avoid possible 'misconception, to add a few words as to the method 'which ought to be followed when it is manifest that an 'owner would be willing to pay a higher rent than could 'be obtained from any other tenant. It was said that a 'practice prevails of taking 5 per cent. on the cost in the 'case of buildings as a basis for arriving at the rental. 'Such a rule of thumb may be all very well where the 'premises would be likely to find competing tenants, but 'is not by any means necessarily applicable where it is 'thought that the owner would be likely to give a higher 'rental than anyone else. It would often be obvious that 'he would never be willing to pay the rent arrived at 'in such a fashion inasmuch as it would be more 'advantageous for him to become the owner. There 'are many other circumstances, too, which may affect 'the answer to the question what the owner of the premises would have been willing to give, if instead of becoming the owner he had become the tenant of them. In 'all cases of the description of which I am speaking the 'whole of the circumstances and conditions under which the 'owner has become the occupier must be taken into consideration, and no higher rent must be fixed as the basis 'of assessment than that which it is believed the owner 'would really be willing to pay for the occupation of the 'premises." I must say with regard to that, no doubt that is a very valuable guide to the sessions, but it is not law. It is an intimation how the tribunal which has to decide the question of fact should go to work. I may add that in that particular case—I was in it at the sessions—the county of London sessions having regard to the peculiar nature of the property took there, 3 per cent. on the land and 4 per cent. on the works—I think that is so, speaking from memory.

2110. Apart from the particular per-centage which, as you state, may, of course, be a question of fact, do I understand that the principle you put forward is this—that where a property is such that you would not have any ordinary market test, either as regards selling or letting, you would take this test, that a man probably would expend at about the same amount at which he could obtain similar premises if he took them from some other person or contractor?—Yes.

2111. Therefore this is merely a machinery or method of arriving at the net annual value which it is supposed the tenant would be willing to pay?—Yes; it is, as Mr. Justice Blackburn said, as to property which is let from time to time—(to use Sir Robert Peel's expression, of which

he was rather fond)—the higgling of the market between the landlord and the tenant fixed the value. When there is no higgling of the market then you must get at it in some other way. I always thought myself that the fair question is this: if the landlord was in possession of the property and was anxious to let it, and there was a tenant who was anxious to take it, and they could not agree between themselves as to what the rent should be, what would persons of skill and judgment, and experience say was the fair rent between the parties?

2112. And, if I understand you, just to follow that up, suppose there were no abnormal circumstances as regards cost, such as quicksand or anything of that kind; if you take an ordinary case you would probably arrive at that by finding out the cost of the land and of the structure whatever it might be?—Yes, but I would prefer saying instead of "cost," the "value," because circumstances change, and it may cost more from various reasons.

2113. Does this principle which you have explained as regards board schools, apply to all other classes of property where you cannot get a tenant in the ordinary way, and where there is no market for an ordinary tenant; I mean to say, take railway stations, waterworks, reservoirs, cemeteries, sewage farms, and matters of that kind?—Yes, including infirmaries, hospitals, lunatic asylums, industrial schools, and all that class of property which has to be valued as buildings. Of course, I exclude the actual railway which earns money; that is a different thing; I am speaking now of railway stations, hospitals, lunatic asylums, and all property of that description.

2114. Outside railway lines, and one or two special matters of that kind, which I will ask you about, does the principle which you have now laid down apply to all buildings and structures other than those in respect of which you could get at an ordinary market value as regards letting or selling?—Yes, I think so; take the city halls, for instance.

2115. In your experience are you aware of any other test having been applied except the one you are now explaining to the Commission?—No, that is the practice generally adopted in London. Some surveyors, however, absolutely reject the value of the land and the value of the buildings. They go into the witness box and say, "I have 'had enormous experience in valuing property, and I tell 'you that the value of this, in my judgment, is so much." When they say that the Sessions have to consider it with the other evidence.

2116. When you come to a basis of principle apart from the *ipse dixit* of a particular witness, you are not aware of any other principle being applied, are you?—No, I think not.

2117. I do not know whether it would be convenient for you at this stage or not—you will tell me whether it is—to carry this matter forward, and taking the case of a railway line, to show how that is dealt with in England for rating purposes. You have told us that with regard to structures you either have the case of tenancy or you have the case of what we have called structural value, and you arrive at the rateable value from one of those two points of view; could you tell us, as regards such an undertaking as a dock or a railway which, perhaps, extends into different parishes how, in those instances, the rateable value is arrived at?—There you have a most complex question to deal with, because you have got the railway stations which are valued in a different way; then you have got the line of railway, and to value that I do not see how you could possibly get at what a tenant would be likely to pay for it unless you go into the takings of the railway; no tenant possibly could say what rent he would pay unless he inquired into the whole circumstances of the company. Therefore, in rating a railway first of all you take the gross receipts; then, having taken the gross receipts, you will take all the expenditure and you will get at the net receipts. Then having got at the net receipts you have got to say how much is attributable to the landlord and how much is attributable to the tenant. What is generally done then is to ascertain—assuming that the property was vacant—what capital a tenant would have to put into the concern to take to the rolling stock; to take to all the goods and chattels necessary for making the occupation valuable when he gets possession. Then having got at what they call tenants capital, the next point is, what would he expect to get as a return for that capital? There we come again to questions of fact. The sum usually claimed and usually allowed is 10 per cent. for tenants' profit and 5 per cent. interest on the capital—supposing he will have to borrow the money upon the security of the chattels that he buys. They generally allow 5 per cent. for that; and then he has got to take care

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never let.  
What rate  
of per-  
centage  
charged on  
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for ascer-  
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that at the end of the year he should not be on the wrong side of the account, and therefore he has to allow for risks and casualties.

2118. (Mr. Balfour.) You have told us the per-centage upon the tenants' capital, but how do you arrive at a conclusion as to how much capital the tenant would want for such an undertaking?—That must be done by skilled valuers. Of course, there is the whole of the rolling stock; there is all the stock of coal, and all the goods and chattels which are necessary for the man to commence his year of tenancy with, to make his profit out of the occupation. I mentioned the 5 per cent. interest on the capital, and then I was going to speak of the risks and casualties. He must take care he is not on the wrong side of the account at the end of the season. Supposing it is a summer line—supposing it is a pleasure line, and there is a very wet summer, that is a serious matter for him; supposing there is a strike, supposing there is a terrible accident, for which he would have to pay; that also would be a serious matter for him. He is therefore generally allowed 2½ per cent. for risks and casualties. That makes altogether 17½ per cent. But I may say that, although usually with regard to railways these percentages are claimed and allowed, it is a question of fact, and it is only a question of fact. If the sessions choose to say that 17½ per cent. is too much, nobody can interfere with them. In the Grand Junction Railway case in 1844 they allowed 25 per cent.; in the Southampton Dock case in 1851 they allowed 25 per cent.; in the Sheffield gas case in 1863 they allowed 20 per cent. The lowest and the ordinary rate is the 10, the 5, and the 2½ per cent. Then, having got the tenant's share you have got to make the statutable deductions from the gross to get at the rateable; that is to say, you have got a fund for the renewal, to keep the hereditament in a state to command the rent; you have got the repairs and you have got the insurance. Then when you have deducted what they call the "statutables" you get at the net annual or rateable value. The stations, I ought to have said, are taken out of this valuation. The stations are rateable in the particular parish in which they stand, and the parish where the station is, is entitled to the whole value of that station. When you have got the net rateable value, if the railway were all in one parish it would not be such a difficult job, but when you have got a railway running through a number of parishes then you have got to find out what the particular piece of line in the particular parish is worth; you have got to find out from the actual earnings, because the accounts are kept so as to show what number of passengers travel over that particular part of the line; the quantity of goods carried over that particular part of the line; and then valuers have to find out the value of that particular part of the line.

2119. (Mr. Arthur O'Connor.) The value to whom?—The value to a tenant who is supposed to occupy that particular part of the line.

2120. (Mr. Cripps.) The process you have been telling us about is exceedingly costly and exceedingly cumbersome, is it not?—I was going to say it is terrible.

2121. I mean not only to the company but also to the parishes and the public authorities?—Yes. Of course the overseers cannot deal with the railways, the water, the gas, the electric lighting, the hydraulic power companies, and the telephones. The parish officers cannot deal with those very well. They are obliged, generally, if they cannot come to terms with the company, to call in a skilled valuer or valuator, as he is spoken of in Scotland, and he then gets hold of the accounts of the company, and he goes to work to make out his valuation. If the parties cannot agree then the parish valuer meets the valuer on the part of the company, and one says: "Your tenant's capital is too high," and they discuss it between themselves. If they cannot agree to a compromise it goes into court, and then when it goes into court there is a battle royal.

2122. Not only is it costly and cumbersome, but as you have told us as regards different per-centages in these complex questions the result must be very uncertain?—The result is very uncertain. There is always a great dispute as to the tenant's capital, because the parish valuer says, the moment you are in possession you begin to earn money, and you will not want so much tenant's capital. Then there is a dispute as to whether the stock which the tenant will have to take to have been properly valued. Accounts of enormous magnitude are put in on both sides, and the unfortunate tribunal that has to decide it has to try to do justice between the parish authorities and the company.

2123. I think everyone who has known what goes on in these cases would admit that they are costly, cumbersome, and uncertain?—Yes.

2124. I do not know whether you have considered it, but could you apply any other method of arriving at the rateable value, take, for instance, a railway line, by which you could get rid of the uncertainty and the costliness of this cumbersome process?—I really do not know.

2125. You have not considered that?—I have considered it, but I have got no plan which I should suggest. If the valuers can invent a satisfactory plan I should be very glad. Then you must recollect also that you have got this great difficulty, that a particular appeal which is decided does not in any way affect other parishes. A railway goes through a number of parishes, and you may get one quarter sessions deciding one appeal upon one principle, and another quarter sessions deciding another appeal upon another principle. Of course, the quarter sessions would try and agree, if they could, with a previous decision of another quarter sessions, but if they honestly could not agree they would say: We are very sorry, but we do not agree that the sum put as tenant's capital is right. You may, therefore, have different decisions upon the same rateable hereditament that is split up in pieces in different places.

2126. I put it to you in this way: Of course the case is much more complex, but according to the English system you might have a railway, we will say, going through 20 parishes, and as regards the tribunal you might have, perfectly *bona fide*, a different basis adopted, really, in each of those parishes in order to get at the hypothetical tenant?—You certainly might. There have been suggestions made as to whether the Railway Commissioners, if they have got time, should not take all these railway rating cases.

2127. There is one suggestion I should like to mention—perhaps you may not have considered it. You have told us of the difficulty of the hypothetical tenant, everyone must admit that, and the increasing difficulty there is in trying to have a hypothetical tenant in each different parish?—Yes.

2128. But do you think any system could be adopted to rate the railway line, as a whole, and then to divide it according to mileage or on some principle of that kind between the different parishes?—The only way I can suggest as regards that would be to have a tribunal like the Railway Commissioners. Then would come the question about the mileage principle. In England that has always been repudiated; they say the parochial earnings principle is the proper one, and mileage is not the right principle. The parish has a right to rate upon the value of the property, and the value of the property in that particular parish, which is called the parochial earnings principle, is clearly the law. There is also the case of docks. When docks run into three or four different parishes they sometimes find it is absolutely impossible to say what the value of each part of the docks in each parish is, and then they distribute the value according to the area. But you may take it, as being beyond all question, the law, that if there are any means of getting at the value in the parish, you must adopt the parochial earnings principle. If you cannot adopt it then of course you must take the rough and ready way of area.

2129. I think there is no difference, and can be no difference of opinion as regards English law, because we have always adopted the parochial principle?—Yes.

2130. But I think you agree—at least I understood you to express the opinion—that the parochial principle as applied to railway rating was costly, cumbersome, and uncertain?—Yes.

2131. Never mind about the particular tribunal for a moment, but suppose that before a satisfactory tribunal you could rate a railway company as a whole, do you not think that would be a more satisfactory system than trying to rate it by parishes?—Clearly, because the railways naturally make the best terms they can with each parish, they may make a very good bargain indeed, and be under the true amount, and of course they fight their best cases.

2132. Then having got the rating of a railway line as a whole, it would not be impossible or impracticable, would it, to divide that fairly between the different units of rating, whatever they might be?—I think not, at any rate it would be much better than the present principle.

2133. I imagine it is inconceivable to suggest anything more illogical or more impossible than to rate a railway on the parochial principle?—It would be most absurd upon the parochial system of treating the line as a separate unit in each parish; of course upon the parochial earnings principle the value in each parish would be the correct value in each parish, not the mileage.

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Rating of railways. Disadvantages of present system.

Rating of railways. Parochial earnings principle, and mileage principle.

Rating of railways. Parochial rating system, disadvantages of.

*Sir H. B. Poland, Q.C.* 2134. If you were to apply the parochial principle, of course you would have to go through something of the nature of the process we now go through—this absurd and cumbrous process?—Yes.

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2135. But you may rate the railway as a whole—I do not want to suggest any particular method; and then have some method by mileage or otherwise of distributing the amount so arrived at between the different rating units?—Yes, certainly. That must be fair to the railway and must be fair to the different parishes as the same independent tribunal deals with them all upon the same footing.

Rating of certain classes of trading companies, Difficulties in connexion with.

2136. Now you have explained to us the principles of rating where you have an ordinary tenancy, and you have explained it where you have got to take the structural value or cost, and you have explained it in the case of such a property as a railway; is there any other form of property that you care to mention as showing any special principle of rating in England?—No, I think not. Of course the difficulty with regard to railways applies to water companies, gas companies, electric light companies, hydraulic power companies, telephone companies, and all companies where they have part of their works which indirectly conduce to profit, and part of their works, which are profitable, where you have to separate the two, and where the hereditament is in several parishes. Dealing with the same subject we sometimes get hereditaments that are ordinary hereditaments in two parishes. For instance, I was in the rating of the Imperial Institute, and that is in two parishes, but luckily the two parishes were in the same county, and so the same Quarter Sessions could deal with it. But sometimes you get one that is in two jurisdictions, sometimes part in a county and part in a borough, sometimes part in two counties.

2137. Apart from these somewhat special cases like the Imperial Institute, I think as regards principle we have dealt with the three series of cases which practically arise, have we not?—Yes, I think so. Of course there are racecourses where there is gate money taken; nobody can tell what is the value of such racecourses without looking at the receipts.

2138. But as regards a racecourse, or a railway company, or any of these properties, where you have got to look at the receipts, it is one thing to rate it as a whole, and then to distribute it between the two parishes, and quite another to take the parochial system, which you say is so absurd?—Yes. In the case of these companies where the takings have to be gone into, there are the means of rating them at their full value. Mr. Justice Blackburn made some very useful observations in regard to that, in the case I have before me, which is the London and North-Western Railway Company's case, in 1874. He says: "The rateable value of the occupation of property shall be estimated at the rent, which the property might reasonably be expected to produce if it were let from year to year, making certain deductions and certain allowances. It happens, unfortunately, in many of the cases, that have arisen, especially in the case of railway and similar companies, that there is great difficulty in applying that principle; because, from the nature of the thing, the property in a particular parish could not be let by itself alone, and there is not the possibility of getting a tenant from year to year who would give an annual rent for it. Cases often happen of a link in a railway which lies in a parish between two stations; there is one station in parish A, the next station in parish B, and between the two a bit of the line in parish C, and no one could say, and it is not in the nature of things possible, that the link in parish C could be let by itself. No one would take it. Nevertheless, in assessing it to the poor rate, you have to consider the complex matter, and ascertain, as well as you can, what it would let for; and to do this you have to ascertain what are the proper elements to take into consideration. Now there is one principle which is quite clear; in letting a thing from year to year, the rent would be regulated by two matters: on the one hand by the benefit the tenant would be likely to derive from the occupation; because he would not give more than that; on the other hand, by the nature of the property, such as its local situation, or how many persons there are who could supply him with an equally eligible thing, and be willing to let it to him; for while he would not be willing to give more than he expected to make by it, he would not even give that if he could get a similar thing at a lower rent." Then he illustrates the case of chambers in the Inns of Court, where he says it does not matter whether the tenant is the Attorney-General who is making thousands a year, or whether it is a briefless barrister, who is on the wrong side of the account; the chambers must be

of the same annual value for both tenants for the purpose of rating, because there they have a market value.

2139. In the same way, I suppose, if you are rating a shop in Bond Street you would not take a note of the particular business which was being done there, because it would have a value quite irrespective of that?—You must assume the shop to be vacant. What would take a tenant entering in for the year of the rate pay for the occupation, having regard to the various advantages? Upon that matter I should like—I hope I am not going too much into detail—to refer to the case of the Mersey Docks v. Liverpool, which is reported in the same volume as the London and North Western Railway case (Law Reports, Queen's Bench, Volume IX.). The Mersey Docks case deals with the very point which you have put, and I would like to read what Mr. Justice Blackburn said:—"Where the hereditaments, or hereditaments of a similar kind, are in practice actually let at a rent, the amount of which is ascertained by what has been called 'the higgling of the market,' the application of this definition is easy and simple. Where the hereditaments are not in practice let the problem becomes more difficult. The facts and circumstances, which would be taken into consideration by those who in the case of a real tenancy do in the higgling of the market fix the rent, are to be taken into consideration, and on a view of all those the net annual value of the occupation is to be determined; and in many cases the amount that is made by the trade carried on by the occupier's occupation, less an allowance for the profits which the tenant might elsewhere make by his trade is an important element in the evidence of the annual value." "If the hereditaments are such as to afford peculiar facilities for carrying on any kind of business, that facility does, beyond all question, enhance the value of the occupation; but though the profits which may be reasonably expected to arise from such a business, no doubt form an element in estimating the enhanced value of the occupation of the premises, the actual profits made do not form any element, except in so far as they afford evidence of what might be reasonably expected to be made from the occupation of premises affording facility for carrying on such a business. For instance, to explain our meaning, there can be no doubt that the annual rent of a shop in Cheapside is higher than the annual rent of a similar shop in a back street; and that the reason why tenants give a higher rent is because of the superior facility for carrying on business there. But the rent and the rateable value of the shop are quite independent of the amount of the shopkeeper's actual gains. The rateable value is the same, whether the tenant is a flourishing trader or is carrying on business at a loss." That exactly deals with the point which you put to me. I may say that that case has been mentioned recently in the Court of Appeal, and has been held to be the foundation of the law with regard to the rating of such properties.

2140. Now I want to take you to what I may call more special points, and to get your opinion upon them. You have already referred, in your general evidence, to the exemptions from rating under the Statute of Elizabeth, which are still maintained; I mean the exemption from rating of Government property, and also of property such as police courts. Would you state your view as to the exemption of Government property from rating, and property such as police courts?—I object entirely, if I may be allowed to say so, to Government property being exempted from the payment of rates. I cannot conceive why, when property which is rateable is taken for general purposes of the State, that should turn rateable property into non-rateable property. Property is occupied in a parish for the general purposes of the State, and why should that parish be deprived of the advantage of rating the Government in respect of that property in the same way as other occupiers of property in the parish are rated?

2141. Of course, you know that at the present time there is adopted the principle of voluntary contribution by the Government?—Yes, it is a voluntary contribution; but the contribution is made upon the valuation of the Government's own valuer. I have before me the Treasury Minute of the 25th June 1874; it is as follows:—"Memo- randum drawn up at the Treasury, read by the Chancellor of the Exchequer in Committee of Supply, House of Commons, June 25th, 1874. We have had under our consideration the subject of the rules which ought to govern the distribution of the proposed increased grant of Parliament for contributions in lieu of rates in respect of property occupied for the public service. We adopt the principle that property occupied

*Sir H. B. Poland, Q.C.*

1 April '97

Rating. Business premises. Principles of valuation.

Rating Government property. Exemption. Objections to.

Rating of Government property. Voluntary contribution in respect of property occupied for the public service. Treasury Minute, 1874. Government valuer.

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" for the public service should contribute to the local rates equally with the other property in the parishes in which it is situated, having due regard to its character in each case. The contribution will be made to the poor and all other local rates levied in the parish in which the property is situate, and no parish will be excluded from such contributions on the ground that the Government property is less than a certain minimum. We feel it necessary, considering how widely different are the various kinds of Government property, and how impossible it is to apply to all of those the rules of assessment applicable to private property, to retain in our own hands the valuation of all Government property with the intention of adopting in each case, as far as possible, the same principles as are applicable to the valuation of private property. Thus, property occupied as *ex officio* residences or quarters for officers of the Government will be assessed on the estimated rateable value which would attach to such premises if they were in private occupation and liable to assessment to the local rates. The same rule will, as far as practicable, be applied in determining the rateable value of all Government hereditaments occupied as post offices, coastguard stations, county courts, probate registries, Inland Revenue buildings, Custom House, &c. The rateable value of the whole of the naval establishments and of the principal military establishments was agreed upon between the Government and the parishes in which they are situated in the year 1860. The valuations then agreed upon will be revised with reference to the improvements and additions which have taken place at such establishments since that date. The valuations in these cases will be taken as a guide in fixing the rateable value of the barracks and other buildings at such of the military stations as were not brought within the arrangement of 1860, and also in fixing the rateable value of the military, naval, and convict prisons. If in any particular case the principles of valuation applicable to private property cannot reasonably be adopted we shall inquire into and decide upon each such case upon its merits; but in no case will we contribute less than was payable on the assessment of the property at the time the Government acquired it. Hereditaments under the control of the Commissioners of Woods, &c., not being in the occupation of any other occupier will be the subject of contributions determined on principles similar to those herein-before made applicable to Government property. These regulations will apply to Government property in Scotland and Ireland as well as to that in England."

2142. Is there any special point in that Memorandum that you wish to call our attention to?—The special point is that the Government adopt the principle that property occupied for the public service should contribute to the local rates equally with other property in the parish in which it is situated; but then they go on to say:—"We feel it necessary, considering how widely different are the various kinds of Government property, and how impossible it is to apply to all of those the rules of assessment applicable to private property, to retain in our own hands the valuation of all Government property with the intention of adopting in each case, as far as possible, the same principles as are applicable to the valuation of private property." That means, in plain terms, that although they admit that they ought to be rated, that is to say, be put upon the same footing as the occupiers of other property in the parish, they claim to appoint their own valuer to fix the value instead of doing as they do in all other cases. When they want money for income tax, or succession duty, or death duty, they go into court if there is a dispute, and it is settled by the legal tribunals of the country. If they have a dispute with their contractor as to the building of an ironclad they go into court and the matter is settled in court. If they have a dispute as to a patent for cordite, or whatever it may be, they go into court. There is proper machinery provided by Mr. Bovill's Act that the Crown should have all their disputes of this class and character settled in court, and they should pay costs if they are beaten, and receive costs if they succeed. When they actually admit the principle that they ought to pay rates in the same way as the occupiers of private property pay rates, why they should claim to appoint their own valuer to make the valuation, and not have it checked in any way by an independent tribunal, seems to shock me, as a lawyer, because there is the maxim that we are first taught when we put our foot into the Temple, that no man is a good judge in his own case. Really, it shocks me. The Government state that they retain this valuation in their own hands because the various classes of property, the dockyards,

the naval establishments, the barracks, the police stations, and so on, make it so complicated. What is the complication? The buildings in Downing Street are private houses, and in Whitehall great public buildings, offices and so on—large offices. What is the difficulty with regard to them any more than with regard to any other property which is not let? What is the difference between their dockyards and Armstrong's, and the great ship building yards? Where is there a greater difficulty than in the sewage works? Of course there is difficulty, and I quite admit that the most difficult of all would be the cases where the land is occupied with fortifications. There is no doubt that is a very much more difficult question. But with regard to all the ordinary dwellings, the public offices, the dockyards, shipbuilding yards, manufactories of ammunition, and all those cases, there is no more difficulty than the rating authorities have with private occupiers. The fortifications is a much more difficult question, but then when you have got fortifications, you have got barracks, and there is no more difficulty with barracks than with the other cases. I do not know whether I am right, but I should be very glad to be told about this. In Ireland I find, from reading the memorandum as to the statutory provisions in force in Ireland relating to the general principles and machinery of valuation for rating purposes, prepared for the Royal Commission on Local Taxation, by the Commissioner of Valuation, Ireland, dated February 1897; that two valuers are appointed, and if they cannot agree, a third valuer is appointed, and, after making a valuation, that settles the valuation.\*

2143. (Mr. Arthur O'Connor.) Appointed by whom—by the Local Government Board, is it not?—It is stated in this memorandum that there are two valuers and then a third valuer. In paragraph 23 there are these words:—"Valuation of Government property. Government property in Ireland is valued in precisely the same manner as other property of a similar nature liable to be rated. A return of all Government property is furnished by the Valuation Department every year to the Treasury, on which a contribution in lieu of rates is paid to the various rating bodies in whose area of jurisdiction the property is situate."

2144. There is no exception, the valuation all over Ireland is conducted by the central authority?—Thank you. What I am upon is, whoever is the person to make a valuation for private property makes the valuation for Government property, and the Government in Ireland do not claim to do as they do in England, namely, to appoint their own valuer for Government property. It is assumed, of course, that they appoint skilful persons who are likely to arrive at the true value of the property, but having appointed those persons to fix the true value of the property occupied by private persons, those same persons fix what they consider to be the true value of Government property. That seems to me, if I am correct in that, a valuable support to the argument, if I may so call it, that the Government should go into court with regard to the valuation of their property when there is a dispute between themselves and the parish, as all other subjects of the Queen are obliged to do. While I am upon this matter, before I forget it, might I refer to the Union Assessment Act of 1862 which now recognises the contribution of the Government as a common ordinary thing which must be added to the valuation list. Government property is not put into the valuation list, and is not put into the rate, and, therefore, as between parishes when the contribution has to be made to the common fund of the union by the parishes the Government property does not appear, and, therefore, the parish might get a contribution from the Government and yet not pay upon that contribution to the common fund of the union. That has been dealt with by the Act of 1862 (25 and 26 Victoria, Chapter 103). Section 30 of that Act is in these words—and it applies outside London and inside London:—"When the assessment committee for any union shall have approved valuation lists for all the parishes comprised within the union, the guardians in such union, in computing the amount of contribution to the common fund for the several parishes, shall thenceforward take the annual rateable value of the property in such parishes respectively from the valuation lists for the time being lastly approved of for such parishes respectively, any statute to the contrary notwithstanding." This is the important part of the section:—"Provided that in case any parish comprised in any union shall receive any sum of money as a contribution in aid of the poor rate of such parish, for or in respect of Government property within such parish, and used for public purposes, the annual value of such

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Rating of  
Government  
property.  
System in  
England  
and  
Ireland.

Rating of  
Government  
property.  
Provision  
for includ-  
ing in the  
valuation  
list of  
parish  
for the  
purposes  
of the  
common  
fund of  
union con-  
tributions  
in respect  
of Govern-  
ment  
property.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 277 to 281.

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" property, according to the estimate (if any) of such value  
" or which the amount of the sum of money so received is  
" computed, or, if there be no such estimate, then the  
" annual value of such property estimated in the mode  
" provided by the Act 6 and 7, William the Fourth,  
" chapter 96, for making an estimate of the annual rate-  
" able value of property liable to be rated to rates for the  
" relief of the poor, shall be included by the overseer or  
" overseers in the valuation list of such parish, and shall  
" be added to the annual rateable value of the property in  
" such parish in computing the amount of contribution to  
" the common fund for the several parishes in such  
" union." In the county of London—I do not know how  
it is outside the county of London—we have all the rate-  
able property in the list; it is added up, and it comes to,  
say, 600,000*l.*; then an estimate is made of the Govern-  
ment property, which we will say is 1,000*l.*, and that is  
added, and there is a second total including the Govern-  
ment property; and then, when a contribution is to be  
made to the union, of course, the gross total of both is  
taken as the sum upon which the contribution to the  
union fund is made.

Rating of  
municipal  
property,  
and non-  
rating of  
Govern-  
ment  
property.  
No  
practical  
reasons for  
exemption  
of Govern-  
ment  
property.

2145. (Mr. Cripps.) I just want to put one or two  
questions upon this point; I think the Commission will  
understand your general view. Municipal buildings, for  
instance are rated at the present time, are they not?—Yes.

2146. Do you see any greater difficulty in rating, we  
will say a Government building than in rating a municipal  
building?—None whatever. A municipal building is for  
public purposes, although it is not for State purposes, but it  
also may be partly for State purposes, because the assize  
courts which are provided by the municipality are in the  
same building that is used for municipal purposes. With  
regard to the sessions house, the real building close to the  
Westminster Hospital, which is used by the Middlesex  
County Council, and is also used for holding the Middlesex  
Quarter Sessions, and, therefore, is used for both purposes  
—for municipal purposes and for Government purposes—  
the court expressly held recently, that it is rateable to the  
extent to which it is used for municipal purposes. That is  
a much more difficult problem to solve, because you have to  
get the value of the whole and then attribute a certain  
portion of the annual value to State purposes.

2147. Therefore, so far as the difficulty of assessment is  
concerned or is put forward as a reason for not rating  
Government property, you do not think it is sound reason?  
—No, that is not a sound reason at all.

Rating of  
Govern-  
ment  
property.  
Fortifica-  
tions.

2148. I should just like to ask you one or two questions  
about what you said was the most difficult case, namely the  
case of fortifications. Even there you might take the test,  
might you not, of value or cost as you have to do as regards  
other undertakings?—Yes. But then this difficulty  
arises. Take the place with which I am very familiar as  
being an official, Dover. Take those great cuts that are  
made there, I do not know the proper military expression for  
them, but there are enormous cuts in the cliffs so that  
troops could not get round. Whatever those cuts are it  
would cost an enormous sum of money to dig out all the  
earth; and therefore to apply any principle of percentage  
on structural value in that sense would not be right; you  
would have to go upon some other principle.

2149. I was not suggesting the taking into consideration  
of any cost of that kind, but in regard to outside structures,  
which, as you say, are an entirely different matter, I was  
suggesting—I do not know whether you have considered it  
—whether you should not deal with the value of the site  
merely as a site value?—Certainly as compared with other  
agricultural or farming land in the neighbourhood.

2150. Or whatever it might be—it might be land for  
building?—Yes.

2151. But it would be on the site value?—Yes, the land  
value. I see no difficulty whatever in doing it, but there  
is a greater difficulty undoubtedly with regard to fortifica-  
tions.

Rating of  
Govern-  
ment  
property.  
System of  
valuation  
in England  
and Scot-  
land  
identical.

2152. I want to ask you this question, particularly as  
Mr. Balfour is present. You have told us that there is  
a difference apparently between Ireland and England in  
dealing with Government property. Do you know at all  
whether there is any difference in Scotland?—Yes. I  
came here a little earlier this morning because I had for-  
gotten to look up that point, and your Secretary was good  
enough to find for me what I wanted. I find this in the  
"valuation of property for rating in Scotland," by Mr.  
Arnaud. He says, "the Treasury, however, retain in their  
own hands the right to value all Government property  
for the purpose of making contributions to the rates in  
respect thereof."

2153. Therefore, as I understand that, the Scotch system  
is the same as the system in England?—Yes. I am  
obliged to the Secretary for showing me that.

2154. And the Scotch would be in your view, of course,  
subject to the same criticism?—Yes. Now take the City  
of London. The City of London manage their own police  
and they have all the police stations. Those stations have  
been expressly held not to be rateable, because they are  
used for Government purposes. I do not know whether  
they contribute, or whether they do not: the City is so  
liberal in most things that they may do so. But why  
should the police stations in a particular parish in  
the City where land and buildings are so valuable—they  
have got, for instance, their very large chief office in the  
Old Jewry—why should they not be rated? Why  
should not that particular parish have the right to the  
rates in respect of the value of the occupation?

2155. I understand your view to be that no parish ought  
to suffer, because within that parish you have Government  
buildings or buildings merely used for public purposes?—  
That is so. The non-liability arises from our old friend  
the 43rd of Elizabeth not mentioning the Crown by name,  
and, of course, in those days the Crown—

2156. Was more difficult to deal with, you think?—  
That sentence shall be incomplete.

2157. I want to put a very general question to you now  
upon this point. I am dealing now only with total exemp-  
tion, and I am not now dealing with any question of the  
partial exemptions of property; do you think that any  
total exemption should be allowed, or not?—I am glad you  
have drawn my attention to that, as I was going to men-  
tion another, total exemption, which seems to me with very  
great respect to be most unreasonable. By the Act of 1843  
(6 & 7 Vict. c. 36) all institutions and societies established  
for the purposes of literature, science, and the fine arts  
exclusively, and which are not entitled to make a bonus  
amongst the members, and are wholly or in part supported  
by voluntary contributions are to be exempt from rates.  
Just apply it to the actual facts—the Birmingham Library,  
the London Library in St. James's Square—I do not  
belong to it, but I am told that you can get 10 volumes at  
a time away from that valuable institution—are exempt  
from rating; and a dispensary in the same parish or a  
hospital in the same parish is not exempt.

2158. (Mr. Arthur O'Connor.) Would the College of  
Surgeons be exempt?—I will think over that. There is  
the Liverpool Library, there is the Manchester Institution,  
the Bradford Library, and there is the Linnean Society—a  
number of prosperous gentlemen belong to a scientific  
society like the Linnean Society, and that is exempt; the  
Oxford Botanic Gardens for scientific purposes is exempt,  
but the residence of the professor is rateable; a part of the  
Taylor Institution for teaching European languages is  
exempt, the Geological Society is exempt, the Royal Man-  
chester Institution is exempt. Then, on the other side,  
there are these places that are held not to be exempt, the  
Religious Tract Society, the Baptist Missionary Society, the  
Civil Engineers in Great George Street, the Zoological  
Gardens, the Russell Institution, the Royal Agricultural  
Society, and the Art Union of London. I am happy to say  
that one of the last cases I was in before I gave up practice  
at the bar was the case of the Art Union of London. I  
succeeded in the Divisional Court and persuaded the two  
judges, that when you have got an engraving for your  
guinea and a chance in a lottery of a 500*l.* picture that  
was not within the Act; but the Master of the Rolls, and  
Lord Justice Kay, and Lord Justice A. L. Smith differed—  
they were two to one and I was defeated there; I lament-  
ably failed. But after I left the bar I had the pleasure of  
reading that in the House of Lords they had overruled the  
Court of Appeal, and that the Art Union of London is not  
now exempt. Compare the cases all over the country  
which come under that statute. There are hospitals where  
wards are actually shut up because the rates are so heavy—  
rates are very heavy on those charitable institutions, and  
wards are shut up for want of means. Yet societies like  
those I have mentioned are exempt from rates and hospitals  
are not.

2159. Would you go the length in your view of repealing  
the exemptions which we find in 6 & 7 Vict. c. 36?—  
Absolutely. I would make this distinction—I think you  
have it in your mind already—in favour of those societies  
which are for the peculiar benefit of the parish. We know  
that all churches and chapels—for it is not limited to the  
Church of England, but applies to all chapels which are  
registered as places of worship—are exempt from rating.  
There is something in that, because they are for the  
parishioners; and if the parishioners among themselves  
have the benefit of an unrated building of that kind that is

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Rating of  
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Rating,  
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Certain in-  
stitutions  
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societies.  
6 & 7  
Vict. c. 36.



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all fair enough; it may be so too with regard to the schools, but with regard to places like the Linnean Society and the London Library and those other places, they are not for the benefit of the parish.

2160. (Mr. Balfour.) Do you say the Zoological Gardens pay?—They are held not to be exempt. Then there is in Whitehall, the United Service Institution, that is not exempt because the court said the art of war certainly was not a fine art. I think there is this broad distinction between a place which is solely for the benefit of the parish, and a place which is in the parish and is not for the benefit of the parish. That is the line that I would draw as a very marked distinction between the two.

Rating. Exemption undesirable except in cases of churches, chapels and schools.

2161. (Mr. Cripps.) You have given your view against Government exemptions and also against the exemptions contained in 6 & 7 Vict. c. 36; are there any existing exemptions which you would continue, or are there any cases where there are not exemptions now in which you think exemptions might be allowed?—I am against all exemptions, but I think you cannot go back from the churches and chapels. I do not think you could rate those at all. The present law is perfectly fair for all denominations so long as they are registered, and I do not think you could rate those. With regard to schools if they are peculiarly for the benefit of the parish, I do not see much harm in those being exempt from rating. There is, of course, the distinction between parishes with schools and parishes without, and then when you come to the total rateable value of the parishes for union purposes there may be a slight inequality between the two parishes, but it is so small that it is not worth taking into account. I think the total rateable value of the schools which are supposed to be exempted by the Bill that has not passed, but has nearly passed, is something over 8,000l.

2162. That is in London?—Yes, but it may be smaller than the true amount, because some of the parishes, notwithstanding the Act of Parliament, rate some of the schools at nominal sums or very small sums.

2163. (Viscount Emlyn.) Is that 8,000l. the rateable value?—No, the total amount of the rates from which the voluntary schools will be relieved. I find the amount is calculated to be 8,666l. 6s. 6d. for 1895-96, which the voluntary schools in London had to pay.

2164. (Mr. Cripps.) Of course, we know that in London that is the figure, but I think in a large number of districts they are either not rated at all, or are rated merely at nominal amounts?—In London I think it is more looked after; I think most of them are rated at reasonable sums.

2165. I put this to you in order to summarise it. Outside churches and chapels, and what you have said as regards schools, do you think there should be any total exemption at all?—No.

2166. You are opposed to all of them?—Yes, I am opposed to all of them.

Rating. Extra-parochial places.

2167. Before we leave the total exemptions which we are dealing with, there is just one other point I want to ask you about, in order to get an exhaustive account of them, that is as regards extra-parochial places, what have you to say upon those?—That, also, again depends upon the Statute of Elizabeth, and the Statute of Elizabeth only applies to parishes, parishes being places with overseers who make the rate for the purposes of the poor. Extra-parochial places were not rated in any way to the poor. Take the case of the Temple and the Inns of Court, they were extra-parochial until a few years ago. It was thought so unfair that they should escape rating that an Act was passed to compel them to be, for the purposes of the common fund of the union, attached to the adjoining parishes, and therefore extra-parochial places all over England were so dealt with. Complaints were made that it was rather hard on a man who had bought an extra-parochial place without any rates attached to it, and who afterwards found himself annexed to the adjoining union, and had to contribute to the common fund. It was thought right and proper that that should be done, and I really do not think anybody ought to complain of it. The statute relating to the extra-parochial places is the 20th Victoria, chapter 19. There is this very curious thing about that which I ought to mention now, perhaps, because it is obviously a matter that ought to be corrected. The Blackpool pier extended out into the sea. Between high and low water-mark the land, when the sea is out, may be part of a parish or may not, that is a question of evidence, but when you get below low-water mark you are out of the realm of England. The case is reported in 46 Law Journal Reports, Magistrates' Cases 189. The tolls were paid for the use of the whole of the pier, and it was held by the court that the part of the pier beyond the low-water

non-rateability of property below low-water mark.

mark, being beyond the realm, was not rateable. An attempt was made to bring the pier within section 27 of 31 & 32 Vict. c. 122, which failed. The substance of that case is—and so is the law, it has not been altered since—that the part of the pier beyond the low-water mark is out of the realm of England and is therefore not rateable. I ought to add to this that it is not out of the jurisdiction of the licensing justices, because under the licensing Act of 1872, section 61, a pier is to be deemed to be within the jurisdiction of the licensing justices.

2168. (Mr. Arthur O'Connor.) Has not the Lord High Admiral some jurisdiction in those quarters?—Not for rating purposes. Of course there is the great case of the "Franconia." The pier is within the territorial waters, but part is without the realm of England; we exercise jurisdiction for the three miles.

2169. (Mr. Cripps.) To go to another point. In certain cases there has been a provision, has there not, that land which is used for one purpose and then applied to another shall only be rated in reference to its value for the original purposes?—Yes, there are a series of Acts of Parliament on that subject.

2170. Will you just state what they are, and what your view is on that point?—The Commission will find most of them, if not all—I am not sure that they are all there—in the very able memorandum prepared by the Local Government Board for this Commission.\* Pages 28 to 30, give the exempted properties, and also Crown properties, which are rated on an exceptional principle of valuation. Shortly, I may state with regard to the series of enactments that the property is only to be rated at the sum at which it was rated at the time when it was acquired. There are burial grounds, lands vested in the Secretary for War for the purposes of defence under the Defence Act, land taken for the purposes of the Postmaster-General, the telegraphs, the Military Forces Localisation Act, &c. One of them, namely, the Telegraph Act, is one that I ought specially to refer to as an example of the curious state of the law upon this subject. It is 31 and 32 Victoria, cap. 110. Section 22 of that Act I ought to read:—"All land, property, and undertakings purchased or acquired by the Postmaster-General under this Act shall be assessable and rateable in respect of local, municipal, and parochial rates, assessments, and charges, at sums not exceeding the rateable value at which such land, property, and undertakings were properly assessed or assessable at the time of such purchase or acquisition." This case occurred under that; the parish of Marylebone rated the Postmaster-General at a sum of 500l. annual value. He appealed, and then, of course, he was advised by the Law Officers that he need not appeal at all, because being the Postmaster-General, a servant of the Crown, he could not be put into the rate, and so the appeal was abandoned; but he tendered to the parish a sum of 4l. 3s. 4d. The parish objected to that, because that was upon a rateable value of 20l. only, and upon that—deadlock. I ought to say that the property had not been rated at all before the Postmaster-General acquired it; the company was not a flourishing company, and the parish had not had their attention called to it, and they had not rated it. But they claimed at the time it was acquired that it was worth 500l., and he tendered 4l. 3s. 4d., the rate on 20l. What was to be done? They said it was not assessed; but it was assessable at the time of purchase at 500l., and they claimed to be paid upon that. The only way of trying it was by Mandamus, and the case came before the court in May, 1873 (28, Law Times, New Series 337). Mr. Justice Blackburn in the course of the argument said, "What remedy has the parish? Section 22 of the first Act clearly entitles the parish to the payment of the rate, but you contend that the Treasury Commissioners are themselves to be sole judges as to the amount of the assessment upon which the rates are to be paid." The Attorney-General said "Yes." Then they said, "What is to be done?" The parish could not rate the Postmaster-General and distrain because you cannot distrain on the goods of the Crown. Nothing could be done. Mr. Justice Blackburn in giving the judgment of the court said, "I have no doubt whatever but it was intended by the 22nd section that the parish should not be losers by the transfer of the telegraphs, and that they should have the same rates they had or ought to have had previously; but the Act provides no means of enforcing payment, and in that respect it is defective. All we can do is to refuse the writ." I do not know what has been done since, but there is the deadlock.

Partial exemptions. Certain properties rated at the sums at which rated when acquired.

2171. (Mr. Arthur O'Connor.) Is not that rather on the question whether the court will allow a Mandamus to

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp 1 to 83.

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issue? Does it decide a point of law upon rating?—No, it does not decide a point of law upon rating, but I say it leaves the parish without any remedy. It is exactly in point because there is the dispute whether it is 500*l.* a year or whether it is 20*l.* a year, and the Government, through the Postmaster-General, refuses to have the matter submitted to an independent person to say what is the true rateable value. There was even a stronger case than that.

2172. (*Mr. Cripps.*) Might I put one question first of all upon that case; of course, as you pointed out, under the Telegraph Act—and that is the Act you were dealing with, was it not?—Yes.

2173. Under that Act where the Postmaster-General takes land, if he is liable to be rated at all, which is another point, he is only liable at the old value of the land when he takes it over?—Certainly.

Partial ex-  
emptions.  
Objections  
to.

2174. Then I want to ask you this quite apart from any question of procedure or difficulty of that kind; supposing the Postmaster-General or anyone else takes over land, and the land is applied to more valuable purposes, do you think that the rating should be taken on its real net annual value as in other cases?—Certainly. If this property had remained in the hands of the company it would have gone up in value or down in value, and would have been rated at the true sum.

2175. What we are dealing with at the present moment is, that you are opposed to what we may call these partial exemptions, namely, leaving land or hereditaments to be assessed for rateable purposes on what I may call their original value, not on either their enhanced or decreased value according to the purposes for which they are applied?—Yes, just exactly the same as if they were in the hands of private owners. The parish win, or they lose; it may go up, or it may go down, but it ought to be just the same as all other property.

2176. In fact, you apply to what I may call this system of partial exemptions the same criticism as you did to the system of total exemption?—Yes. It has been held under that section that there is this curious and remarkable state of things—that even in a case where the Postmaster-General did not want all the property and let off part of it, that that part which was let off and in the hands of a private occupier, having been acquired under the Post Office, was still only rateable to the old sum. The case for that is the *St. Gabriel (Fenchurch) Overseers v. Williams*, 16 Queen's Bench Division, 649, 55, Law Journal, Magistrates' Cases, 14.

2177. Then we may take it as regards these illustrations of what you may call rating property, particularly as regards burial grounds, land taken by the Secretary of State for War, and land taken by the Postmaster-General, the principle of rating them at their old value instead of at their real value is, in your opinion, not desirable at all?—It is not desirable. I want to give, if you will allow me, a very strong instance indeed, which is that of the lunatic asylums, as we lawyers proverbially like precedents. When the lunatic asylums were under the magistrates of the county, they were rated by the 16th and 17th Victoria, chapter 97, section 35, and they were not to be rated at a higher sum than the value of the land at the time of the acquisition. That went on until 1890. In 1890 the Lunacy Act (53 and 54 Victoria, chapter 5) repealed the old Act, and expressly declared, by section 263, that for the future, lunatic asylums should be rated on the same basis and to the same extent as other lands in the parish. Therefore, what I am contending ought to be done in regard to the Government, has been already done as against the county councils. It is such a serious matter to the London County Council, with their enormous lunatic asylums, that I believe the removing of the partial exemption and making them liable to be rated in the ordinary way makes a difference of about 7*d.* a week in the maintenance of their lunatics. You could not have a stranger instance than that.

2178. (*Mr. Elliott.*) Is that 7*d.* per week per lunatic?—It is 7*d.* per week per patient.

2179. (*Mr. Arthur O'Connor.*) You would not object to that with regard to private lunatic asylums, would you?—Private lunatic asylums were never rated at the old sum, they were always rated at the full value.

2180. There are still lunatic asylums where there are many private patients and also pauper patients?—Yes.

2181. Combined institutions?—Yes.

2182. How would you deal with those?—It seems to me with great respect that is not this point at all. The point here is that until 1890 lunatic asylums were rated on an exceptional principle of valuation. The tendency of modern

time is to remove all those exemptions, and when they consolidated the law they took care to alter it so as to put the lunatic asylums on the same footing as all other private property.

2183. (*Viscount Emlyn.*) The asylums you were referring to were asylums maintained out of the rates?—Certainly.

2184. (*Mr. Arthur O'Connor.*) Exclusively?—Certainly; the exemption only applied to those.

2185. (*Mr. Cripps.*) There is one other point that I think possibly might have been overlooked. You are giving this illustration not for the purpose of criticism, but as carrying out your view that all these special exemptions ought to be swept away, and that we should have rateable value on the ordinary basis on the full amount?—Certainly. The wisdom of Parliament must do what is right for the general body of the community, and they will not recognise vested interests in these extra-parochial places or in these exceptional principles of valuation. When they have to deal with the subject, they will do what is right.

2186. That is your view throughout, and I do not want you to repeat it, that really these exemptions ought to be swept away?—Yes.

2187. Of course, as we know, in many private Acts of Parliament, like some of the old canal Acts, you find this in principle that the canal is not to be rated as its enhanced or decreased value, but at the same value as the old agricultural land was; what have you to say upon that?—

With regard to those, they are on an entirely different footing, owing to the desire to encourage canal companies to make canals for the transit of merchandise to different parts of the country. The canal companies said: If we make these canals we shall be rated at a very high sum, and that is a very serious business. So they made a bargain—it was in the nature of a bargain with the Legislature, "we will make the canals, but we think we ought not to be rated except upon the old sum." With regard to those cases, and there are a number of them, they only pay on the land occupied by the canal, the same as for land lying near, not upon the increased value by reason of the making of the canal, and the building of the buildings necessary for carrying on the trade of the canal. I should say that in all those private and special cases the bargain should remain. When they go to Parliament for fresh powers, and prove that they are very prosperous, and are making a considerable profit, they may make a fresh bargain, but at present I should not, by a general Act sweep away those exemptions; they must be dealt with each one upon the facts of the particular case.

2188. I do not know whether you are aware, as a matter of fact, that a good many of these special exemptions have been taken away when the particular companies have come to Parliament for fresh powers?—I did not know that to be so—I have heard it. I can understand that it is a perfectly sound principle; just in the same way when railway companies and water companies, and gas companies go for fresh powers Parliament says, you shall have the extra powers you want, but you shall only charge so much; they make a fresh bargain—"you want something of us; we want something of you."

2189. Now, I will go to another part of your evidence; I want to take you to the Public Health Act, 1875; of course we know under section 211, and in reference to the general district rate we get the quarter rating as regards certain properties?—Yes.

2190. What is your view as regards the quarter rating under the Public Health Act and Acts of a similar kind?—

With regard to that it seems only reasonable that a less sum should be paid for particular rates if the property does not benefit to the full extent, and the Public Health Act deals with that particular subject. It seems to me to be reasonable that under the Public Health Act, 1875, section 211, the owners of titles or the occupier of land used as arable land, meadow land, pastures, woodlands, market gardens, nursery grounds, canals, land covered with water, railways constructed under Acts of Parliament—orchards and allotments have been added by another Act—it seems to me that it is not unreasonable that the owners of all these should only pay a fourth. It seems to me that that is quite reasonable. The only thing is whether that should not be extended because the water pipes and the gas pipes under a road do not get much benefit, and the question is whether there are not other properties which should be added to the list which is contained in that Act of Parliament. I think it is rather for the particular people who feel the pinch to come and speak for themselves; but I think it is quite reasonable that there should be a change of the law in that respect. There is the same provision in the Metropolis Management Act of 1855, sections

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Partial ex-  
emptions  
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Partial  
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Public  
Health  
Act, 1875,  
a reason-  
able  
provision.

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161 and 163. There is also a very remarkable case under the Lighting and Watching Act. Under the Lighting and Watching Act there is the same kind of provision that the owner or occupier of houses, buildings, and property other than land, is to pay a rate in the £ three times greater than that at which the owners and occupiers of land shall be rated and pay. A most extraordinary case occurred where there was a man rated for a coal mine in a parish, and there was no access to that mine from that parish, the access being from the adjoining parish, so that he could not by any possibility derive any benefit from the lighting. The court held that it was property other than land, and that he did not come within the lower scale provided by the Lighting and Watching Act of 1833. In the Libraries Act 1892, section 18, I think there is a similar provision.

2191. (*Mr. Arthur O'Connor.*) What is the Watching Act?—The Lighting and Watching Act is an Act which is adopted by the parishes in the country. It is the 3 & 4 Will. IV., c. 90. s. 33. The case to which I referred about the coal mine is *Thursby v. Briercliffe*—with *Entwistle*. It was in 1894, and is reported in 2 Queen's Bench 11. It went to the Court of Appeal. Therefore I would say generally that there are undoubtedly cases not included in these Acts which, if that principle is right, ought to be included.

2192. (*Mr. Cripps.*) I do not know, I am sure, whether you can answer this, but have you at all considered the classification as adopted in Scotland for rating purposes upon this point?—Not at all, I have read of the three divisions, but I have not considered it, and I could give no opinion whatever about it.

Empty houses and vacant land. Reasons for not rating.

2193. The next point, I see you wish to say something about is the question of empty houses and property not occupied; do you think there is any special point as regards unoccupied premises or houses?—I would like to say just a few words upon that, and I will try and say only a few. There are some people who think—and the persons to whom I refer gave evidence before the Town Holdings Committee in 1890—that empty houses and vacant land ought to be rated. Some of the witnesses before that committee contended that the vacant land was liable to be rated. I think I can state in a very few words what the law is upon the subject. Unoccupied houses or houses merely under a caretaker waiting for a tenant are clearly not liable to be rated; if any of the produce of the garden is sold or any substantial benefit is derived from the occupation then they are liable to be rated. The more difficult question is with regard to the land. The general principle of law undoubtedly is that property is only to be rated in the state in which it is, and if it is left vacant no rate can be made upon it. The chief authority for that is Lord Mansfield in *R. v. St. Luke's Hospital* (2 Burrows' Reports, 1053). He says there, "As to the argument that a proprietor of lands or houses cannot by his own private voluntary act discharge his property from payments legally due to other persons upon and out of it, it does not hold true in fact. This rate payable to the parish, as well as several other payments arising from property and chargeable upon it, do and must depend upon the will of the proprietor. The owner of a house may if he pleases pull it quite down and convert it into a loft. The owner of lands may, if he pleases, suffer them to lie barren and unoccupied." There are people who contend that building land which is left vacant—if, for instance, the owner is waiting for a builder to come and take a lease and put buildings upon it—ought to be rated at a substantial sum. The law is, I think, clear, that such land is not rateable if it is a space of ground that is not fit for cultivation, but is simply left there until it has become so ripe that it can be let for building. As I know the matter has been disputed, I will refer to a case which decides the point. It is the case of *Crowther-Smith v. The New Forest Union*, and it is reported in the second volume of *Mr. Rydes' appeals*, page 311. The headnote is in these words: "The appellant purchased a plot of building land and affixed a bill to a tree standing thereon, stating that the land was to let, but he was unable to find a tenant. The tenant of adjoining land allowed his cattle to graze on the grass growing on the appellant's land without the knowledge or consent of the appellant. Held by the Court of Appeal affirming the decision of the Queen's Bench Division that the appellant had no beneficial occupation and was not rateable." I think you will find if any witness comes before you to contend that that property ought to be rated, that he will not be able to define what building land is. Nobody has been able to say what is building land. It is land of course that may at some time—probably will—be built upon, but what

is building land and what is not? The owner is waiting for a price, he does not think the price offered is a sufficient price or he is waiting and will not sell because it is gradually going up in value, it is near a town, and he is waiting his time. There is no definition of what building land is, and no satisfactory definition can be given. The rule of law is that the property must be rated *rebus sic stantibus*. An owner has the right to do what he likes with his own property, and it must be rated at the value it has at the time at which the rate is made. I ought to make one exception to that, and that is that if a man has got a quantity of valuable land fit for growing wheat and he chooses not to let it and refuses to grow anything in it himself and there is a tenant willing to take it at a fair and reasonable rent, I am inclined to think that the property would be rateable. I say that because *Lord Blackburn in Regina v. The London and North-Western Railway Company said*,—"No doubt if a man chooses to leave a farm unproductive he must still pay the value as if productive." That same principle of law was also laid down in *Regina v. Foyle*, which was reported in 27 *Law Times*, Old Series 64, where Lord Campbell said, "This case is also perfectly different from the case which was before us last term, where it was argued that an occupier of land on which grass was growing was not rateable because he did not choose to reap the profits of the land but allowed it to go to waste. It is quite clear that if a man who is in possession of the surface of the land, which in the ordinary use of it might be made productive, chooses only to grow thistles upon it for the use of the donkeys in the parish he is nevertheless rateable in respect of the profit which it might reasonably be supposed might be made of it."

2194. (*Mr. Arthur O'Connor.*) How does that principle not apply to the other land which might be utilised though it is called building land?—I should be very pleased to answer you now or hereafter. The principle is this: It is not land which is fit to be made a profit of by being let for the ordinary purposes of simple land; it is land of which at present no profitable use can be made, and which is waiting for the time to come when profitable use can be made of it by letting it out on a building contract.

2195. (*Mr. Wharton.*) Supposing it to be proved to the rating authority that a man had some land close to a town, and we will say 800*l.* an acre had been offered to him for it, but that man persisted in standing out for 1,000*l.* an acre; would you still say that that was unrateable land, with the knowledge that it was land which the man had been offered 800*l.* an acre for?—I think it must be a question of degree. If he really believed it was worth 1,000*l.* an acre, he had a perfect right to stand out for it.

2196. (*Mr. Cripps.*) You have stated your view as regards the building land and its being vacant; I just want to finish this up—are there not some Metropolitan Local Acts which provide that even for empty houses the owner is to pay a part of the rate?—Their name is legion. In the metropolis almost all the parishes have got local Acts, and they have got provisions made that the owner is to be rated when vacant on half the annual value. They have also put in some of those local Acts that where an ambassador's house is occupied by the embassy, the owner shall pay half the rates. Those are all provisions you see which were made by private Acts, and when they went to Parliament it was assumed that the parishioners agreed to those provisions.

2197. (*Mr. Arthur O'Connor.*) It was not by private Act, was it?—Yes; all these Acts to which I refer are private Acts—I can give you them by the dozen.

2198. (*Mr. Cripps.*) The Acts to which you are referring at the present time are private Acts?—Yes, they are local, and personal, and special.

2199. There is a very large number of them of course in the metropolis?—Yes; I have got a paper here that gives them by the dozen; they are in almost every parish.

2200. Would you leave those local and personal Acts, or would you have a general rule applicable throughout?—I think that is peculiarly a matter of local self-government. If the parishioners find that the Local Act works well, very good; it must depend, you see, so much upon the parish. In the London parishes the property is generally occupied, but the occupation changes; sometimes one house is vacant, and sometimes another house is vacant. In other places where the town is going down, there are large districts vacant. Therefore it must depend entirely upon the facts of the particular case.

2201. I think it has been brought to your notice that one of the matters which has been referred to this Commission is the possibility or the practicability of making

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Empty houses rated on half annual value under certain Local Acts.

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Rating in  
respect of  
personal  
property.  
Difficulties  
of, and  
objections  
to.

Rating in  
respect of  
personal  
property.  
Parochial  
Assess-  
ments Act,  
1836.  
The Queen  
v. Lums-  
daine.  
Difficulties  
arising  
from this  
decision.  
Passing of  
3 & 4 Vict.  
c. 89, ex-  
empting  
personal  
property.

personal property contribute to the rates; that is a matter, I think, to which you have given your attention, is it not?—I have considered most carefully the law upon the subject and the general question.

2202. I see the reference says that we are to enquire "how far all kinds of real and personal property contribute equitably to such taxation," what is your view as regards the possibility or practicability of dealing with personal property for rating purposes?—It is absolutely impracticable. The history of the matter can be stated very shortly. The statute of Elizabeth does not mention personal property at all, but it does mention that the inhabitants are to contribute according to the ability of the parish. The words I read were that every inhabitant is to be taxed for the relief of the poor, and so on, "to be gathered out of the same parish according to the ability of the same parish." The ability of the occupier depended upon the value of his occupation, the ability of the inhabitant depended upon the profits which he made from personal property, to wit, stock-in-trade. Now the history of the matter is this—after the passing of the statute of Elizabeth, for years it was found impossible to satisfactorily rate personal property, and the judges, Lord Mansfield and others, over and over again doubted whether personal property could be rated at all. The statute of Elizabeth is dated 1601. From the year 1792 it was laid down in express terms by Lord Kenyon, and the other judges, that the profit made by stock-in-trade was liable to pay poor rates. Ships particularly seem to have been the favourite personal property that was fixed upon. Money lent on securities was not rateable, household furniture was not rateable; it must be something which produced profit. Now there are various decisions down to shortly before the Parochial Assessment Act of 1836, and, although it was perfectly clear that property was rateable, it was generally found throughout the country that it could not be rated, and that there was no satisfactory mode of rating it.

2203. When you use the word "property," do you mean personal property?—Yes; it could not be rated. Then there came the Parochial Assessment Act of 1836. It appears from Mr. Cannan's book that when that Act was being passed through Parliament nothing was said about personal property. If you look at the Act itself it is obvious that the whole thing was forgotten, or at any rate the rating of personal property had so fallen into disuse that it was not within the range of practical politics, because the form of the rate is "name of occupier, name of owner, description of property rated, name or situation of property, estimated extent, gross estimated rental, rateable value, rate at 6d. in the £." That obviously does not apply to personal property. After that Act was passed a landowner appealed against a rate in Wimborne, in Dorsetshire, on the ground that personal property had been omitted, and that therefore the rate was invalid. That came before the Court of Queen's Bench in the case of the Queen v. Lumsdaine, in 1839, and it is reported in 10 Queen's Bench 157. The court, consisting of Lord Denman, Mr. Justice Littledale, and Mr. Justice Patteson, in express terms, said that notwithstanding the form of the rate in the Parochial Assessment Act, still personal property was liable, and the law had not been altered, and therefore the rate was bad and the rate was quashed. They point out also that the practice had been to rate stock-in-trade, principally shipping, and that the property must be visible in the parish; the inhabitant must be an inhabitant of the parish in which the property was, and profit must arise from it. Now upon that decision being given, and it becoming known all over the country that every occupier of land or of a house could quash any rate which did not include personal property, the Poor Law Commissioners were obliged to deal with the question, and on the 6th of March 1840 they sent a circular letter round to the parish officers of every parish in the kingdom, pointing out that personal property must be rated. They further pointed out that it was a most difficult thing to do, but they gave suggestions. It was known that if the parishes had attempted to rate personal property it would have made tremendous confusion, and various letters were sent to the Poor Law Commissioners protesting against the necessity of rating personal property. The next thing which occurred was that on the 14th of May 1840, Lord Normanby being the Home Secretary, and there being no Local Government Board at that time, the Poor Law Commissioners (Mr. Shaw Lefevre, Mr. George Nicholls, and Sir George Cornwall Lewis) made a statement to him of the law. In that very able State Paper they point out what the law is, and what the difficulties are. Upon that being done, Sir Robert Peel in the House of Commons, the Home Secretary being in the House of Lords, called the attention of the Attorney-General, Sir John Campbell, to this matter,

and he said that he admitted that it was almost impossible to rate stock-in-trade. The Attorney-General said that to rate personal property "forced a most inquisitorial research into the private affairs of individuals," and that something would have to be done. A Bill was then introduced for the purpose of totally exempting personal property from rating. It was supposed upon being examined to go rather too far, and the committee stage was postponed to that day three months, which practically destroyed the Bill. Then a new Bill, the Bill which is now in force, which is the 3rd and 4th Victoria, chapter 89, was passed at the end of the same session, the understanding being that it must be passed only as a temporary Act. It existed only to the 31st December 1841. The discussion in the House of Commons and in the House of Lords upon that Bill is exceedingly interesting; the substance of it is that it was absolutely impracticable to rate personal property. In that memorandum, to which I have referred, of the three Poor Law Commissioners, they say that the practice of not rating personal property was in abeyance after the Statute of Elizabeth for a century and a half; they say that "for a century and a half after the passing of the Statute the liability of inhabitants to be rated for personal property was not agitated." I am able to confirm that. In a book that I have not seen referred to in any of these reports, but which is a work of very great authority (I refer to Nolan's Poor Law, the fourth edition of which is dated 1825), I find it stated that—"As it was unusual to assess personal property for near two centuries subsequent to the statute, the court felt considerable reluctance to decide upon its rateability, notwithstanding Sir Anthony Earby's case. Such a universal agreement to omit was considered as strong evidence to show the impossibility of rating it. But it was at length held to be clearly rateable for its profits where they can be ascertained, and a Mandamus was granted to compel the justices to assess it." Then further on the author refers to the inquisitorial nature of any inquiry in the parish which is necessary to rate a man for profits in trade. He points out that the property must be in the parish, and the man must live in the parish, and therefore he can escape rateability by living somewhere else. He says this:—"Personal property is not usually rated. It is difficult to ascertain its actual amount, unless by using those arbitrary means which are neither provided by the poor laws nor permitted by the spirit of our constitution. Sometimes a fair disclosure of his effects is supposed to injure a commercial man, and he would rather choose to submit to the imposition of an exorbitant assessment than seek redress at the hazard of his credit. These and other reasons have induced most parishes to refrain, as it were by common impulse, from assessing personal property since the 43rd Elizabeth. Its liability is no longer questionable; but the apprehension of mischievous consequences has usually prevented its being rated even in manufacturing countries, where the omission presses upon the landed proprietor with considerable hardship."

2204. What is the date of that?—It is the fourth edition of Nolan's book on the Poor Laws, and it is dated 1825. The Act speaks for itself, because it refers to its having been held that inhabitants are liable in respect of their "ability from the profits on stock-in-trade," &c., and it then enacts that such profits are no longer to be rated. That having passed, year by year it was renewed, and in 1850 there was a Committee of the House of Lords, Lord Portman in the chair, to inquire into the question of rating generally, and personal property was dealt with. Sir George Cornwall Lewis gave evidence before that Committee, and Sir John McNeil, who was the Chairman of the Board of Supervision for the Relief of the Poor in Scotland, also gave evidence as to the Scotch mode of rating a man for his means and substance. No one can read the evidence of Sir George Cornwall Lewis and of Sir John McNeil, without feeling that the case against the rating of personal property is absolutely crushing. The Lords made this recommendation in their report of the 18th July 1850; "That the relief of the poor is a national object to which every description of property ought justly to be called upon to contribute, and that the Act of 43 Eliz., c. 2, contemplated such contribution according to 'the ability' of every inhabitant." Now, this is what they say about stock-in-trade in paragraph 11, "that until some mode is found in which the value of such descriptions of property as are commonly called stock-in-trade can be defined with sufficient accuracy to enable the overseer to maintain a rate in cases of appeal, it will be necessary to continue to exempt such property from its legal liability to assessment." Now from 1850, when that report was made, year by year, this Act has been renewed, and it now stands renewed until 31st December in the year of our Lord 1897. I venture to say, having

Sir H. B.  
Poland,  
Q.C.

1 April '97

Rating in  
respect of  
personal  
property.  
Abolition  
of rating  
on means  
and sub-  
stance in  
Scotland.

Sir H. B.  
Poland,  
Q.C.

1 April '97

most carefully studied the subject that anybody acquainted with the law of rating will find it is absolutely impossible to devise a system of rating of personal property. Sir George Cornwall Lewis accurately described it as a parochial income-tax. I believe I am right in saying that an Act has been passed to exempt persons in Scotland from being rated upon means and substance. The Commissioners will find the whole matter—I only saw it yesterday—most carefully stated in the Appendix to the Royal Commission on Agriculture, which bears the signature of Mr. C. N. Dalton, and is dated the 20th February 1895, in which all the circulars of the Poor Law Board are set out, and also the material part of the evidence of Sir George Cornwall Lewis. I find there that the Scotch Act referred to, whereby the rating of personal property in Scotland was finally abolished, is dated 1861.

2205. (Chairman.) That is what we know as Baxter's Act?—Yes.

Rating in  
respect of  
personal  
property  
still objec-  
tionable if  
larger area  
than parish  
taken for  
rating.

2206. (Mr. Cripps.) One question on that, not to get into controversial matter, but merely to get your view, do you think that the same objections would apply if you had a larger unit for rating purposes than a parish, supposing you had a county unit?—Do you mean as to personal property?

2207. Yes?—I think it makes no difference. If it is to be a rate on profits of stock-in-trade, which it clearly is, how are you going to deal with it without this inquisitorial inquiry in a small locality. I do not think it makes any difference if in a county; I will add this, that of course there is a difference in the case of a subsidy. What I understand by a subsidy is so much in the £ on the value of a man's property, his pictures and plate, and other property like what they have in America, and what they call in America "intangible property," I think it is.

2208. Yes, that is so?—Anybody who reads the second volume of Bryce's American Commonwealth (if that gives an accurate account of the rating of intangible property), will be of opinion that it is not a desirable thing to introduce that kind of taxation or rating into this country.

Rating in  
respect of  
machinery.  
Principle  
laid down  
in the Tyne  
Boiler  
case.

2209. Going away from the particular point but going to a kindred point, that is as regards the present position of the rating of machinery, would you just state how that stands in your opinion?—I think the law upon that subject is perfectly clear. The leading case upon the subject is generally known as the Tyne Boiler case. It went to the Court of Appeal, and the Master of the Rolls gave a judgment which is now always acted upon.

2210. You could probably give us the effect of it?—It will not take a minute; it is very short, and I should like to read it because it is an important subject, and he lays down the true rule. It is reported in the second volume of Mr. Ryde's book. At page 241 the head note says this:—"In estimating the rateable value of premises on which machinery is used, machinery which is on the premises for the purpose of making, and which does make those premises fit as premises for the particular purpose for which they are used, ought to be taken into account in estimating the rateable value of such premises." Lord Esher in his judgment says this:—"I believe the true rule to be that things which are on the premises to be rated, which are there for the purpose of making, and which do make those premises fit, as premises, for the particular purpose for which they are used, ought to be taken into account in ascertaining the rateable value of such premises. It is not all things which are on the premises, but only such things as are within the description I have given, that are to be taken into account. And it seems to me that when once things are brought within this category, they would, as a matter of law, pass by a demise of the premises as between landlord and tenant, unless they were in express terms excluded." That is the rule which he lays down, and it makes no difference that these things which are attached to the premises are personal property. It applies equally to things which go to the executor and not to the heir, to things which belong to the tenant and not to the landlord; it does not make any difference. Lord Esher after that case in the Chard Union case, said he had reconsidered the matter, and he could find no better rule than what he laid down in the Tyne boiler case.

Rating in  
respect of  
machinery.  
Personal  
property  
to some  
extent  
rated.

2211. Taking the rule as laid down, would that, in your opinion, have the effect of to a certain extent rating personal property?—Undoubtedly the building is enhanced in value by that personal property, which is attached to it, and, therefore, in that sense no doubt it is a rating of personal property. In the previous case you will remember—the Chidley case—it was decided that this property was

not rateable because they rated the personal property *per se*; but these other cases say that if the premises were vacant, and if the things described were attached to the premises, and if a man could claim on a demise to him of the premises to have the use of those things in connection with the building without paying for them as chattels, they would have to be taken into account as enhancing the value of the occupation.

2212. As this is important I just want to be certain that I understand your view. Do you adopt as the right principle, the principle which the Master of the Rolls laid down in the Tyne boiler case and in the Chard case?—That is a very difficult question. I know it is a burning question in the manufacturing districts, but I have hardly considered it. I do not think it is very unreasonable, taking care always to exclude things which remain moveable chattels as compared with fixed things. I protect myself under my gown by saying I am a lawyer, here to give evidence on points of law. I have got the Bill for exempting machinery, and it seems to be a very well-drawn Bill to carry out the views of the persons who drew it. I have not considered the matter sufficiently to give an opinion.

2213. There are one or two other points, I think, before we come to questions of procedure, that I see you deal with. Take the question of compounding in rating: have you anything to say upon that?—No. Of course, the law is perfectly clear upon the subject of compounding.

Com-  
pounding  
Law per-  
fectly  
clear.

2214. Have you anything you wish to say about the rating of the tithe commutation rentcharge?—No; it is clear, of course, that the tithe commutation rentcharge is rateable. There, again, there was a debate in the House of Commons the other day, which most fully dealt with that question. It is reported in the "Times" of the 24th March. The question was very fairly and very fully discussed.

Rating of  
tithe com-  
mutation  
rent-  
charge.

2215. You have nothing to say about it?—No, the law upon the subject is clear. I find that many of the text-books say the law is very hard upon rectors, vicars, and so on, but I know nothing about that.

2216. Before I come to procedure there are just one or two other questions that I want to ask you, which are rather matters, I think, of principle than procedure, although they run very close to one another. Do you think that the Quinquennial Valuation Act is right in its principle of re-opening these questions every five years, or do you think that they should be capable of being re-opened every year?—The quinquennial principle of course only applies to London, and I doubt whether it is a good thing. It operates very hardly indeed in some cases where ratepayers let slip the time for appealing. They are fixed absolutely for five years because the 47th section says in terms that the valuation list for the time being in force "shall be deemed to have been duly made in accordance with this Act and the Acts incorporated herewith, and shall for all and any of the purposes in this section mentioned be conclusive evidence of the gross value and of the rateable value of the several hereditaments included therein, and of the fact that all hereditaments required to be inserted therein have been inserted." So that if a thing is left out it might perhaps be left out for five years.

Valuation.  
Quin-  
quennial  
valuation  
in Metro-  
polis.  
Some  
objections  
to.

2217. Of course, we know how large your experience has been in London; have you ever known a case of substantial hardship arise in London owing to the operation of the quinquennial system?—I cannot give an individual case, but I think I have known of such cases, and I have known of complaints. The rateable value of London is about 35,000,000*l.* coming under this system. The revision which takes place every year is only for the purpose of adding to or taking from the sum in the quinquennial list. I think there might be an alteration to this extent that rating authorities should be bound to make a new list every five years, but they should be allowed to alter the valuation of property every year. I do not see why, if in the large towns in England they make a fresh valuation whenever they like, the same thing should not be done in London.

2218. The only thing I wanted your opinion upon, particularly as you have so much knowledge of London, is whether the quinquennial system which some people, at any rate, approve of, has in your view ever acted to produce substantial hardness?—My impression is so, but I cannot give you individual cases. Of course, one would not hear of them very often. A man would be told at once by his solicitor, or by the parish officers, there is the list, and you are bound for five years, and it is no use

*Sir H. B. Poland, Q.C.*  
your saying anything more about it and wasting money in law.

1 April '97  
2219. Under the Quinquennial (Metropolis) Valuation Act the surveyor of taxes has certain rights; you have the same basis for local and Imperial purposes?—Yes.

Valuation in Metro-  
polis.  
Same basis for local and Imperial taxation.  
2220. Do you think that is an advantage?—I think so. That is a very important question. Of course that again only applies to the county of London. Section 45 makes the valuation list conclusive for house-tax and income tax under schedules A. and B.

2221. Of course we know it only applies to London, but I am really asking you whether in your opinion that is a system which might be applied more generally?—I know that the surveyors of taxes do act in friendly co-operation with the assessment committees, and try to get the assessment committees, in the case of properties which come under their notice, to increase the gross and, as a consequence, to increase the rateable.

Rating areas.  
Parish the unit for purposes of valuation.  
2222. You dealt, I think, before the Chairman was present with the great difficulty as regards railways, in dealing with the parochial unit, do you think you might have a larger unit than a parish for rating purposes?—That matter has been very fully discussed in Pashley on Pauperism and the Poor Laws, whether there should be a union or whether there should be a national rating, and he has got a scheme of his own.

2223. I was asking you whether you had formed any view upon it?—No, I have not had time to do much in political or social questions.

Valuation in Metro-  
polis.  
Statutory maximum scale of deduction exists.  
2224. The only other matter I think you want to call our attention to here is some question of procedure?—There is one other matter I should just like to mention about the London Act, and that is that there is a scale of deductions. When you get the gross value in each case you find out what deductions ought to be made to get at the rateable value, and in the schedule to the Metropolis (Valuation) Act there is a scale given dividing all the property into classes; these are the classes, houses and buildings, with land and without land, and so on, and then coming down to class 8, mills and manufactories, and classes 9, 10, and 11, tithes, railways, and rateable hereditaments other than those mentioned. The maximum scale of deduction is given; you must not deduct more than that. But I may say that in London my experience is that with the enormous number of valuations which have to be made, that they generally allow the ratepayers the full deduction mentioned—not always. I ought, upon this subject of machinery, to remind you that although the machinery enhances the value of the buildings yet under this scale, you may deduct as much as a third from the gross to get at the rateable value of mills or manufactories.

Valuation outside Metro-  
polis.  
No statutory scale of deductions.  
2225. Could you answer this: outside London, no Act of Parliament has established the same system of fixed deductions as between gross and rateable?—No, none have. They simply have to apply the Parochial Assessment Act plus the Union Act of 1862.

Valuation in Metro-  
polis.  
Statutory maximum scale of deductions not always allowed.  
2226. I should like to ask you upon this point, first of all, whether you think a statutory deduction as in the case of London, is valuable, in order to arrive at rateable value and if you do, whether you approve of the scale in the London Act?—I have hardly sufficient experience to answer that. The scale is not universally followed. I remember a case of a jewellery manufactory, in which the court said there was very little wear and tear there of machinery, and that therefore they could not allow the full third. It is rather a rough way of doing it, but when you come to consider that some of the large London parishes where there is a rateable value of a million—and some of them are over that—you will see that to go into the condition of each house is absolutely impossible.

2227. There may possibly be some little incidental unfairness, but is it not much better, as far as possible, to have a fixed rule of deduction?—I think so, and when there

is an appeal the court may say: this is a case in which the full deduction ought not to be allowed; therefore we have not allowed it.

2228. Still adopting a fixed rule saves a lot of trouble in some cases?—Yes.

2229. And acts very fairly and properly?—Yes. We must in these rating cases, do what we are so very fond of talking about—substantial justice—rough justice.

2230. There is only one other point which I see you have called attention to in your memorandum, and that is the procedure as regards making out the valuation lists, and questions of that kind; do you wish to say anything yourself upon that point?—No, I think not. The overseers make the list according to their local knowledge, and the assessment committees, as far as my experience goes, are very often very able men; they know the locality thoroughly well, and very often you get retired house agents and gentlemen who are supposed to have a knowledge of the subject put on to the assessment committee. Speaking for myself, when I have been sitting as a justice of the peace at the County of London quarter sessions, I have found two or three of the magistrates who are members of assessment committees, most valuable members of the court for assisting in arriving at a decision of the true value of the property.

2231. So far as procedure is concerned, you have found it satisfactory beginning with overseers through the assessment committee, and then appeal is necessary to the quarter sessions?—Yes. They have tied down the quarter sessions rather too strictly to the time; the valuation list is made up on the 1st of June by the overseers; it has to be settled by the 1st of November by the assessment committee, notice of appeal has to be given by the 15th January, and the appeals have to be heard during February and March, and by the end of March the appeals ought to be all finished, so as to be ready for the financial year beginning the 5th of April. Fortunately it has been held by the court that that is only directory, and the time is over and over again exceeded.

2232. Of course, that would be impossible in the case of London?—It would be impossible. You never can tell. I have got some of these lists with 500 rating appeals on them, but a great many get settled; that does not matter, because there is a clause in the Valuation Act enabling parties to adjust the differences afterwards when the value is lowered.

2233. I do not know whether there is any other point on which you wish to give evidence; I think I have been through all the points you have suggested?—The only other matter was in connexion with the Lands Clauses Act.

2234. Perhaps you might explain that?—When property is taken for a public improvement, or by a railway company, where a large quantity of property is likely to be destroyed, the Lands Clauses Act, which is the 8 Vict. c. 18. s. 133 provides that while the works are going on, and until they are completed the public body taking possession of the land shall make up the deficiency in the rates caused by their being taken while the works are going on; they are not liable to be rated, but they must make good the deficiency, that is to say, if the occupiers of the property taken paid to the rates 500l. a year, the persons taking the property must continue to pay 500l. a year, and when the work is finally finished the parish must take their chance whether it is of greater value or less value.

2235. To carry out really the view you told us of before, that after public works are carried out by whatever body, they ought to be assessed at their then value whether higher or lower than the old value?—Yes, I think that the Act is defective, because it is limited to the poor rate and the land tax, but in a great many of the recent Acts a clause is inserted making the promoters liable for the deficiency in all rates.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

*Sir H. B. Poland, Q.C.*

1 April '97

Valuation in Metro-  
polis.  
Statutory scale of deductions, advantages of

Valuation lists.  
Procedure.

Valuation lists.  
Time for making up lists and time for appeals

Valuation.  
Destruction of property for public improvements or for purposes of a railway.  
Liability to make up deficiency in amount of old rates until works completed

SEVENTH DAY.

Friday, 2nd April 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. J. B. BALFOUR, Q.C., M.P.  
The Right Hon. C. B. STUART-WORTLEY, Q.C., M.P.  
C. N. DALTON, Esq., C.B.

H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq.  
E. O. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*

Sir HARRY BODKIN POLAND, Q.C., recalled and further examined.

Sir H. B.  
Poland,  
Q.C.

2 April '97

Valuation  
of rail-  
ways.  
English  
and  
Scottish  
methods.

Valuation  
of rail-  
ways.  
Parochial  
earnings  
system and  
mileage  
system  
compared.

2236. (*Mr. Balfour.*) Your system in England is different in many respects from that in Scotland. One point I should like very much to know your own view upon is the method of valuing railways. Up to a certain point, I think, there is no substantial difference between your practice and ours except as to rates, I mean in the method of treating it as one trading concern, and making all the proper deductions to ascertain the rent that the hypothetical tenant would pay, and treating the stations locally. So far the method is common to both countries?—Yes.

2237. I rather gathered that you did not approve of the method of separate local valuations applicable to the portions in the different parishes?—There does seem to me to be very great difficulty about it, because not only are the different localities rated by several local authorities, but, in case of an appeal, the quarter sessions of a particular county may decide one way, and the quarter sessions of an adjoining county may decide another way; they are bound to exercise their own independent judgment.

2238. Would you prefer a system under which, proceeding as far as you have stated it, on a system common to both, when it came to dividing the running line between the different rating areas that should be done simply by mileage?—Of course the question is whether the mileage principle would give to the locality the value of that part of the property which is in the locality. According to our rules the parochial earnings principle must always be applied if it can be.

2239. I know it is, and I understand that, but I was wishing to know whether you would not prefer another system, or what the objections to it were. When you take the whole enterprise as one undertaking, which is done both in England and in Scotland down to the point of division, that seems rather to disregard the particular structural cost except of the stations in each locality, because each mile is just as essential to earning the receipts as another?—Yes.

2240. Do you not think that, on the whole, considering the matter as an aggregate rent-producing subject, it would be a sounder principle to divide it by length when you come to deal with the different rating areas?—It would be, no doubt, very much more simple, but I have hardly considered that question very much.

2241. Of course, unless in the case of traffic so local that it was both taken up and set down within one rating area, all the rest would traverse different areas, and, therefore, go into the general account?—Yes.

2242. And so even that local traffic would go into the general account?—Yes.

2243. According to your method, is what is recorded in dealing locally with the running line in the separate rating areas, the structural cost itself on the number of purely local passengers?—The cost, except of the

railway stations, which are separately valued in the locality, is not taken into account at all.

2244. It is the earning power?—Yes; that is to say, the number of passengers over that particular part of the line in the parish, the tons of goods carried, and so on.

2245. But when you reject, as I understand you do, the test of the cost of construction of local works other than stations, do you not think it would be much simpler to treat the whole running line as a *unum quid*, and divide it by mileage?—I am so wedded to the parochial earnings principle. I have known the rating system since I was a student in the Temple in 1848, and I was brought up always to deal with rating matters on the parochial earnings principle, so that I have really never thought out the question at all whether a change should be made so as to put it on the same footing as the Scotch valuation.

2246. You have stated the objections which seemed very reasonable to local valuations, and to local appeals to separate appellate authorities; that, of course, runs the risk of a great want of uniformity of decision?—Most certainly.

2247. Would you prefer a system under which a public functionary, as it happens, called an assessor of railways and canals, was appointed to make the valuations in the first instance by communication with the railway companies, and then in so far as he and they fail to agree upon any question of principle, to have an appeal to a judge or judges of the Supreme Court?—One difficulty with that would be that in England, with the enormous number of railways there are, you would require a large number of official valuers.

2248. That may be?—If you consider not only the metropolitan lines, but what the railway system is throughout the whole of England, you will see that you must have a number of separate valuers. Then they would very likely go upon different principles. Except when some question of law arises the valuation is solely a question of fact with which a court of law will not deal, and if I may, I will give an illustration of that from a case which came before the House of Lords. I have got a reference to it, and I think it is worth referring to. It was a case of the rating of a railway, and the question was referred to a barrister, Mr. William Graham, to fix the value. He went into it very carefully indeed, and he prepared a most elaborate special case, setting out the mode in which he had arrived at the value. There were two, if not more, modes which he submitted to the Divisional Court, and two of the judges in the Divisional Court gave a judgment upon it. There was an appeal then to the Court of Appeal, and the Court of Appeal also gave judgment upon that case, and overruled the decision of the Divisional Court. It then came before the House of Lords, and there were present amongst other

Sir H. B.  
Poland,  
Q.C.

2 April '97

Valuation  
of rail-  
ways and  
canals.  
A public  
assessor.  
Advant-  
tages  
and diffi-  
culties of  
such a  
system.

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of the noble lords the Lord Chancellor and Lord Watson. The name of the case is the North and South Junction Railway v. The Brentford Union. When it came before the noble lords they said: "We cannot, as a legal tribunal, decide this case at all, it really is a question of fact." I will just read what the Lord Chancellor said, as it is very short—"The problem propounded by the Statute is plain enough in its form; it is simply to ascertain what rent a tenant from year to year would give for the occupation of the tenements subject to certain deductions. . . . The thing is to be valued as it is, for the purpose for which it is used, and its value is to be ascertained upon the principle which is enacted by the Statute." Then what Lord Watson said is, I think, also material. He said: "My Lords, there are principles of valuation which depend on purely legal considerations, and any misapplication of these is open to correction by the Courts. But there are also certain so-called principles of valuation, which are simply formulæ for arriving at the solution of questions of fact, which have commended themselves to valuers of experience. There may be several alternative formulæ of that kind, all of them capable of leading to a just and reasonable conclusion. It is for the arbitrator, who is constituted the judge of the facts, to determine for himself which rule of that kind he will accept for his guidance." The case, therefore, was sent back to the arbitrator, and he had to do what he thought was right as a question of fact, and so the case ended in that way by throwing upon him the responsibility. Therefore the difficulty which you have put to me is that, so far as any question of law is concerned, you can do that before the Court, but the moment the Courts say it is a question of fact, then you have got the difficulty.

2249. I quite understand what you say, but is it not the case that, apart from pure questions of fact, that is to say, the questions applicable to the particular case on the one hand, and questions of law on the other, there are certain general rules? I will give an instance which I have seen brought up: the percentage, for instance, that should be deducted in ascertaining the value to the hypothetical tenant. If a general rule was laid down say, by one Court or by a couple of judges, would it not be accepted without appeal—because numerous appeals on facts are not good things; and do you not think that that might become a uniform rule of practice even if there were more assessors than one?—I am afraid the judges would say—that is not law, it is a question of fact. When you have got the amount of the tenant's capital, then what percentage should be allowed the tenant as a tenant's share, is a question of fact.

2250. It is, no doubt, but have you not seen that done, or anything like that brought up, under a case stated?—No. In the case of the School Board which goes into that question very fully, the judges simply say that all those matters which the Court did take into consideration, namely, the question of four per cent. on the value of the land, and five per cent. on the value of the buildings, were only elements for them to consider in solving the problem which the Statute put to them.

2251. You made a suggestion, I think, that the Railway Commissioners might be employed to do this; they of course are judges both of fact and of law?—Yes.

2252. If they were to lay down certain rules of practice, do you not think that they being the sole tribunal would be followed without further appeal?—I do not know whether it is under some statute or whether it has been by consent, but I know they have dealt with some of these rating cases. If you had a tribunal of that kind, where one of the Judges of the Superior Court was present to deal with the law, and the other members of the Commission were experienced men, that would be a very good tribunal as far as I am able to judge.

2253. You are aware that, under recent legislation, they are made statutory arbitrators in various matters?—Yes.

2254. So that the function you propose to cast upon them would be very much akin to what they perform now?—Yes; of course there would be a great advantage in their taking up these railway matters, because they have such a large knowledge of the working of railways from the number of cases they have had before them.

2255. And they are not very fully employed, are they?—I believe they are not overworked.

2256. Do you not think, if there was no appeal from them and they were the sole appellate body, they

would very soon establish efficient rules of practice for the guidance of any number of assessors?—I think so. If there were to arise any very important questions of law, they might have power in the form of a special case to refer them to a legal tribunal. There is only one judge, one legal member of the Commission, you see.

2257. They have that power now under certain conditions?—If that were so, I think that would be a very good tribunal.

2258. That would meet any difficulties you see in the way of bringing it under the cognisance of one or more judges?—Yes, I think so.

2259. I think you said that, as regards docks running into one or more parishes, it must become a very arbitrary and difficult problem?—It is a most difficult thing to apply the parochial earnings principle to docks, and in some cases it has been found to be absolutely impossible, and that the only way was to divide according to the area. Of course, with the warehouses it would be different: the warehouses earn their money by people paying for the goods being deposited there in the particular parish, but when you deal with docks and the dock charges generally, which apply to the docks proper, it is almost impossible to do it in any other way than by dividing according to area.

2260. Is not dividing the docks by area very similar to dividing the railway by mileage?—Most certainly.

2261. So that there is an analogy in the docks?—Certainly.

2262. It may be *ex necessitate*, but still the analogy is there?—Yes.

2263. I suppose your great objection to the non-rating of public property consists in this, does it not, that that property is serving the whole country and all the subjects of the Queen?—Certainly.

2264. Not merely those in a particular place?—That is so.

2265. Therefore they should all bear it?—Certainly.

2266. And the only way they could be made all to bear it, is by making that property pay like all other property?—Yes; and also you have to consider that, in some cases, they turn rateable property into non-rateable property.

2267. They withdraw it from the rateable market, certainly?—If they want to extend old premises which have existed for hundreds of years that might be somewhat different; but when they take fresh land and pull down houses so that they may build a great Government office upon it, then they are turning rateable property into non-rateable property.

2268. In some places, such as our great naval or military station like Portsmouth, a very large portion of the property must be Government property?—I should think so. In Portsmouth it must be enormous; I do not know whether it extends out of the parish of Portsmouth, but in some of the parishes of course there is an enormous quantity. I have seen a return of Woolwich; a very large proportion of the rateable value of Woolwich is in the Government Arsenal and the Government Dockyard.

With regard to the rating of railways, I have got a list before me of the cases in which the judges have made pathetic appeals to the legislature to do something to relieve them of the difficulty of dealing with the rating of railways and similar properties.

2269. (Chairman) Will you be good enough to hand that list in?—Certainly. [*Handing in list.*]\* The first case was dealt with by Lord Campbell in 1851. He actually felt so much difficulty that he adjourned the case, and said the Court could not decide it, in the hope that the legislature would interfere; it did not interfere, and he was obliged to decide it. The observations of the judges go down to the present time when Lord Herschell dealt with the Erith case (which is reported in Mr. Ryde's last book, on page 435). He speaks of the law of rating being in an unsatisfactory condition, especially with regard to the rateability of public bodies, and he mentions the difficulty of applying the principles of the Parochial Assessment Act.

2270. (Mr. Smith.) I think you said you were both a gas and water director?—Yes, I have the good fortune to be both.

2271. Do you consider the principle upon which those undertakings are now rated a good one?—I think there is no question about this, that the parishes

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 88.

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Valuation of docks. Parochial earnings system. Difficulties of applying.

Government property, non-rating of, objections to.

Rating of railways, and certain public bodies. Difficulty of applying the principles of Parochial Assessment Act.

Rating of gas and water companies. Results of application of parochial earnings system.

Valuation of railways. Railway Commissioners a court of appeal. Advantages of.



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under the present system of rating get the advantage, that is to say, they get a knowledge of the whole of the facts, and are thus able to make the rating at the full rental value under the statute. In some cases no doubt, the rating is rather hard upon the companies.

2272. I want to take you to the case of a company, or a corporation having large reservoirs and works, in a Welsh village; should you think the principle of valuation for rating was just under those circumstances?—They get at the value of the whole undertaking, and then take the source of the supply which, as we term it, indirectly conduces to the value, and put a percentage upon the value of the land and the outlay—

2273. And the structural value of the reservoir?—Yes, certainly.

2274. So that a corporation might pay practically the whole rates of a Welsh village in which it was situated?—No doubt the Welsh villages would benefit most materially by having such valuable rating property brought there—created there, I should say.

2275. I want you to apply your mind to another case. Take the case of an aqueduct, which would be rated, I presume, like a railway—an underground aqueduct in a deep tunnel, the surface over the tunnel being untouched; does it not seem rather curious that a rural parish should get the benefit of such an undertaking as that?—I should say that would not be rated like a railway; that would be rated like the trunk mains which bring the water to the place where it is sold.

2276. They would pay a very large proportion of the rates of the parish under which they tunnelled?—Certainly; but they would be rated on exactly the same principle as the trunk mains of the water companies, and the trunk mains of the gas companies—that is, only upon the percentage of the value of the pipes which are put into the land. The courts have held that what is directly conducive to value is the pipes where the delivery takes place.

2277. Under the Act of Elizabeth I think you made it quite clear that the hereditaments are not actually rated, but only the occupier's interest?—That is quite clear.

2278. And that the inhabitants were to be rated in respect of personal stock yielding income and within the same parish?—Yes; what they used to term the stock-in-trade which is productive.

2279. So that personalty not localised was never really rateable by law?—No, there is a case on that, *Rex v. Shepherd*, where the man owned a lot of ships in the parish where he lived, and he was rated for those; but he also owned a lot of ships in another port, and he was not rated for those.

2280. I think you told us that the exemption of Crown property takes its rise from the Act of Elizabeth, simply because it is not therein specifically mentioned?—Certainly; that is the express decision.

2281. You also said that the value of the rateable hereditaments must be taken to be their value for ordinary purposes, until they are occupied for some special purpose such as building upon the land?—Yes, land is rated as land, and when buildings are put upon it then it is land plus the buildings.

2282. You thought "building land" could not be defined?—I have read some of the evidence given before the Town Holdings Committee, and I think it was generally considered that there was no good definition given of "building land."

2283. Let me put a case to you: Suppose you find in a town, land fronting a street left a mere waste, while on either side of it and opposite to it you find land sold or let by the foot or the yard, would there be any difficulty in saying that that was building land?—I think in that particular case you could say it was building land.

2284. It must be a question of degree?—Certainly; of course there may be difficulties in dealing with the property, and there may be some reason why it has not been let; for instance, the owner of it might say, "I think in all probability if I hold out longer I shall get a very much better price than that which has now been offered to me."

2285. That is a case, no doubt; the question in my mind is whether it should not be rateable. Of course the saleable value of adjoining land in such a case as that, or the ground rent at which the land was let, would be a good guide to the value?—Yes, a very good guide.

2286. Although it might not be fair to rate a man at the full amount, he might be fairly rated for a considerable amount, having some regard to the value of the land—not by law now, but I mean it would be a possible alteration of the law?—He might possibly, in that case, but then you must not extend that principle too far. Take Holland Park, Kensington, that would be of enormous value, of course, if it were to be built upon.

2287. There might be an exemption for land of that character?—Take the Temple Gardens and Gray's Inn, and Lincoln's Inn Gardens; of course they would be valuable for building upon.

2288. They were extra-parochial at one time?—Yes.

2289. But the law has altered that?—Certainly, and the Templars think they were not unfairly treated in having to pay their share of the common charges of the union.

2290. You mentioned the Valuation (Metropolis) Act, and, I think, you said you preferred the definition of value given in that Act to the definition of the general law?—Yes, I do prefer that.

2291. That Act enables you, does it not, to get from the occupier of premises information as to his holding?—Yes, it is, I think, one of the good things in that Act, though it applies only to the metropolis; that the parish officials send out a printed form, and that printed form contains certain questions; the occupier is bound to fill it up, and return it signed, as being useful to the parish officials. I have a form here.

2292. Is there a form in the Act?—No, there is not a form in the Act.

2293. But there is a form drawn up?—There is a form in Mr. Boyle's book on rating of the return which is required to be made.

2294. I only want the fact that you think such a return desirable?—I think so; no honest man should make an objection.

2295. That leads to my next question. Do you not think a general Valuation Act—at all events for England and Wales—on somewhat similar lines to the Metropolis Act, would be a good thing?—I do not see why, if there is a good law existing in London, it should not be extended to all the rest of England.

2296. I might almost say it is the one question upon which London is in advance of the provinces in local matters, might I not?—Yes, I think that is so.

2297. You must remember a great many valuation Bills being introduced into Parliament?—They are introduced from time to time; I have got one dated 1850, I think.

2298. There have been in my time, I think, I should not be wrong in saying, a dozen at least?—I will not say how many; I know they have been numerous.

2299. They all prescribed, I think, a general system of application, and a scale of deductions in a schedule?—I will not say that as I do not study Bills very much; I wait until they are Acts of Parliament before I study them.

2300. You probably cannot tell us the reason why Parliament never passed them?—I cannot tell the reason.

2301. Probably there was no great public opinion—political opinion—behind them?—Public opinion is a very great motive power. I always like to see anything with the name of George Cornwall Lewis upon it, and I have got here a Bill on the subject dated 1850.

2302. Since then they have been repeatedly introduced, have they not?—You say so, and I do not doubt it for a moment.

2303. In rating a railway or similar undertaking, the great difficulty you have is in arriving at the tenants capital, is it not?—That is one of the great difficulties.

2304. That is a great question of dispute?—Yes. Another difficulty always is the determination of the life of a particular thing so as to settle the renewal fund.

2305. Do you think a special tribunal might deal with all those questions?—I think so.

2306. I will not ask you about the differences between England and Scotland, because Mr. Balfour has already asked you about that point. You said you had no opinion as to which was the preferable plan of dividing up the parishes according to the share of profit or by mileage?—That is so.

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Valuation (Metropolis) Act. Advantages of. Definition of value. Questions to be answered by occupier.

Rating in respect of personal property not localised has never been legal.

Rating in respect of Crown property not mentioned in the Act of Elizabeth.

Valuation of rateable hereditaments is based upon the value of their use for present purposes in present condition. Difficulty of determining what is "building land."

Rating of railways and certain undertakings. A special tribunal to ascertain certain particulars.

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2307. I think, personally, you told us you were against all exemptions from rating, except, I think, in cases of places of worship?—Or I would say a school—in fact anything which could be shown to be purely for the advantage of the parish in which it is situate.

Exemptions undesirable except in cases of places of worship, schools, &c.

2308. Is not the principle underlying your objection to total exemptions something of this kind, that *prima facie* all hereditaments in a parish are of some value, and land and buildings should not, by reason of their particular occupation, be allowed to reduce the rateable value or ability of the parish?—Yes. I may say that the judges have several times expressed an opinion that these exemptions are unsatisfactory, because it is not a matter of benefit to the particular person who is exempted, but it is also the throwing of another charge on other people.

Rating of public parks.

2309. I gather from what you have just said that your objection to exemptions would hardly extend to public parks provided for the general use of the inhabitants?—The case of a public park is now before the House of Lords; it is the question of whether Brockwell Park is rateable or not. The subject wants consideration.

2310. Pending that decision, I think the overseers have relieved us from rating, at all events, in Birmingham?—The decision of the Court of Appeal is that it is not rateable on the ground that the London County Council, who are the owners in possession, and therefore the occupiers, have no benefit, the public having all the benefit. Therefore it is like the case Mr. Justice Blackburn mentioned of the lord of the manor with a common where the commoners have all the advantage; it may strictly be rateable, but then it is rateable at nothing.

Rating of museums, art galleries, free libraries.

2311. That would apply to all our municipal parks in Birmingham, and we have seven or eight?—Yes. An ordinary highway is owned by persons, and if you shoot game over it you are a trespasser; but the public have all the advantage in the use of it.

2312. Your objections to exemptions could not apply on the same principle to public museums, art galleries, and reference and free libraries, where no charge is made, and where they are paid for out of the rates for the common use of the inhabitants?—I would rather see them rated, because they are in a parish, and people come from the outside, from all parts, to that parish.

Exemptions (partial). Reduction or increase in number.

2313. They are not for the benefit of the parish, but for the benefit of the municipality, which may consist of more than one parish; but you would prefer that they should not be exempted?—I think they had better be rated in the place where they are.

2314. I think you would materially reduce the number of partial exemptions also?—Yes.

2315. You would in some cases disregard vested interests, would you not?—Yes.

2316. Always, provided that they were not the subject of special parliamentary contract?—Yes.

2317. And you would reconsider those on any fresh application to Parliament?—Yes. I mentioned a list of them yesterday; I would sweep all those away.

2318. With regard to the three-fourths exemption on the general district rate, do you think the gas and water pipes ought to be benefited in the same way?—I think so, and I would not limit it to them; it should be applied to all property which could be put upon the footing of the things which are already in that Act—railways, arable land, woodlands, and so on.

Unoccupied houses, non-rateability of.

2319. Unoccupied houses are not rateable at law, are they?—I think clearly not. That is shown to be so beyond all question by the Rate Collection Act which says that, during the period a house is unoccupied, the old tenant is not to be rated, but when the new tenant comes in then he is to be rated.

Unoccupied land, rating of, undesirable.

2320. But unoccupied land ought, you think, to be rated at something?—No, I think not, unless it is the case that I put of a man actually refusing a tenant who offers him the full value for it, and it is capable of producing crops.

2321. Would you limit it to crops?—Yes.

2322. Of course I know it is not the law; but you would not yourself apply it to unoccupied building land in towns?—No, I would not—on the principle that a man has the right to deal with his property as he thinks fit; until it is beneficially occupied he should not be rated for it.

2323. I just want you to make quite clear your view about the rating of personal property; personal property is, but for the annual act of exemption, still rateable?—Certainly.

2324. But it must be visible locally, profitable, and belonging to an inhabitant of the parish?—Yes; certainly.

2325. Apart from the annual act of exemption, you believe that any direct assessment of personalty for local rates is impossible?—It is absolutely impossible. Nobody, I think, can read the memorandum that I referred to yesterday of the Poor Law Commissioners, dated May 1840, presented to the Marquis of Normanby, and Sir George Cornwall Lewis's evidence before the Committee in 1850, and hesitate for a moment upon that subject.

2326. Just one word as to the rating of machinery; you say the law is clear as laid down in the Tyne boiler case?—Yes; I take it to be.

2327. You are aware that, in practice, it has given a great deal of trouble?—In a great number of cases it gives a great deal of trouble.

2328. And is very differently interpreted by different overseers?—Yes; and perhaps, also, I think I might say, by legal tribunals, very often. I know a chairman of quarter sessions sometimes says: "I really should like to see the thing myself and judge."

2329. Have you ever heard of a rough-and-ready way that we have in Birmingham of rating manufactories according to the number of horse-power employed?—Yes: I know there is that system.

2330. We do not say it is legal?—No, and I do not say it is.

2331. But it is generally acquiesced in for want of a better principle?—Yes; as a short way of doing it, I believe it is very often done.

2332. There is no reason, is there, why a general valuation Act should not simplify that also?—There would be very great difficulty I should say.

2333. It might lay down some rules, do you not think?—I do not know; I do not think so. I should think it would be very difficult.

2334. There would still be room for the tribunals?—I should think it would be very difficult indeed.

2335. (*Mr. Clave.*) Following on one or two questions that were asked you by Mr. Smith, may I ask you if you have heard anyone suggest a practical method of assessing the man who has occupations in four or five different parishes in respect of the income he derives, say, from the London and North-Western Railway shares?—No.

2336. You never hear of any practical method being suggested of doing that?—No.

2337. Then, again, with regard to public buildings belonging to municipalities, if in a small parish a large area of land is cleared for the purpose of public buildings, does it not bear rather hardly on the ratepayers who are left in that small parish, if those buildings are not assessed for the contributions to be made by that parish towards the union rates?—Most certainly.

2338. Although, in a municipality which contains several parishes, the expenditure on the public buildings may be an additional advantage to the corporation as a whole; it may work unfairly as between individual parishes?—Certainly.

2339. I take it that if the public building is rated, the rates are paid by the corporation themselves out of rates leviable equally over the whole of the parishes?—Yes.

2340. So in that way there is a fair adjustment of the loss, so to speak; I mean a fair adjustment of the rates thus takes place as between the different parishes—there is a certain amount of compensation given back to the parish which has a large quantity of rateable value pulled down, by having the public buildings erected and assessed in the place of those pulled down?—Yes.

2341. I understood you to say that the Parochial Assessment Act, 1836 laid down the general basis that the valuation of property for the purpose of assessment is to be based on the value to the occupier?—Yes. The supposition of a tenancy is only a mode of ascertaining the existing value of the occupation to the existing occupier. That is what Lord Denman said in the Grand Junction Railway case.

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Rating in respect of personal property an impossibility.

Rating in respect of machinery. Difficulties of valuation.

Rating in respect of personal property, difficulties of.

Rateability or non-rateability of buildings belonging to municipality. Position of parishes in which situate.

Valuation of rateable hereditaments is based upon the value of their use for present purposes in present condition.

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2342. The condition of the property as it stands at the time the assessment is made for the purpose of occupation is the basis?—Yes.

2343. And not the uses to which it might be put if the landlord developed it?—Certainly. Take the case of a man who chooses to have his stable next to his house; it is only rated, of course, on its value as a stable, although it might be much better that he should have another house built there and should put his stable further off; but you must take it as it is.

2344. The sole question is: what is it worth for a man to take as tenant from year to year subject to the conditions which at present exist?—Certainly; as a tenant from year to year, meaning the value for the year, taking one year with another—not that he may be turned out at the end of the year, but on the assumption that the tenancy will continue.

2345. The amount of capital that the owner may have spent on the hereditaments to be assessed is not a consideration which arises, is it?—Not at all in regard to property which is in the market and which has a market value for sale or letting.

2346. So that the overseers, in arriving at the valuation of property, do not consider as to whether the rent they assume it to be worth gives an adequate return as an investment to the owner or not?—No, a common illustration is this: two houses are built side by side; one has a very bad foundation, one a good foundation, one may cost hundreds of pounds more than the other; but when they are both up they are of the same value.

2347. So that the return of income to the owner is not a point that has to be considered?—No.

2348. It might pay him 1 per cent., or it might pay him 10 per cent., but that does not alter the valuation for the purposes of the occupier?—No.

2349. I take it that it does not make any difference to the valuation whether the owner has built the houses out of money that he had lying at the bank, or whether he has borrowed the money on mortgage?—No.

2350. Nor whether he borrows the money at 3 per cent. or at 5 per cent.?—No it does not make the smallest difference. It is worth what it is worth.

2351. I think yesterday you referred to a case, I think it was one of the sewer cases, where the courts laid down that in arriving at the rateable value regard should be had to the contractor's rent?—Yes, that is with regard to property which has no market value, which is not usually in the market, which is never bought in the state in which it is, and never let in the state in which it is. Those are school boards, sewage works, and cases like those.

2352. I take it the expression, "contractor's rent" means a reasonable return to an investor for spending his money in those particular works?—Yes. The way it has always been put is this: supposing a man had the foresight to put up a building or to create works suitable for the person who wants them, what would be a fair rent to him? You would measure the fair rent by the outlay to which he had been put.

2353. I think you said also the court applied that principle to the case of school boards?—Yes, as a question of fact they did at the sessions take that into consideration, and the court said it was quite right to consider that as an element.

2354. They arrived at the total value by putting 4 per cent. on the cost of the land and 5 per cent. on the cost of the building?—Yes.

2355. That being based on what they consider to be a fair return to the landlord for his investment?—Yes; I do not know that they actually worked out the rateable value from those percentages, but they certainly did consider those two percentages as important things for them to consider.

2356. The London School Board could borrow money, I presume, at about 2½ per cent?—They borrowed it very cheap.

2357. Is it a fair question to ask you whether you think the decision of a court, based upon a return to the owner giving him 5 per cent. on the building, and 4 per cent on the land, is reasonably consistent with the principle laid down in the Act of 1836, when the occupier could himself have provided what he wanted at a cost of 2½ per cent. interest, plus a sinking fund to repay back his capital?—That again, is always an element. The courts which have to deal with these rating matters, always consider whether the tenant would give

that rent for it, and they always consider, as an element also, that if he could borrow money at some cheap rate, as you mention, he would prefer to buy and build for himself. That again is an element to be considered. I may say that since Lord Herschell made the observation in the judgment to which I referred yesterday, it is often now contended that 3 per cent. only should be taken as the percentage on the value of the land and building together. But then again that must always be a question for the court as a question of fact, because if you have got two buildings side by side and exactly alike, it would be a curious state of the law that one should be rated at one sum and the other at another, according to the borrowing power of the owner in possession.

2358. Assuming for a moment that a public body can get what they want at a cost representing 3½ per cent. upon the capital, why do you think it reasonable for the court to assume that they would be willing to pay about 1½ per cent. more for getting the same thing?—Of course it is a matter which the tribunal must consider.

2359. If the tribunal have the opportunity of considering the assessment for the purposes of occupation, why should they go out of their way to consider it from the point of view of an investment to the owner?—They do it. You cannot get away from this, that it is a fact, and not law at any rate.

2360. In this particular case it is evident that the London School Board were assessed at far beyond what they ought to be?—I do not know about that.

2361. Follow this case on a little bit further, please: I think you told us before that if the owner spent money extravagantly that did not affect the rateable value?—Certainly not. The common illustration which is used in court is that tremendous, expensive arch at the Euston Square Station. When you value the station upon the percentage of the cost they say: "That is really ornamental, and it is thrown away " practically as a railway station; the railway station " has just the same value without that wasteful expenditure and that splendid arch."

2362. May it not be accepted as a general fact that any property purchased by a local authority invariably costs more than the real market value of that property?—That I do not know.

2363. Assuming it is bought compulsorily?—They hope they do not pay more than it is worth; they may or may not.

2364. From your experiences of arbitrations, do you not think that, as a rule, if you buy property compulsorily it involves a little bit more expense than the ordinary market value?—I think the arbitrators are very just; they think a man should have the full value of his property if it is taken compulsorily.

2365. If a public body acquires an area of land for some public purpose and they have to clear out tenants as well as to buy up owners, they have I presume to pay trade compensation as well?—Yes.

2366. So that when they get their land cleared of buildings, it has cost the price they have had to pay to the owner for the value of the land, as well as the trade compensation, all of which is included in the actual cost of the land?—I think they take the land as vacant land; when putting a percentage on the cost they do not take into consideration the trade compensations.

2367. Then, in arriving at the assessment on the 4 per cent. and the 5 per cent. basis, the value of the land has been taken at its market value, and not at what the school board paid for it?—That is so; for instance the compensation costs, the law costs, and the payment for goodwill, are not taken into consideration at all; it is valued as vacant land.

2368. You referred to the Erith case, the sewer case; can you explain on what logical ground it is that the courts have held that the main sewers and outfall sewers are a rateable hereditament, but that the ordinary street sewers are not rateable?—The Queen's Bench held originally, years ago, that the ordinary sewers running through the streets were not rateable. In the judgment of the House of Lords the particular sewers in question there happened to be sewers which were built up on an embankment for the sewage to flow by gravitation. Lord Herschell, in giving judgment, draws the distinction as judges will do, you know, and says, "This " particular case is not the ordinary case of a sewer " running through the streets—this is a built-up

Annual value of properties never let. What is cost.

Rating of sewers. Main sewers; outfall sewers ordinary sewers.

Sir H. B. Poland, Q.C.

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Annual value. Tenant from year to year. Meaning of.

Annual value of saleable or lettable hereditaments not determined by cost.

Annual value of properties never let. Contractor's rent.

Rate of interest on cost.

Annual value of properties never let. How far annual value can be determined by power to borrow money for their purchase or erection.

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"sewer." But I think he does not decide that the other sewers are not rateable; he says that the courts will be very unwilling, as they have been exempt for so many years, to rate them; but, he says, that question is not before the court. If you ask me as a lawyer to say what is the difference between a thing which is built up so that the sewage may flow by gravitation, and a sewer which is built on land which is suitable for the sewage to flow by gravitation, I should say there cannot be any real distinction there. All that Lord Herschell says about the sewers is to be found on page 433 of Mr. Ryde's book.

Rating of  
municipal  
water-  
works;  
prohibited  
by statute  
from  
making a  
profit.

2369. I want to ask you a few questions about the rating of waterworks belonging to a corporation. As you are aware, when a corporation owns waterworks, it is almost invariably prohibited from what is called making a profit?—Yes.

2370. That is to say, the amount of the water rents it is entitled to charge is based upon the amount of money it requires to meet its expenditure for the year?—Yes.

2371. How are those kind of waterworks now rated?—I rather think they are exempt; there is the Droitwich case upon this—I think that is the name of the case, speaking off-hand.

2372. Do they not take the gross receipts to start with?—I think they come within the picturesque term used by Lord Justice Bowen—they are "struck with sterility," that is to say, the Act of Parliament prevents the occupier using them.

2373. For profit?—In a beneficial way.

2374. We will take the Liverpool Corporation waterworks; how is it they are assessed at something over 100,000*l.* a year, although the corporation are absolutely prohibited from making any profit?—That, I do not know; I should like to look into that question.

2375. You are aware, are you not, that the ordinary method of assessing waterworks is to take the gross receipts, and from those, to make certain deductions to arrive at the rateable value?—Certainly; the indirect portion that conduces to value—the reservoirs and the main trunk lines—being rated in the place in which they are as suitable for delivering the water at the place where it has to be sold to the consumer.

2376. Do you think it is fair to take the gross receipts as the basis of arriving at the rateable value, when you are absolutely prohibited from earning any profit at all?—I would rather have time to consider that question if you would allow me. I know that the water company of which I am a director, is rated at its full amount, that is to say, they get the accounts, and the parish authorities take care to get the uttermost farthing.

2377. But that company, I think, is not prohibited from earning a profit?—No; it pays over 10 per cent.

Rating of  
railways.  
Amount of  
deductions  
from gross  
receipts  
compared  
with  
power of  
borrowing  
money.

2378. Touching the assessment of railways; in making the deductions from the gross receipts, you told us that altogether 17½ per cent. was allowed as representing the interest on tenants' capital, profits, and casualties?—Yes; 10 per cent. on tenants' profits, 5 per cent. interest on capital, and 2½ per cent. for risks and casualties; that is almost universally allowed now.

2379. Does not that give a great advantage to the railway company, in arriving at the assessment, if the money that they have employed in working the undertaking and invested in rolling stock is borrowed by them at about 3½ per cent?—That may be so.

2380. So that to the extent of the amount arrived at as representing the tenants' capital the railway companies get a benefit about three or four times in excess of what they ought to do under the present methods of assessing?—I would rather not give any opinion upon that; I am a lawyer and nothing but a lawyer, and that is a question for a valuer. Reserve that for some of those eminent men that you will have before you at a later stage.

Valuation.  
Qualifica-  
tion of  
overseers  
in urban  
and rural  
districts.

2381. May I ask you about your experience with regard to the valuation made by overseers; do you consider the overseers in an ordinary parish are duly qualified men to assess all kinds of property?—The answer to that is that there are overseers and overseers, and also, you know, now they have permanent officials to advise them. With regard to London, I may say that the London County Council called a meeting of all the rating authorities in London in order to induce them to try and agree upon certain principles upon which valuation should be made, and they passed a series of resolutions, which I

have here, and upon those resolutions they act as far as they can for the purpose of uniformity; but I must say that I do not agree with many of them.

2382. The overseers acting for a large urban parish are in a very different position to overseers acting for a rural parish, are they not?—Yes, but then if farmers are overseers in a rural parish they know pretty well the value of the farming land in that parish.

2383. When it comes to the question of assessing railway stations and railway works, there is a distinct disadvantage, is there not, to the parish in having inexperienced men to deal with the very experienced men who represent the railway companies?—Yes, if they cannot come to a reasonable arrangement, they must have a skilled valuer to advise them.

2384. In your opinion, for the purpose of arriving at a fair valuation of property throughout the country, some means should be taken to see that a proper assessment of property is made in those parishes which, possibly, now do not quite understand how to manage their own affairs?—Yes, but then under the Parochial Assessment Act there is power to have a valuation made.

2385. You know by experience, do you not, that the threat of a large company to take a case to the House of Lords often prevents anything in the shape of an appeal?—I need not say anything upon that subject, I think.

2386. In the case of a union containing several parishes, have you not found that there is a great variation in the method of arriving at the assessable value in each parish?—I think not so much now, because the list of each parish is settled by the assessment committee, and the assessment committee is made up of representatives from each of the parishes; therefore that beneficial Act which was passed in 1862 has done a great deal to create uniformity.

2387. Still that does not cause uniformity as between different unions comprised in the same borough?—No.

2388. (Mr. Elliott.) I think that you mentioned, in the evidence you were good enough to give us yesterday, that the Poor Relief Act of 1601 may be said to have been the basis and origin of our present rating system?—Certainly. It has remained in force till the present day, and is acted upon every day.

2389. That law continued in force without any substantial alteration till 1840 when the Poor Rate Exemption Act was passed?—Yes.

2390. I think that you also mentioned to us that you had read a little treatise by Mr. Cannan, entitled "The History of the Poor Rates in England"?—Yes. I have read part of it.

2391. He says, referring to the Act of Elizabeth, that the poor rate was intended to be a local income tax upon the inhabitants of the parish, would you associate yourself with that view?—I do not see how it could be a local income tax in regard to property which is occupied. Of course it has been said that the term "Local income tax" is used as applicable to the property which is occupied, because the value of the occupation is the measure of what the man can afford to pay.

2392. But the ability of the inhabitant was to be taken into account, was it not?—It is impossible to say. The statute of Elizabeth does not in any way mention personal property, it says the inhabitant is to pay; and, therefore, there must be some means of finding out what he is to pay, and the courts have decided that the payment is to be upon the profit made on the stock-in-trade, taking care not to charge it twice over. They held, for instance, that the farmer was not to be rated upon his stock-in-trade, because he was rated upon the value of his farm, and the stock-in-trade was necessary to produce the value of the farm.

2393. I think the Poor Rate Exemption Act, 1840, prohibited the rating of an inhabitant, not only in respect of his stock-in-trade, but also in respect of any other property?—Well, *ejusdem generis*—it must be stock-in-trade; it clearly does not apply to property which has been held not to be rateable, such as money at the bank, furniture, and plate.

2394. You think that under the Act of Elizabeth which was in force, unaltered, till 1840, an inhabitant of a parish would not have been rateable in respect of any income derived, say, from consols?—Clearly not, that is expressly held, and I could give you authority for that if you wanted it. It is clear beyond all question.

Sir H. B.  
Poland,  
Q.C.

2 April '97

Valuation.  
Uniformity  
in  
different  
unions in  
the same  
borough.

Poor  
Relief Act,  
1601.  
Origin and  
basis of  
present  
system of  
rating.

Poor rate.  
How far  
intended to  
be in the  
nature of  
a local  
income  
tax.

Personal  
property,  
exemption  
from  
rating.

Sir H. B. Poland, Q.C.  
2 April '97

Sir H. B. Poland, Q.C.  
2 April '97

Rateability of trading profits under Act of Elizabeth. A parochial income tax.

Relief of poor was the object of the Act of Elizabeth. Ability to pay and not benefits derived to be considered.

Rating in respect of personal property impossible.

Public Health Act, 1848, partial exemptions.

2395. Would he have been rateable in respect of income derived from personal exertion?—No, I think not.

2396. In regard to the income derived from stock-in-trade, was an inhabitant rateable in respect of the whole of his trading income?—Only that which arose from the visible property in the parish; for instance, there was the case I have mentioned to-day of a man who had ships in the parish where he lived, and ships in another parish where he did not live; they have to separate them, as he was only rateable in respect of the ships in the parish where he lived.

2397. You are aware, of course, that trading profits differ very materially according to the trade carried on?—Yes.

2398. Would that have been taken into account?—I think it would be a regular parochial income tax; they held that a man's debts were to be deducted, and the interest on capital borrowed was to be deducted, so it would be a regular parochial income tax.

2399. Take, for instance, a butcher and a draper, the profits of a butcher are very much greater in proportion to the value of his stock-in-trade, than the profits of a draper?—I think they have said that the butcher has no stock-in-trade. I know a butcher is especially mentioned in this memorandum, and he is also mentioned in Nolan.

2400. May I, at any rate, take it from you that there was no attempt in the period between 1601 and 1840, to divide a man's profits for the purposes of rating into the profits derived from his capital and the profits derived from the industry and skill brought to bear upon that capital?—I can only answer that by saying that they found out the income derived from the stock-in-trade. There was a balance sheet made up, and they found it out. You cannot have a better expression than Sir George Cornewall Lewis's—that it was a parochial income tax with all the disadvantages, because all the local people knew the whole of the man's affairs, and his affairs were disclosed—it was not done secretly as the income tax is now.

2401. It would be a parochial income tax in a different sense of the term, to that in which we use the term "income tax" now?—Of course, the income tax now, includes everything—it includes salaries, for example.

2402. Under the Act of Elizabeth the only object was to raise a fund for the relief of the poor, was it not?—Yes.

2403. And the expenditure therefore was not in any sense a benefit to the locality, but a burden upon the locality?—Yes, it was to relieve the locality—to set the poor to work, and apprentice them and to do everything that was desirable to be done so that they should not have a number of paupers existing in the parish.

2404. It was not at all necessary to take into account the value of the expenditure to the different classes of the inhabitants?—No; whatever money was wanted they had to raise by taxation.

2405. It was simply an endeavour to distribute the burden upon the inhabitants of the parish?—Yes, upon occupiers who did not reside, upon inhabitants who were there, and upon the parson, vicar, &c.

2406. In the evidence you gave us yesterday, you expressed the opinion that the case against the rating of personalty was absolutely crushing?—That is my own personal view.

2407. Is that view based upon the impracticability and impossibility of rating personalty or upon any want of equity in the rating of personalty?—I should like to put it on the broad ground of the impracticability; it is absolutely impracticable.

2408. Your observation that the case against the rating of personalty was absolutely crushing did not mean to imply that the burden should be levied upon one particular class of rateable property as it is at the present time?—It is absolutely impracticable—I prefer to put it on that ground.

2409. If it were not impracticable it would not, in your opinion, be inequitable?—I should say that is not a matter of law.

2410. You are aware, of course, that under the law as it stands an endeavour is made to secure at all events a substantial contribution from personalty?—Not as the law now stands.

2411. Has your attention been called to the case of the South Wales Railway v. the Swansea Local Board?—I have not that case in my mind.

2412. It is a case in which Chief Justice Erle delivered a very important dictum as to the intention of the Public Health Act, 1848?—Will you just remind me of it? Is it a question under the Public Health Act as to whether the particular property in that case should pay upon the full annual value or only the fourth?

2413. That is the case?—These cases are all collected together in the text books, but I cannot say that I remember the facts of that particular case, although I think I know most of those cases.

2414. Do you associate yourself with the view which Chief Justice Erle expressed in that case, that the object of these classified ratings was to take into account and to give some weight to the amount of the benefit derived by the particular property charged?—Certainly.

2415. Do you think that that principle is an equitable principle?—I think so.

2416. Has your attention been called to any systems of differential rating?—No, I know nothing about that.

2417. You are aware, of course, of the provisions of the law as to compounding?—Yes, the compounding statute, of course, I am very familiar with.

2418. You are aware, that under those provisions, it is possible for an owner himself, to pay rates by agreement with the rating authority?—Yes. You are referring to sections 3 and 4 of the Poor Rate Collection Act, 1869?

2419. Yes; have you in that connection at all studied the question of the incidence of rating?—No.

2420. Have you given any attention to the schemes for the raising of local revenue by a variety of ways?—No.

2421. Have you given any attention to the question of the division of rates between owner and occupier?—No.

2422. (Mr. Dalton.) Do you consider, as a matter of principle, that it is right that the occupier should be rated on the gross value, as in Scotland, or on the net value, as in England?—I have not considered the question at all, but I have always been brought up in the idea that the net value is the proper thing.

2423. From the very earliest cases the occupier has been rated in England, has he not, on what it is assumed he can afford to pay for the hereditament?—The words of the Act are, what a tenant might reasonably be expected to pay.

2424. Going back earlier than that statute—going back to the earliest case, I think under the statute of Elizabeth—Sir Anthony Earby's case—I think it was held that the occupiers within the town were to be taxed in regard to their possessions, and not the lessor in regard to the rent which he received?—Yes. Would you mention the date of that case—1600 and what?

2425. 1633?—Thank you. When we come down to the Parochial Assessment Act, 1836, we find the principle adopted had always been substantially the same as that which was provided for in that Act.

2426. I am not suggesting as a matter of law that it is not perfectly clear that the occupier must be assessed on his net rateable value, but if the occupier is to be rated on his interest it seems rather curious that he should be rated not on what he pays for the premises, but for the net amount that the owner receives; is that not an anomaly?—I do not think I am competent to give an opinion upon that, off-hand.

2427. It would be much simpler, as a matter of fact, to rate on the gross estimated rental, than on the rateable value, because then you would get away from all those difficult questions of deductions and scales, and so on?—I give no opinion upon that; of course, the inhabited house duty is made upon the gross value.

2428. You do not think there is any reason, do you, for departing from the principle of annual value? It has been sometimes suggested that you should rate upon capital value; have you any opinion upon that?—It should be annual value, because the rate is made for the year and the property should contribute according to its value for that year.

2429. I quite agree. You would be strongly against attempting to rate upon capital value?—Yes.

2430. Then with respect to rating railways, water-works, and gasworks, apart from the present condition of the law, is it essential that they should be rated on their profits?—They are not rated on their profits.

Compounding principle of.

Rating upon gross or net value.

Annual value not capital value, basis of rating.

Rating certain properties in respect of receipts.

Sir H. B.  
Poland,  
Q.C.

2 April '97

Value of  
land en-  
hanced by  
a profitable  
trade.

Rating of  
railways,  
principles  
of.

Rating of  
mines and  
collieries,  
brickfields  
and gravel  
pits.

Rateability  
of municip-  
al prop-  
erty, but  
not of  
Govern-  
ment  
property.  
Police  
courts.

2431. On their receipts, then?—The observation I make upon that is very short; the profits of lands cannot as such be brought into the rate, but if the ability of carrying on a gainful trade upon the land adds to the value of the land, that value cannot be excluded, because it is referable to trade. That is what Lord Denman said in the Grand Junction case. You only go into the profits to see what rent the hypothetical tenant could pay.

2432. But in other properties you do not merely go into the question of what the receipts are; you take into consideration the question whether the lessee could not get a similar thing at a lower rent?—Yes.

2433. In the case of a railway, as far as the line is concerned, he could get a similar thing, at a lower rent, in many a country parish if he himself built alongside that line a line for himself, could he not?—Is that not rather far-fetched? He would have to get his Act of Parliament. You only go into the receipts and the expenditure, because there is no other mode of dealing with it. The Act says it is what a tenant might reasonably be expected to pay; so you must get all the facts, and the tribunal must see what a tenant might reasonably be expected to pay. Nobody has ever yet been able to make any better proposal as to the rating of real property than that which is in the Parochial Assessment Act. You must recollect that it refers to all real property.

2434. Take the case of a school board, who may have have to go for a special Act to get their land compulsorily for the purposes of the school—there you take cost into consideration in the rating?—Yes, as an element, but only as an element.

2435. It is the main element in that case, is it not?—If the tribunal saw there was a very similar building to the school close by, and that it let for a particular sum, they would take that into consideration.

2436. With regard to the railway, practically, you do not take the cost of making the line into account at all?—No. Just fancy the cost of making a tunnel or a viaduct; that of course can have no bearing whatever upon it.

2437. Do you think the railways would be rated more highly, or at a lower assessment than they are at present, if they were rated on their cost?—I cannot tell; that is quite beyond me.

2438. There are one or two classes of property of which I think you have not explained to us the method of assessment—one is mines and collieries; can you give us any information on that?—The whole law upon that subject is practically in the case of "Regina v. Westbrook" (16, Law Journal, Magistrates cases, page 87). It is a very important case. The subject there was a brickfield, and they applied the same rule to a gravel pit, coal mines, &c. The tenant can afford to pay on what he can make out of it for the year, and that would depend upon the likelihood of the demand for coal or the demand for bricks. He must agree to pay his rent before he goes in, and take care that he is not on the wrong side of the account at the end of the year. The Act of 1874 contains provisions as to the rating of mines.

2439. As regards police stations—which I think you told us were exempt from rating?—Certainly.

2440. What is the line of demarcation between police stations and other municipal buildings?—Police stations are used for what they call Government purposes—the suppression of crime; municipal buildings are for the use of the municipality.

2441. But the police are now under the control of the municipality?—Yes, the police are under their control, no doubt. The Metropolitan Police are not, you know—they are under the Home Secretary; the City Police are under the Lord Mayor and the Corporation; and the other police are under the counties. It is only by Act of Parliament that the police have been put under their control, but the police are nevertheless for the maintenance of order in the kingdom, and therefore it is a public concern.

2442. Police stations are still treated as Crown property, as I understand, for the purpose of rating?—Yes, exactly upon the same footing; and in the judgment of the House of Lords in "Jones v. The Mersey Docks" they expressly say that, although they are not strictly in the occupation of the Crown, the occupation

is for the purposes of the Crown, and so it is on the same footing.

2443. (Chairman.) Do you think the parish as an area is a good area to make the unit of assessment?—That is a matter that I have not considered. No doubt it is most convenient.

2444. Do you not think it would get you out of a good many of your difficulties, for example, in regard to docks and other matters which have been the subject of question and answer, if the area of assessment was a larger one?—Yes, I think it would; but I must qualify it to some extent—of course there is this enormous difficulty, that all the property has been dealt with upon the footing that the rates in a particular parish are so much in the pound, and that the rates in an adjoining parish are also so much in the pound.

2445. No doubt there would be a dislocation for the time?—No doubt.

2446. In some cases large and in other cases smaller?—Yes.

2447. Let us for a moment pass over the practical difficulties. What do you think should be the authority under whose supervision the assessment is made up from year to year; at present it is the overseers of the parish as we know?—The overseers and the Assessment Committee.

2448. Supposing it was thought desirable to enlarge it, should we take each union by itself, or should we attempt a division into burghal and rural districts?—The difficulty about that is, of course, the enormous number of hereditaments, and the amount of the work. Some of the London parishes are unions in themselves.

2449. Do not let us regulate the whole country by London, think first of all of the great rural areas which are still in this country. Which is the best area in your opinion in the country districts?—I have not considered the question, but I should say the larger the area the better.

2450. You would, I suppose, say that it would tend to diminish friction if every conceivable authority that had to raise rates should have a say in the making up of the valuation list?—Yes.

2451. As regards Government property, I understand you to express the opinion that it ought to contribute to local burdens on something the same scale as other classes of property?—Certainly.

2452. Do you think there is anything in the objection sometimes made that a large corporation like the Government might not always get fair play from local assessors?—I do not fear that, because there is the appeal to the quarter sessions.

2453. Do you think that the appeal would be sufficient protection?—I think so.

2454. Would you or would you not favour the proposal that if Government property were to be regularly rated like other property, by an authority, that authority should be a general authority rather than one for each district?—I think so; but you know it is impossible not to feel that the valuer appointed by the Government to value their own property upon which they are to contribute rates would naturally wish to make the best bargain he could.

2455. I do not say necessarily appointed by the Government solely for the purpose: I would give him, by whatever authority appointed, fixity of tenure, so that he should be in an independent position?—You see it is an enormous amount of property to entrust to one man, who may have a peculiar way of valuing everything.

2456. I did not commit myself to one man, I said "an authority"?—Whatever the number—even two, I cannot help thinking that the rule which applies to valuing nine tenths of the parish should be applied to valuing the other one tenth, whoever is the occupier.

2457. Do you not think that in the same way corporation property might receive less fair treatment than an individual's property from a parochial assessor?—I think not; he would always be trounced if he did wrong.

2458. Any such apprehensions as Mr. Clare suggested in his questions you would dismiss altogether?—Yes There is the appeal, and they would have to pay the costs if they are beaten, in consequence of having improperly increased the rating.

Sir H. B.  
Poland,  
Q.C.

2 April '97

Rating  
areas.  
Parish the  
unit for  
assess-  
ment.  
Advan-  
tages and  
disadvan-  
tages of.

Govern-  
ment  
property  
should  
contribute  
to local  
burdens  
like other  
property.

Govern-  
ment  
property,  
the rating  
of, by  
local  
assessors.  
Whether  
advisable.

Sir H. B. Poland, Q.C.

2 April '97

Valuation of Government or corporation property. Profit not a test.

Rating of municipal water-works.

Prohibited by statute from making a profit.

Community gets benefit.

Valuation of property.

Question of cost with regard to power of borrowing money.

Value of hereditament is what it will fetch, not what it costs.

Mortgage on property not an element in letting value.

2459. The gentleman who puts up the value does not pay it out of his own pocket, but the municipality that contests the value does pay it out of the municipal pocket, is that not so?—Yes, still they look after him. In some instances valuers are paid a percentage upon the amount of extra value they put on to the value of the parish, which is a very bad system.

2460. I understand you not to commit yourself to profit as a test in the case of Government or corporation property?—No, there is no such thing as profit there.

2461. In such a case as waterworks, even if the municipal owners are forbidden to make a profit, if they do not make a profit in money, would you agree with me that there is a profit, which is diffused over the community, which though not reducible in pounds, shillings, and pence, is of substantial value to the community?—Certainly.

2462. And ought to be as fairly taken into account as a money profit, which an individual puts into his pocket?—I think so.

2463. Do I understand you to commit yourself to the opinion that buildings put up with borrowed money should be valued more lightly than those which the man pays for himself out of his own pocket?—No.

2464. I misunderstood you in that?—Yes.

2465. I want to see that we are quite at one upon that subject?—One of the elements to consider is the percentage on the value of the land, and the percentage on the value of the building, that is, assuming the property is not in the market, and has not a market value.

2465A. Does it matter to the hypothetical tenant whether a building is put up by money borrowed from a bank, or by money taken out of the funds?—No.

2466. Therefore, you would not go behind the means by which the owner had put up his building, in ascertaining the annual value?—No, except that if he could get his money, like a public body, very cheap indeed, he would not rent at all, he would buy the land, and create for himself.

2467. Do I understand you to suggest that, because a public body can build at a less annual cost to itself, owing to its facility for getting money at a low rate of interest, property so built should be rated at a less annual amount?—I am rather inclined to think it should, to some extent.

2468. But why?—Because it is a question of what a tenant would reasonably be expected to give, and he would not give the rent, measured by 4 per cent. and 5 per cent., if he could buy out of money which he gets at 2½ per cent.

2469. An individual owner puts up a house on one side of the street, and the corporation puts up a similar house on the other side of the street; or a man who is not very financially solvent puts up a house on one side of the street, and a financially sound individual puts up one on the other side of the street; provided the houses are equally well built, what does it matter to the hypothetical tenant what are the circumstances of his landlord?—I quite agree. The absurdity of making a distinction, where you have got identically the same building at one corner of the street as at the other corner of the street, because one man can get his money at it at 2½ per cent., and the other has to pay 5 per cent. for it, has often been mentioned. It is quite clear that the buildings are of equal value.

2470. Can you conceive anybody extending such a principle as I have indicated to the case of land? Suppose a corporation buys a farm, borrowing the money at a low rate of interest—lower than an individual can do it; do you think that the tenant who was going to farm it would care—would he give any less rent to the corporation than he would to the private owner?—No, if you have got your tenant; but we are now dealing with cases where there is no landlord, and where there is no tenant, where you have got a hypothetical landlord, and a hypothetical tenant; you have got to apply the Parochial Assessment Act to that problem.

2471. I take the hypothetical tenant; the value of the thing is what it will fetch, not what it has cost to produce, is it not?—Yes, certainly, as in "Hudibras"—

"For what is worth in anything  
But so much money as 'twill bring?"

2472. I need hardly, I suppose, ask this other question, that whether the owner has a mortgage on

the property which he wants to let or not, does not matter to the hypothetical tenant, and should not be taken into account?—Certainly not.

2473. I admit the point which you made in answer to one question, that a property such as Holland Park should not be rated as building land, but do you not think that, where land in the immediate vicinity of a growing population is obviously kept practically derelict, waiting for a rise in price, the owner of that land should not in some way be rated?—I think not.

2474. Why?—According to the law, a man has a right to deal with his property in the way that he may think fit. In London, where land is very valuable, he has a right, if he chooses, to have a large garden.

2475. But your test is what a hypothetical tenant would give, is it not?—What a hypothetical tenant would give to occupy it in the state in which it is—it is *rebus sic stantibus*. I will refer you to a passage I quoted from Lord Mansfield yesterday. A man has a right to do what he likes. He may pull down a very valuable house, and build a stable in its place. He has a right to deal with his own property in the way he may think fit, and you must rate it in the state in which it is. You cannot dictate to a man.

2476. Has there not been a decision that if a man lets his land go out of cultivation, and grows thistles upon it, he is still to be rated upon what it would produce in good cultivation?—I read yesterday the two passages with regard to that view—one from Mr. Justice Blackburn and one from Lord Campbell. The thistle case is on the Notes; it is the case of "Regina v. Foyle."

2477. Did I not state it correctly, that, supposing an owner of a large tract of land in a country parish let it go out of cultivation, he being also the occupier, and it went derelict, he would be rated upon what it ought to bring provided it was kept in a good state of cultivation?—The *dictum* of Lord Campbell is to that effect, but it is a *dictum*.

2478. Will you distinguish the principle which underlies that *dictum* from the case you put to me just now, where a man has a valuable house, and pulls it down, and leaves the land a waste; why is the same principle not good for him?—With regard to the thistle case, the decision applies to the particular year, but after a few years, if thistles are grown continuously on this farm land, so as to make it valueless, or almost valueless, then the tenant, in the condition in which it then is, it having been left out of cultivation for a certain number of years, would not give the price for it. I think Lord Campbell's *dictum* is upon the assumption that it is in the condition in which a tenant would be willing to pay for the land in its then state.

2479. Assuming that to be the effect of the *dictum*, do you think it fair?—I think you must leave a man to deal with his property as he may think fit.

2480. Is that fair to the other occupiers in his parish, as compared with the occupiers of parishes in a union which possesses no such derelict land, and in which case the burden the parishes have to bear, as parts of the union, is spread equitably over the whole?—I do not think it is unfair. It is a question of degree. Supposing you told a man that he has got a gold mine, or a coal mine, under his land, and he says, "No, I prefer having this land as part of my garden, I am not going to dig it up."

2481. So far as the other inhabitants of the parish are concerned, the effect of the course of procedure adopted by the man who leaves his land derelict, is the same as if he had transferred it to Government under the old law, and they got nothing out of it at all?—Yes.

2482. You condemned that as unfair to them, in the case of the Government taking the property and abstracting it from the total rateable value; do you not see a parallel on that ground between the action of the one man and the action of the Government?—No; in the one case it has a value to the people who occupy it, in the other case it has not a value.

2483. I am looking, not to the conduct of the owner of the property, but to the effect of his conduct upon the people who are round about him?—I think you must assume that a man will always use his property in the best way for his own advantage. You must deal with things as they are. He does not leave it derelict out of malice; he has left it derelict because he is waiting for the market to turn, when he will get the best advantage out of it.

Sir H. B. Poland, Q.C.

2 April '97

Rating of vacant land, objections to.

Property must be rated on basis of value of its use for present purpose in present condition.

Sir H. B.  
Poland,  
Q.C.

2 April '97

Rating of  
tithes.  
Principle  
of valuation.  
Deductions.

2484. As it is for his own advantage, does that not rather make it worse that he should put his neighbours to disadvantage for his own account?—I do not see that.

2485. Tithes are one of the classes of property specially mentioned in the Act of Elizabeth to which you have referred more than once, are they not?—Yes.

2486. And they are rated upon their gross value, are they not?—They are rated upon what they will let for.

2487. Is that not another way of saying they are rated on their gross value?—There is the deduction.

2488. Supposing a clergyman has tithes of the value of 500*l.* year, he is rated on the 500*l.* a year, is he not?—Subject to the deduction for ecclesiastical dues.

2489. I want you to put it right for me, because, when I have got it right, I am going to ask a question or two upon it?—I would refer you to the case of "*Regina v. Capel*," which is reported in 12 *Adolphus and Ellis*, 382. This is a boiling down of the decision: Under 6 & 7 *Wm. IV. c. 96. s. 1*, the vicar of a parish receiving composition for small tithes is to be rated on such receipt in the same way as the occupier of land; that is, on the sum for which the same would let free from the tenants rates and taxes and ecclesiastical dues.

2490. What are included in ecclesiastical dues?—I forget for the moment what they are; they were mentioned by Mr. Round in the debate in the House of Commons the other day.

2491. I have got Mr. Round's words before me; you will tell me if these are what you refer to: "They were allowed to deduct the actual amount of rates paid, any necessary ecclesiastical fees, the amount of repairs to the chancel, and 5 per cent. for the cost of collecting the tithe rentcharge; but they were obliged to pay rates upon the remainder of the tithe rentcharge"; is that the passage to which you refer?—Yes.

2492. Do you agree with that as a statement of fact?—I think so.

2493. Then it is suggested, in some representations which have been made to us, that the amount which a clergyman has to pay to Queen Anne's Bounty, for such a thing as money borrowed to provide the parish with a parson's residence, should be deducted; could you give me any expression of opinion on that?—No, I have not considered it. It is not allowed now.

2494. Would you rather express no opinion as to whether it should be allowed as a matter of fairness?—It is a very debatable question.

2495. It is because it is debatable that I am asking Sir Harry Poland his opinion, if I may venture to say so?—I hesitate to give an opinion upon a matter which I have not considered.

2496. (*Mr. Dalton.*) With regard to the cost of collection, it is not. I suppose, a fixed rule that merely 5 per cent. can be allowed for cost of collection?—No, I suppose not.

2497. Whatever the cost of collection might be would be allowed?—I suppose so.

2498. (*Chairman.*) To the clergy, or, indeed, to the tithe owner, this amounts, does it not, to a rate upon income?—Yes, if you treat it as income; but it is treated as coming from the land—it is part of the value of the land. I do not know whether you have seen two letters, published yesterday and the day before, in the "*St. James's Gazette*." In one of them a rector writes and says it is perfectly just as it is now, and he gives his reason for it.

2499. I can easily understand the difference of opinion, but I was endeavouring to extract yours, if I could have it, because I want to learn from all sources?—I have learnt a good deal lately which I did not know before, but I have had very little experience in rating tithes, and I may say I have not considered the question at all except the bare law; what the state of the law is at present I think I know.

2500. (*Mr. Elliott.*) Does the law enable any deduction to be made in respect of stipends to curates?—Clearly not. Some of the decisions at one time allowed it, but the law is settled now, and there are no deduc-

tions allowed for a curate; so that if a man has got three churches to attend to, and he necessarily must employ perhaps two curates, he is not allowed to deduct a farthing.

2501. Are you aware of any dictum by the judges to the effect that the intentions of the Legislature in that respect have not been fully carried out in the later Acts of Parliament?—No, I am not.

2502. (*Mr. Dalton.*) If a clergyman were allowed to be rated on a different system in respect of tithe rentcharge because his income was derived from it, I presume that same principle would apply to his glebe land, because his annual income from his glebe, is his income just as much as his income from the tithe rentcharge, is it not?—Yes, it may be so.

2503. Therefore it would be necessary to rate him on his glebe on a different system from that adopted in the case of any other rateable property?—Yes, that may be so.

2504. (*Chairman.*) Do you wish to add anything to the evidence you have already given?—The only thing that occurs to me is that in two cases, in the one Lord Campbell, and in the other Lord Chief Justice Erle, expressed themselves very strongly that exemptions ought not to be allowed as a matter of benefit to particular persons, because it throws the charge upon the other ratepayers of the parish. There were two strong *dicta* to that effect; I do not know that they are worth reading because it is so obvious, but the judges have dealt with the point.

2505. There is one other matter, I admit at once it is not a legal point, and you may probably answer me that you have not considered it—have you ever thought over the possible differences, which may be justified, in the treatment and classification of rates, which are, so to speak, rates of burden and rates of benefit?—By rates of benefit do you mean school rates.

2506. I will put it in another form if you like—put on one side of the line a rate which adds to the utility and enjoyment of the particular property which is rated, and on the other side of the line a rate which does not?—Of course that matter has been discussed on the question whether the rate falls ultimately upon the owner or upon the occupier. Everybody admits that the school board rate cannot in any way be for the benefit of the owner; that must be for the benefit of the occupier who has children there in the parish.

2507. But not even necessarily exclusively for the benefit of the occupier, is it?—No.

2508. The education rate is of course one which it is very difficult to apportion?—Yes.

2509. I think perhaps the best example of a rate of burden is the poor rate pure and simple?—Yes.

2510. And one of the easiest examples to take of a rate of benefit is such a rate as a lighting or local road rate?—Yes.

2511. Do you not think that when you speak of the rates of any district being so much in the £, you must, before you found any inference upon that bare statement, separate as far as it is possible so to do, the rates which are rates of burden from the rates which are rates of benefit?—Yes.

2512. Can you suggest to me any test which in your opinion would be a satisfactory one to apply, or any definition which you could give me of a rate of burden and of a rate of benefit?—I cannot suggest a definition. I say you must deal with each rate by itself.

2513. I will suggest to you in a question a possible definition, and ask you to be good enough, if you will, to consider it and send me your answer, if you will take that trouble?—I will take any amount of trouble if I am equal to the occasion, but most likely I shall not be.

2514. Would you think a rate of benefit satisfactorily defined in this way—as a rate which is expended in the purchase of some thing, or some right for the use of the ratepayer; and a rate of burden as a rate expended on paying for an obligation contracted by a community, without regard to any benefit which might accrue to the ratepayer?—I will give my best attention to it.

Sir H. B.  
Poland,  
Q.C.

2 April '97

Rating of  
tithes is  
rating part  
of value of  
land as  
much as  
the rating  
of glebe.

Exemptions, not  
fair to  
general  
body of  
ratepayers.

Classification  
of  
rates.  
Rates of  
benefit and  
rates  
burden.

Rating of  
tithes.  
Deductions.  
Cost of  
collection.

Rating of  
tithes is  
rating part  
of value of  
land.

Rating of  
tithes.  
No deduc-  
tions al-  
lowed in  
respect of  
the stipend  
of curates.

The witness withdrew.

Adjourned till Thursday next at 12 o'clock.



## EIGHTH DAY.

Thursday, 8th April, 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

C. N. DALTON, Esq., C.B.

T. H. ELLIOTT, Esq.

ARTHUR O'CONNOR, Esq., M.P.

E. O. SMITH, Esq.

JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. THOMAS RATCLIFFE ELLIS called and examined.

2515. (*Chairman.*) I understand that you are a solicitor practising at Wigan, in the County of Lancaster, and also in London, and that you are Law Clerk and Secretary to the Mining Association of Great Britain, and also to the South Lancashire and Cheshire Coal Association?—I am.

2516. You represent professionally in Lancashire, particularly in the Wigan district, a considerable number of coal owners, and have conducted on their behalf many applications to assessment committees in connexion with the rating of mines, and also at the quarter sessions?—I have.

2517. The rating of mines is a subject to which you have given considerable attention?—It is.

2518. I think you are delegated to appear here to-day on behalf of the Mining Association of Great Britain?—I am.

2519. And this paper which I hold in my hand is the memorandum which you have been good enough to supply us with?—Yes, the Association appointed a small Committee from each district to assist me in the preparation of this memorandum. There was Mr. Cooper, from the north of England, who is the solicitor to the Association there; Mr. Fletcher of Cumberland, who is a large coalowner and President of the Association; Mr. Parker Rhodes of Yorkshire, who is solicitor to the Yorkshire Association; Mr. Alfred Hewlett, who is a very large coalowner in Lancashire and Cheshire; Mr. Salmond, of the Midland counties, who is also largely interested; Mr. Gardner, of Cannock Chase, who is a solicitor acting for coalowners there and for the Association; Mr. Cloughton of South Staffordshire and Worcestershire, who is a large coalowner; and Mr. Deakin from the Forest of Dean, who is also a considerable coalowner. Then Scotland appointed Mr. John Wilson, M.P. (Falkirk Burghs); and my memorandum was sent down to South Wales, and considered at a meeting of the Association, and approved of. So that I think we may take it that the memorandum which I have supplied has the approval of all the coal districts in England, Scotland and Wales.

2520. I think your Association is a federation of a considerable number of local associations, is it not?—It is.

2521. And represents, I suppose, a very considerable amount of invested capital?—I estimate that the coal alone, outside the iron mining, certainly represents over 100 millions of invested capital.

2522. We know that coal mines are one of the class of hereditaments which are mentioned in the Act of Queen Elizabeth, which is the foundation of our system of rating?—That is so.

2523. What was the effect of the Act of 1874 upon the subjects which you represent?—The Act of 1874 was the Act which made other mines rateable, I think, was it not?

2524. Yes that is the Act I am referring to?—The construction put upon the Act of Elizabeth was that it

only extended to occupiers of coal mines, and that other mines were not rateable, because they were not included in the description of coal mines; and the effect of the amending Act was to make all mines rateable. It prescribed the method of rating one class of mines, tin, copper and lead; it left the other mines unprovided for by any method of assessment, but in respect of those three classes of mines, it provided that the assessment should be made in a particular way.

2525. The Act had no direct effect upon coal mines, I believe?—It had no direct effect upon coal mines.

2526. Would you describe to me exactly the process by which an entry affecting the valuation of coal mines appears in the assessment list?—Is is a very difficult thing to do that. It depends which union you take. If you take the Wigan Union, the entry for the colliery there would be this:—a gross column value is fixed, how, I scarcely know, and then there is some deduction made from that, to get at the rateable. The rateable value is fixed in the Wigan district by an arrangement of this kind; there is a list which was made many years ago of all the mines that are worked in the Union, and then there is what is called a field price attached to every mine. I have got a list of them here, which I would hand in.\* In Lancashire generally we estimate the area by what is called the Cheshire acre, which is about double the statute acre, and each mine has attached to it, a price per foot thick, for each Cheshire acre that is worked—a royalty, that is. Now that royalty is not in all cases the royalty which is actually paid by the worker of the mine, but it is what the assessment committee fixed some years ago, as what would be the ordinary letting royalty value of that particular mine under ordinary circumstances. Then each coalowner in the Union is required to send in at the beginning of each year, a statement showing the quantity of each mine which he has worked during the preceding year.

2527. You say each coal owner is required to send in such a statement, by whom is he required?—By the Assessment Committee, it is an arrangement which has been made.

2528. That is under an arrangement and not acting under any compulsory power on the part of the Assessment Committee?—No, it was under an arrangement that that was agreed to be the method of ascertaining the annual value. Each account is sent in but not in tons; it is sent in according to the area of a foot thick which has been gotten of the particular seams.

2529. Are any steps taken to verify that statement or is the coalowner's statement accepted as accurate?—As a rule it is accepted as accurate. If any question arises about it it generally arises upon appeal when the assessment is increased; then the coalowner, when he appeals, produces evidence, probably the evidence would be the "get book" to show what he has paid his lessor in respect to that quantity of coal. He has to

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 75 (Table L).

Mr. T. Ratcliffe Ellis.

8 April '97

Valuation of coal mines. How entered upon the list.

Valuation of coal mines in Wigan district. System adopted. Plant not rated. Information how obtained from coal-owners.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 68 to 75.

Mr. T.  
Ratcliffe  
Ellis.

8 April '97

satisfy them, if there is any doubt about it, but as a general rule his statement is accepted.

2530. The lessor's financial interest of course being contrary to the lessee's in this respect, the assessment committee are satisfied if the lessor is satisfied?—Yes. That is the evidence which is given in the few cases in which there is any necessity to corroborate the statement. Then the area which he has "got" is taken at a foot thick. Take the first on the list, the Ince Yard Mine, the price there is 60*l.* per foot thick per Cheshire acre. If he had worked one acre of a foot thick it would be 60*l.*, supposing the seam was 3 feet thick it would be 180*l.* It is not taken out in tons, it is taken out in area, that is the principle adopted in Wigan; and that includes the plant. If there should be anything about a colliery which is exceptional, for instance, supposing that at one colliery there should be a very large workshop, which serves a great many collieries, there would probably be some additional assessment put on in respect of that; but the plant which is necessary for the getting of the coal and dealing with it on the surface is all included in that 60*l.*, or whatever the price per foot per acre might be. That system has been in existence in Wigan for 20 years to my knowledge. At the present time the assessment committee have decided that they will have a re-valuation made of the whole of the collieries in the Union, and that is now being undertaken by Mr. John Cross of Manchester, who is an expert in rating.

2531. But the system at Wigan being a purely voluntary arrangement either side might break away from it?—Either side might, and, as a matter of fact, the cause which has led up to this re-valuation is that a coalowner did break away from it, and under these circumstances: The "get" of last year—I think, as a matter of fact, it was the preceding year, when the dispute arose—was sent in by him in the ordinary way in accordance with the arrangement, but during the year of the assessment he had very serious accidents at his pit—the shaft fell in and there was not any prospect of his getting any coal at all. The Assessment Committee assessed him on the get of the preceding year. He said that that was very unfair to him, because the assessment should be upon the value of that year, and whilst under normal circumstances one way—perhaps the best way—of getting at the quantity which you would get this year would be to see what you got last year, in this exceptional case it was unfair. He appealed against the assessment at the Liverpool Quarter Sessions, and the Quarter Sessions decided that the assessment was bad and that it would not stand. Then the assessment committee upon that decided to have a re-valuation of the whole of the collieries in the Union, and I suppose some other principle will be adopted, not by agreement as this is but more in accordance with what they may be advised will be the legal position.

2532. You will agree with me, I suppose, that a system which depends only on the continuance of mutual agreement is not sound or safe for either party?—It is very undesirable indeed.

2533. Would your Association like to see the matter settled once for all upon statutory authority?—We should, in order that there might be some uniform method prescribed of ascertaining what annual value is.

2534. Mr. O'Connor suggests to me a question which I will interpolate here: Your system which has endured for the last 20 years, depends, does it not, upon the assumption that all the coal is of a comparatively uniform quality?—It does depend upon that, subject to this, that, supposing there was any particular case in which a man was subject to some special disadvantage, the assessment committee have, in cases that I have known myself, made a reduction in the assessment to compensate him for that disadvantage, over and above what would be the normal condition of the mine.

2535. By disadvantage, do you include an inferior quality of coal?—I have known an allowance made for an inferior quality of coal, but it is more frequently considered in cases where there is water which has to be dealt with—where the mine is worked under less favourable conditions than the seam would be worked in the ordinary way.

2536. Do they make any allowance for distance from a railway as an unfavourable condition?—That is not allowed for in this arrangement between the assessment committee and the coalowners, but I think it ought to be. I ought to say this, that as the collieries in the

Wigan Union are pretty well all in a group, I do not think there would be any great disadvantage under that head.

2537. Are they tolerably uniform in that respect?—Yes.

2538. The coal, which is lying in a thick seam, four or five feet thick, would be relatively more valuable per foot would it not, than coal which was lying in a thin seam of only one or two feet thick?—It would depend, to a great extent, on the quality. The price per foot thick in the Wigan Union varies from 60*l.* to 150*l.*, for instance, the Cannel is 150*l.* per foot thick, per acre, and the mine called the Ince Yard Mine, which is one of the commoner mines, is as low as 60*l.* per foot thick, per acre. That would be taken into consideration in considering the royalty.

2539. It is quite clear, is it not, that your system of taking a basis of value per foot thick, while it might do for a limited area where the mines were all of a closely approximate quality, could not be expected to form a basis over the whole country where there is every infinite diversity of circumstances prevailing over widely distributed areas?—That is so. If you take, for instance, some of the mines known by the same name in the Wigan Union, you will find it of a very different character even in the adjoining Union. When I speak about a "mine" I ought to say "seam" properly, to be accurate; it is the layer—the particular seam—I am chiefly referring to here.

2540. You point out in paragraph 3 of your memorandum that different assessment committees have different systems?—That is so.

2541. And you give us, as an example, another system, the Leigh Union?—Yes. The Leigh Union adjoins the Wigan Union. The system in the Leigh Union is described in paragraph 4 of my memorandum. There it is not an acreage rent which is taken—that is, not so much per foot thick, per acre—but it is a tonnage rent, and you have to return there the number of tons that you have "got." Then a royalty is fixed upon that, not by agreement, but by the expert who values. He fixes in his own mind, I suppose, what he thinks to be a fair royalty for a particular seam per ton. Then he adds to that the interest upon some capital value of the plant; I do not know exactly how he gets at it, but he puts a certain amount as representing the annual value of the plant, in addition to the royalty, that is, of the plant which is necessary for the getting of the coal to the surface, which would include the shaft, the winding engines, and the other plant necessary to bring the coal from the seam to the surface. Then he adds to that a further assessment with respect to railways and other appliances which take the coal from the surface to the canal, or to the railway by which it goes to market.

2542. This system, I take it, is subject to the same comment which we made a moment ago; that after all this sanction is a voluntary one, and could not really be enforced by law if anybody broke away from it, except as a matter of bargain?—It is very difficult to say whether it could or could not. What is to be ascertained is: what this would let for per annum, and that must be ascertained in an artificial way. If the quarter sessions considered that that was the best means of ascertaining this annual value, I suppose it would be quite competent to uphold it.

2543. I suppose your Association will agree in this: that if you are to be assessed, as the law says you are, upon the letting value, the best thing for everybody is that that letting value should be ascertained as certainly and as cheaply as possible?—Quite so.

2544. Why cannot you take the actual value for which a mine is let, when it is let?—That might or might not be the lettable value of the royalty at the time that the assessment is made. When a man takes a coalfield, he has to take it to some extent on trust, and it is not until he has sunk his pits that he knows exactly what the character of the coal is and what are the difficulties which he has to meet with in getting at the coal. So really to get, if it were possible, at perfect fairness, you should only fix the value of the royalty, when you know what the coal is, in respect of which you have to pay the royalty; of course that is impossible in letting and taking a coal mine—you could not wait until that; you make your bargain with your landlord, and it may be a good bargain or it may be an indifferent one.

Mr. T.  
Ratcliffe  
Ellis.

8 April '97

Valuation  
of coal  
mines.  
System  
adopted  
in the  
Leigh  
union.  
Plant  
rated.

Letting  
value  
should be  
the best  
test for  
valuation  
of coal  
mines, but  
true letting  
value  
difficult to  
ascertain  
before  
mines have  
been  
worked.

Mr. T. Ratcliffe Ellis.  
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rents and practical systems of payment.

2545. Is not your royalty so much per ton?—The royalty generally throughout the country is based, I think, on the acreage rent; I should think there are more places where it is based on the acreage rent, that is so much per foot per acre, than there are places where that method is not adopted.

2546. I will take it in that way, and we will follow out that case. A royalty is based on the acreage rent, and after the mine is in working order, according to the terms of the agreement, a certain lump sum is paid to the owner, calculated according to the acreage rent bargained for and the amount that has been worked during the year?—The leases are in this form—there is a certain or fixed or minimum rent reserved in the leases; that is a rent which you undertake to pay, whether you get coal or whether you do not; in addition to that there is a royalty rent of so much per acre or per ton on the quantity that you get, during the period over which the rent runs—a half year or a year.

2547. If the minimum rent is 500*l.*—I take a fictitious sum—and the rent calculated on the other system only comes to 450*l.* the owner chooses the minimum rent of 500*l.* does he not?—He does.

2548. If the acreage rent comes to 750*l.* he chooses the acreage rent and gets that?—Yes, but the first 500*l.* is only on account as it were. Supposing the certain rent was as you say 500*l.* and this year we worked 450*l.* worth of coal we should have to pay the 500*l.*, but if next year we worked 550*l.* worth we should only pay 500*l.*, so that we should recoup the first 50*l.*

Valuation of mines. Systems in Scotland.

2549. That is exactly what happens in my own country. You mentioned that Mr. Wilson, Member of Parliament for the Falkirk Burghs, had been made a member of the Committee which helped you to draw up this paper?—I sent it to Mr. Wilson after I had drawn it up and I have got a letter from him in reply with reference more particularly to Scotland I think; he says that in Scotland: "The local assessments are the county council and parish council and are paid on the amount of rent paid to landlord. The landlord pays fully two-thirds of the county council assessments, and half of the parish council assessments. There is an abatement of 12½ to 25 per cent. on all the items of parish council, but only on the items of public health and water on county council. Every parish differs from another as to the allowance in Scotland. Dwelling-houses in connection with collieries are assessed separately on the amount of rent produced or value when rent-free, both for local and Imperial purposes in every respect the same as other houses. Ground rent, that is ground occupied by collieries, workshops, and railway sidings,—is assessed on the rent paid to landlord for same, but when paid to farm tenant as compensation for surface damages it is covered by the rent paid for assessment purposes. I quite agree with you that it is unfair to value the royalties paid for mineral as rent and to assess on the full amount. There should be an allowance for return of capital. I do not know of a case in general business where a merchant is assessed on the purchase price of his goods, it is only the mineral estate owner who is. He pays a big price for an estate with minerals in it and when he comes to realise it after long delay he has to pay both local and Imperial taxes on the stock. I have as above, I think, given you an idea of how things are with us in Scotland."

2550. That letter, of course, obviously divides itself into two parts, the first is a statement of fact, the second is his argument which would lead us into a wide field of controversy. I do not at this moment take up the second part, but if I may venture to say so from hearing it read I think the first part of the letter is a fair abstract, in short form, of the Scottish system. How would such a system suit your Association?—That, I gather, is a system, by which part of the rates are paid by the landlord, that is, by the lessor.

2551. Certainly, but for the purpose which we are on at the moment for getting at the value of the mine, we may leave out of consideration who pays it; it is an important subject, without doubt, but the question at the present time is what is the value of the mine as a rateable subject; I limit my question to that point, as a method of ascertaining the annual value of a mine as a rateable subject, what would your Association say of the Scottish system?—According to the Scottish system, he says: "The local assessments are the county council and the parish council, and are

"paid on the amount of rent paid to landlord. The landlord pays fully two-thirds of the county council assessments, and half of the parish council assessments. There is an abatement of 12½ to 25 per cent. on all the items of parish council, but only on the items of public health and water on county council. Every parish differs from another as to the allowance in Scotland. Dwelling-houses in connection with collieries are assessed separately on the amount of rent produced or value when rent-free both for local and Imperial purposes." If I understand him aright the royalty is assessed on the land on the surface used for the purposes of the mine, and there is nothing added to either one or the other in respect of plant; then it is pretty much what I should say would be an acceptable arrangement.

2552. Cannot you leave out for our purpose the question of the value of the land on the top because that is the agricultural value?—There is a good deal of land used about a colliery for various purposes, not agricultural, but for spoil banks, and various purposes of that description; that, I should say, ought to be included in the royalty value. Supposing we have any land for agricultural purposes, that, of course, would be a separate matter of assessment altogether.

2553. Take land which you spoil for agricultural purposes, but which you use for banks, and sidings, and so forth, how do you propose to have that valued for your purposes?—I should say that there should be a reasonable quantity of land available to the tenant for the purpose of working the mine, and that the rent which he paid for the royalty should include that reasonable quantity of land; it is necessary for the purpose of getting the coal out, and it should be included. Then at the end of his lease of course he may be under obligations which are of quite a different character to clear that land off or to purchase it.

2554. Subject to that reservation and subject to the question of possible deductions, on which I may ask you a question or two hereafter, have you any further comment to make in regard to the system which Mr. Wilson described?—If it be as I have described it, I have no further comment to make upon it because it is that the payment in respect of royalty does represent the plant and other necessary machinery for the purpose of getting the coal. I have other instances showing the effect of this inequality.

2555. Have you anything to urge on behalf of your association on the question of deductions—which I think you call exemptions?—Yes. Having ascertained in some uniform method what the annual value is, a colliery should only be rated upon one-fourth of that annual value.

2556. Why do you fix the one-fourth?—Because that is what the Public Health Act fixed for the rating of land, railways, tithes, market gardens, nursery grounds, reservoirs, and of the other things which are described in the Public Health Act as being entitled to an exemption from the full amount of the rate.

2557. Have you no other reason?—Yes, I have another reason. A coal mine cannot possibly benefit by a very large proportion of the expenditure, the money for which is produced by the district rate. What is rated really is an ungotten seam of coal. Even in the cases where valuers add something to the royalty in respect of plant; a very large proportion is in respect of an ungotten seam of coal that is lying yards below the surface, it is ungotten, but as soon as it becomes coal on the surface. It is not rateable at all. It then becomes a chattel, and then it is stock in trade. Therefore the assessment upon the occupier of a coal mine is upon an ungotten mine. You cannot sewer it, you cannot get at it to light it; in fact you can do nothing for it, and in that way it differs from other classes of property.

2558. Our reference would cover the question of coal becoming a chattel because it says we are to inquire: "How far all kinds of real and personal property contribute equitably to such taxation," so that we could not confine ourselves to the question of whether coal is at this moment, when on the surface, rateable. The question for us would be, whether it is or is not fair, that it should escape rating by coming to the surface as a chattel?—I should put it that, whether it is underneath and unsevered, or whether it is brought to bank and put into waggons within a few hours after it gets on to the ground and passes by railway or by canal entirely away from the place, it has no benefit what-

Mr. T. Ratcliffe Ellis.  
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Exemptions. Coal mines should be included in the hereditaments subject to partial exemptions under the Public Health Act. Reasons for this view.

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ever, either from the lighting of the district, or from the sewerage of the district, or from the cleaning of the highways, or from a great amount of the expenditure which the district rate provides for.

2559. Do you think that the person who owns it and deals with it gets no benefit?—I do not see what possible benefit the person who owns it can get in respect of this particular property. If he has got a house in the district he pays his rates for the house. The people who are employed at the colliery live in houses which pay rates, and which get all the benefit from these things, and therefore, they properly pay for them. I might mention cases in the north of England where not infrequently—I should think generally—the colliery proprietor owns the houses in which the workmen live, and for which he is separately assessed.

2560. Does not the opening up of a coal mine and the working of it bring a large population into a district, whose children have to be educated, and unless something more than the rates upon the houses in which they live are paid, would not their presence cause a large additional burden upon other classes of property which are in the union?—It would; but I think as against that should be considered, that when a colliery comes into a district it improves the rateable value of pretty nearly the whole of the property in the district. Land which was purely agricultural, becomes building land, and instead of being let at probably a pound or two per acre, it becomes worth a penny a yard, which is more like 20*l.* an acre. Large wages are paid to the people; they spend them with the shopkeepers, and they have, in point of fact, a wage given to them sufficient to educate their children and to pay all the rates.

2561. Would you, or would you not, agree with me that for general purposes, if coal mines were exempted, as you suggest, the opening of a coal mine would cause a large additional burden upon other property in the area?—The rate has to be found, but there might be other property which is not at present rated that might possibly be brought in to make up that deficiency.

2562. I should be glad to have a suggestion?—I prefer not to make a suggestion about increasing anybody else's rates.

2563. I beg your pardon, I thought you were leading up to it?—I simply wish to point out, that as far as collieries are concerned, they are paying a great deal too much. I should not like to take the responsibility of saying what other property is not paying enough or not paying at all.

Valuation  
of coal  
mines.  
System  
adopted in  
the Orms-  
kirk union.

2564. You were indicating, a moment ago, that apart from the differences of system between the two unions of which you have spoken—the Wigan Union and the Leigh Union—you had some other instances which you desired to put before us, showing the disadvantage of the present uncertainty and inequality; was that not so?—That was so. Adjoining the Wigan Union is another Union known as the Ormskirk Union, which is in the neighbourhood of Liverpool. In the Ormskirk Union there is a township which is known as the Skelmersdale Township, and which is largely a mining township. Out of a total assessable annual value of 25,000*l.*, coal represents about 16,500*l.* The method of rating coal mines adopted in that Union is to assess a royalty value on the coal gotten, and to add to that a sum of 2*d.* per ton upon that quantity for shafts and plant. Then from this gross sum there is a deduction of 10 per cent. to get at the rateable value. This applies where both mines and shaft are within the Union. Where the mine, however, is in the Wigan Union, and the coal is brought to bank by means of the shaft in the Ormskirk Union, the 2*d.* per ton, less 10 per cent., is charged in the Ormskirk Union, the coal being assessed in the Wigan Union. In the Wigan Union, however, the method of assessing coal which is brought to bank in another union is by deducting from the royalty assessment one-seventh of the amount. The effect of this is as follows: I will instance it in connection with one mine, known as the Arley mine, and in connection with the largest colliery in the Skelmersdale District, namely, the White Moss Colliery Company, Limited. Where that mine lies within the Skelmersdale Township in the Ormskirk Union, and is brought to bank in the same Union, the total assessment per ton is 6*d.* rateable. Where, however, the same mine is brought from under the adjoining area which is situated in the Wigan Union, but raised in Skelmersdale, it is assessed as

between the Wigan Union and the Ormskirk Union at practically 8*d.* per ton, as follows: The royalty value put upon this mine in Wigan is 90*l.* per foot thick per acre, that is to say—taking 3,000 tons to the acre of one foot thick—7*2d.* per ton. From that amount the Wigan Union allow one-seventh in respect of the plant which is in the Ormskirk Union, leaving 6*18d.* to be paid in Wigan. Then in the Ormskirk Union they are charged at 2*d.* for the plant rent, less 10 per cent.; that means 1*8* of a penny, which, added to the assessment in the Wigan Union, makes a total assessment at the rate of 7*98d.* per ton. So that the difference in the method between these two unions in point of fact means this: that this very same mine which is worked at the same colliery and brought, so to speak, from the other side of the hedge which divides the two Unions, if the plant and the mine are in the Ormskirk Union, it is rated at 6*d.* per ton, and if the plant is in the Ormskirk Union and the mine in the Wigan Union, the want of uniformity makes it 7*98*, practically 8*d.* per ton.

2565. You mean that the rateable value is that?—Yes.

2566. To some extent, although, of course, I do not for a moment say it is compensated altogether, a higher valuation means, relatively speaking, a lower rate than would otherwise be collected?—Yes.

2567. So that I would be right in this, that the whole difference between the two is not between the figures that are mentioned but between some other not quite easily ascertainable difference?—The difference in money to each colliery would, of course, depend upon the amount of the rate in the *£* which was levied in each union.

2568. No doubt, but apart from that, the higher the valuation the lower the rate which will produce the same result—that is obvious?—It would be so.

2569. Supposing a uniform deduction were made from every subject in an assessment area, the rate per *£* would apparently appear somewhat higher, but the burden would not be increased?—It would not be different. Of course, I am aware there must be difficulties in two unions where you have got the plant in one union and the mine in the other, because it requires some adjustment between the two unions, but I should say that the sum should be fixed for the royalty value of the quantity got, and then the two unions should agree between themselves as to how much should be allowed to the one in which the plant was. I have other instances, and I will put it generally thus, that there are scarcely two unions where you find the same method adopted, and that the result of that is, in my view, to bring about a great inequality.

2570. I understand also, from what you said in answer to a previous question put by me, that your Association would like to see the obtainable royalty taken as the basis for ascertaining the annual value?—We should. In 1877 there was a Valuation Bill before Parliament, and this matter was then considered by the Mining Association of that day. An attempt was made to obtain a clause which I have given in paragraph 12 of my memorandum, which would carry out the principle I am suggesting, namely, that the royalty value should include the plant.

2571. That is the royalty actually obtained?—No, I should not say the royalty actually obtained. I should say that it would work out in this way; I am working a colliery with a number of seams; the only question to be ascertained would be, if you had to undertake a lease this year of the ordinary character of a mining lease, what would be a fair royalty to be paid in respect of each of those seams?

2572. Why not take the sum which was actually paid as between lessor and lessee?—I will give you two or three reasons. The first is that it might be taken at a time when royalties were very low. I know one lease which has just expired, which was for 100 years, and which was entered into when the royalty was a very low royalty indeed; it would be very unjust to the other ratepayers and to the other colliery proprietors if that were the royalty taken. Again, I have known cases in which, from the coal being peculiarly situated, it commanded a fancy price, and a much higher royalty was paid, under exceptional circumstances, than anybody would otherwise give for it.

Mr. T.  
Ratcliffe  
Ellis.

8 April '97

Valuation  
of coal  
mines.  
Systems  
greatly  
vary in  
different  
unions.

Annual  
value of  
coal mines.  
Basis for  
ascertain-  
ing,  
the ob-  
tainable  
royalty.  
Royalty  
value  
should  
include the  
plant.

Annual  
value of  
coal mines.  
The actual  
royalty  
paid not  
necessarily  
the actual  
basis for  
assessment  
purposes.

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8 April '97

Valuation of coal mines. Mines placed in favourable and unfavourable circumstances. Value to lessor. Royalty and rent.

2573. You have taken an extreme case of a lease for 100 years, but would you say that on a lease of more moderate duration the actual sum paid under the terms of the lease would not be a good basis to take?—I should hardly like to go as far as that. Supposing you have a lease of a mine which is open, that is to say, supposing you have got your pits sunk and you have got into the seam, and you know pretty much what it is and then you take an adjoining seam; I think the first would very fairly give the lettable value of the second seam. But in a case where you are going to a new coal-field, for instance, and you undertake to pay a certain amount as the value of the royalty of the seam, then when you come to sink your pits to it it may be a great deal deeper than you contemplated, it may be that you have come across a great amount of water, which makes it more costly to work; it may be, when you get to the face, you are disappointed in its quality. Therefore, whilst I should not exclude the actual royalty paid, I should not take that as the invariable standard which should fix the royalty value for assessment purposes.

2574. Would you give the assessment committee power to obtain the information they require from the lessor or lessee of the mine?—I think it would be perfectly fair to give them the right to obtain the information from the lessee. I do not know that I could suggest any reason why they should be excluded from getting information from the lessor—by production of the lease, for instance.

2575. It might be more information than that, might it not; it might be the sum he actually received?—I should not at all object to the lessor being required to show the amount which the lessee paid to him, which would show the quantity which he had got, and how it was ascertained.

2576. As a matter of fact, it would be a guarantee in favour of honest people?—I think it would, and I think it would be an advantage to have such an arrangement, because those who send in correct returns would desire that everybody else should do the same. In support of the view, that the plant should not be included, there is a precedent for it in the Act of 1874, which made other mines rateable, and which, so far as I know, is the only Act which provides as to the method by which mines should be rateable with respect to tin, lead, and copper. It provides that the royalty should be taken as the actual value, and that that should include the plant. Then, again, if you adopt any other principle than that, if you say that it is not legal unless there is an addition made to the royalty for the plant, I do not quite see how anything like uniformity or equality can be obtained, because there might be a colliery which has the very great disadvantage of having to incur a much larger expenditure on plant than another colliery. In a colliery where there is a great amount of water to be dealt with for instance, that means the setting up of a large amount of machinery especially to deal with water; but another colliery getting the same seam of coal may be free from water. I think it would be a very unjust thing to rate the colliery which has the disadvantage of the water upon the plant which is necessitated by that disadvantage; that colliery would be less eligible, to a tenant, and yet if you rated it upon the plant, it would be rated on a higher sum of money. The only other principle, so far as I know, which is adopted is that in some cases the assessment is based upon a certain proportion of the selling price of the coal. I think, in the Cannock Chase District, that is done. There is a good deal, I think, to be said for that, but I think there is something to be said against it. I think it might operate unfairly to the rating authorities, and also unfairly to neighbouring coal-owners, and for this reason: A colliery which is very favourably placed as to the coal and the means of getting it, can get it for less per ton than a colliery which has disadvantages, although they both sell in the same market, and both sell the same coal, because the man who has the favourable colliery can obtain the same margin between the cost of getting the coal and the sum he gets for it by selling at a less price, and if a proportion of the selling price was taken he would be assessed at less money. Then the man who has the unfavourable colliery has the disadvantage of having to get a bigger price in order that he may secure the same margin between the cost and the selling price. I think it is open to that objection.

2577. But then on the other hand the man with the less natural advantages would pay less royalty rent?—I am not sure of that.

2578. I will put it this way: The owner of the mine which has the less natural advantages—the ultimate owner—would one year with another get a less return from his mine?—No, I do not think that would necessarily follow.

2579. Surely he would?—I think it ought to follow for rating purposes; I think that that ought to be so in order to meet the difference in royalty.

2580. Just tell me why one year with another the man with a coal mine with the least natural advantages does not get the least return acre for acre worked?—The man with a coal mine, or the lessor?

2581. I mean the lessor of course, because after all, we are practically agreed that it is the ultimate value to the lessor that has to be taken as the basis of the rating?—The ultimate value to the lessor, I suppose it is; it is what a tenant would give.

2582. That is the value to the lessor, is it not?—Yes. The reason is this; that the lessor gets his rent entirely irrespective of whether the lessee makes any profit or does not make any profit. I can understand that there may be coal-fields in the same district—and I could tell you in a moment where it could happen—where a royalty is paid exactly of the same amount to the lessor, but where one colliery is worked at a profit and the other cannot work except at a loss. In one case there would be the question of water and in the other case the coal might be nearer to the surface.

2583. You are not going to put it to us, are you, that except for a limited time the coal goes on being worked at a loss, and the lessor is getting his rent and the lessee is losing his money?—Of course, if that went on for ever there would cease to be any collieries.

2584. Would that need to go on for ever for that? Surely the lessee would cry off before very long as soon as the lease was up, or at the first available opportunity?—The lessor gets his royalty, it is the worker of the coal who suffers. The lessor's royalty is paid to him irrespective of what the coalowner does until the time comes when he cannot get coal any longer, and then he goes to his landlord and asks for some remission in his rents.

2585. Then really it is the value of the thing one year with the other to the lessor, which is the same as the letting value, is it not?—It is. But I should like, if you would allow me, to qualify that in this way. I would put what appears to me to be the strongest case against the view that I am suggesting. If the lessor is in possession, not merely of a coal seam, but is in possession of a colliery with all the appliances for working the coal, and he had to let that to a tenant, assuming, of course, the coal was worth getting, he would ask and he would get a larger amount per ton than if he simply had to let the seam without the means of getting it. That it is true, would be the rent, but that would not be the rateable value, because from the rent which the tenant would give there have to be deductions made for repairs, insurance, and other expenses necessary to maintain the hereditament in a condition to command that rent.

2586. That is, taking a parallel case, the difference between letting a furnished and unfurnished house, is it not?—Scarcely, for this reason; I am assuming that the plant belongs to the lessor; he has got it somehow or other—

2587. Is that a common state of affairs?—It is very seldom indeed the case, unless the lessor has had to take it because it did not pay. I am assuming a case in which, for some reason or other, a lessor is in possession not only of the coal but of a colliery which would include the coal and appliances for getting it. If the lessor deducts from the excess which a tenant would pay him over and above the royalty value, the repairs, insurance, and depreciation, that is, if he sets aside a sum of money which, when the undertaking was finished, would put him back his money that was spent on that plant, he would have nothing left but the royalty; if on the other hand the tenant has to do it, he could afford to give nothing more than the royalty. The plant is put down at a colliery for a specific purpose, that is for the purpose of getting the coal; as soon as the coal is got the plant is useless altogether.

2588. I do not want to split hairs with you, but it is not altogether absolutely useless, is it?—I tell you

Mr. T. Hacliff Ellis.

8 April '97

Assessment Committee should have power to obtain information from lessor and lessee of coal mine.

Valuation of mines, royalty the actual value including plant.

Valuation of coal mines. System adopted in Cannock Chase district.

Mr. T.  
Ratcliffe  
Ellis.

8 April '97

what you could do with it; assuming the colliery runs its life out you could sell the plant for old machinery, and it would probably take the whole of that to make your surface good and to get rid of your obligations under the lease, so that, practically, it is put there for the purpose, and for the sole purpose, of getting that coal; that is a part of the expenditure. You must get the money back to replace that, and depreciation in order to restore that money to you and the cost of repairs, would in my judgment—and I have asked a great many people whether I am correct in that and they say they think I am—would absorb anything in the shape of rent. So that whilst it is perfectly true that the landlord would want a larger rent, yet if he set aside what he ought to set aside, he would have nothing left but his royalty.

2589. That case you have just been putting applies only to circumstances where the lessor is letting something more than the mine, and is letting part of the plant with which it is to be worked?—That is so.

2590. In the other case where he is letting merely the mine and the plant is the property of the lessee, no corresponding deduction would have to be made from the rent to get at what you call the letting value?—Precisely the same deductions would have to be made.

2591. Why?—Because there the colliery owner is the landlord of the plant, and he has to make precisely the same deductions in order to get at the rateable value. He wants back his money.

2592. I do not quite see that, because in the one case the very proper charge for restoring the capital invested in plant would be included in the working expenses of the lessee and excluded from the rent—from the royalty?—That is exactly what I say, that the difference between the royalty and the selling price should be hypothecated; first of all to pay the cost of getting the coal, secondly for the depreciation of the plant and to set aside a fund to get back the money which the plant represented to the owner; and, lastly, as to the balance, the profits, they should belong to the owner.

2593. I do not follow that argument in the case in which the plant is the property of the lessee, because surely the royalty which he then pays goes directly into the pocket of the lessor, and, except for one circumstance, which I will allude to in a moment, is as purely profit to the lessor as the rent of agricultural land?—The royalty is not the rent of agricultural land.

2594. No, there is one difference which you fairly allude to in your paper, namely, that the royalty upon coal includes the consumption of the *corpus*—of itself; it is done after it is all taken out of the mine. Therefore, in that sense, it is not analogous to the rent of agricultural land, but, with that one exception, surely the royalty which goes into the pocket of the lessor is comparable with the rent of agricultural land in the case in which all the plant is the property of the lessee; if not, I will be glad to hear what you have to say upon it?—I should not say that. I should say it is not rent, and it is not profit. In the Acts of Parliament which provide for a tenant for life, for instance, in leasing coal mines, he is only allowed to have a certain proportion of it, and the balance is put aside as capital. I think that the cases are precisely the same, if I may be allowed to say so, whether the plant belongs to the hypothetical landlord, who for some reason has got possession of it, because he has to set aside a sinking fund to find him the money back again, and, therefore, he has nothing left to him but the royalty; or whether the plant belongs to the tenant, because he has to do the same thing.

2595. Yes, but he pays the royalty in addition, and, therefore, he pays a less sum as royalty?—I say he pays exactly the same royalty, because, although he pays the lessor, who has got the plant-right royalty *plus* something else, the latter is taken away altogether by the depreciation which has to be put aside either by one or by the other. Supposing, for instance, the tenant took it, and he said: "I will undertake to cover all this depreciation; I will undertake to give you back, at the end of 20 years, 20,000*l.*, which is the value of that plant;" then the amount which he would have to put aside would leave nothing but the royalty, that is, the rental value of the undertaking.

2596. (Mr. Dalton.) I think, in the clause which you have printed at the end of your memorandum, you propose that the gross and rateable annual value of the mine, on the basis there fixed, should be the same?—Yes, for this purpose.

2597. There is a very great difference, I think, in practice with regard to the deductions which are made to arrive at the rateable value in different unions in the matter of coal mines?—Very great indeed.

2598. In some unions no deduction is made at all, and in others all kinds of deductions are made?—Quite so. In some unions they seem to add the royalty and the plant rent together and make a deduction from the whole sum, but I do not know upon what ground they make the deduction from the royalty. In other cases they make a deduction from the plant-rent only and leave the royalty a fixed sum. It varies almost in every case, and there is no uniform practice.

2599. Does that lead to litigation in any way?—It leads to appeals very frequently.

2600. There is no statutory provision as to how you are to make any deduction to get at the rateable, is there?—There is a statutory provision, and that is in the Parochial Assessment Act. It says that you must deduct—I forget the words exactly,—but certain taxes are mentioned, and then "repairs, insurance, and other expenses," necessary to maintain the property in the condition to command the rent.

2601. But that is not applicable to this system of valuing coal mines, if you value them on a royalty rent?—It would not be applicable, if you adopt the principle of valuing on the royalty, because that would be the net value. The suggestion in the clause is that it should be the net value, and therefore you would not want to make any deduction from the gross assessable value.

2602. The only case in which you can properly make any deduction in the case of mines to get at the rateable value would be, if you include the value of the plant in the gross estimated rental?—Quite so.

2603. Do you know of any other union, in which the system of valuing coal mines, which is in force in the Wigan Union, prevails?—I do not know of any other. That was an arrangement made as I say, 20 years ago, certainly, I have known it for that length of time, and it was come to by an agreement, after a great deal of trouble between the coalowners of the district, and the assessment committee; and it has prevailed ever since.

2604. The fact that it is not in force in any other union, although it has been in force so long in the Wigan Union, seems to be an indication that it is not generally approved of by assessment committees?—I should think that must be so, if it is exceptional although it has been going on for so long. It has not commended itself probably to other assessment committees.

2605. The result of that system of assessment is that coal mines are assessed considerably lower than in the other unions where a different system prevails; is not that the case?—I think the difference is probably the plant. I have given an instance between the Leigh Union and the Wigan Union where the difference is three-farthings per ton.

2606. The Leigh Union system, with modifications, is the one which far more generally prevails, is it not?—I think that wherever you have an expert valuing, that is a gentleman who considers that he is an expert in rating, you would have the system of the Leigh Union in some way or other; you would have the plant separately assessed, and added to the royalty.

2607. And that would practically make the difference between the assessment in the two unions?—It would go a long way towards doing it. I should think, probably, that it might arise further from this. There might be something said, and no doubt there is something to be said from an expert's point of view, as to rating the machinery in addition to the mine; but I think it is additionally unjust when you rate in addition to that what I call adjuncts, that is, what may be positive disadvantages to a colliery. If a colliery is situated a mile and a half from the main line, and the lessee has to spend money in making a railway to get his coals to the main line, and he has a competitor who is on the main line, then to rate the man who is a mile and a half away from it for the railway he has to make

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Valuation of coal mines. Deductions, systems of making greatly vary.

Valuation of coal mines. Deductions, statutory provision.

Valuation of coal mines in Wigan union. An exceptional system.

Valuation of coal mines. System adopted by experts.

Valuation of coal mines. Plant usually rated. How far equitable.

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to get to precisely the same position as the other man, is hard upon him; it seems to me that something ought to be taken off rather than added in his case.

2608. Would you agree that, according to the existing law, the plant ought to be rated?—It is a very difficult matter to give an opinion as to what the existing law is on the subject. I think that one would have to say that the cases show that it must be what is called the improved value that has to be rated. About a fortnight ago there was a case decided which was reported in the "Times," as to the rating of a brickfield. It was the case of the Overseers and Parish Council of Clayford v. Rutter. Certainly if that is good law, I should think there is a good deal to be said for the position, that it is not absolutely necessary to make a rate legal for a coal mine that the machinery should be included.

2609. You admit that in the Wigan Union, where the plant is not rated, the custom is illegal, and that it is a custom which does not prevail in any other union?—I should not like to say that it is illegal. You see there is no law which says what is legal and what is illegal as to getting at the annual value of a property. A person is rated for a coal mine, because he is the occupier of a certain right, that is a right to take this coal out in a particular way. Now, if the assessment committee or the quarter sessions came to the conclusion that the value of the occupancy was fully covered by the rate per foot thick per acre, which was charged upon the mine, it seems to me that nobody can say that is illegal.

2610. But in all these other unions, with the exception of Wigan, the plant is taken into account?—I say wherever you have got a man who says: "I am an expert in rating"—not a lawyer, but a valuer—and who has formed his own opinion upon these cases which have been decided, in my opinion he rates the plant in addition, because he thinks the law requires him to do it.

2611. Is not the average royalty rent the interest of the lessor in the property; is it not arrived at on that presumption?—The royalty rent is, of course, the interest of the lessor, that is, what is paid to the lessor for the right to get the coal.

Valuation of coal mines. Rating of plant. Depreciation, how far should be allowed for.

2612. Then after that is paid, the lessee improves the property by putting down a plant for carrying it out. Therefore, to get at the true letting value of the property for the time being, surely you must add the two interests together?—I should say that he does not pay his rent until he gets at his coal, that is to say, although a man may undertake to pay rent from a certain day, yet the royalty becomes only payable when the coal is being got. As I have already said, if in addition to the mine itself, a lessor is in a position to say, I have got the plant established and I will give you the means of getting it, it would command a greater rent; but I say when you have taken off what should be taken off for the depreciation of that plant, you have got back again to the royalty.

2613. But do you in other properties make any deduction from the annual value for the matter of depreciation?—The Act of Parliament says that you must deduct from the gross rental, repairs, insurance, and other expenses necessary to maintain the rent. Now, "insurance" is a very wide expression; there is no limitation upon it, and I understand it and the "other expenses" to mean depreciation; that you are justified in taking off the gross assessment such a sum as will enable you to maintain the assessable property in a condition to produce the rent.

2614. It does not say you must maintain it in a condition to maintain that rent when the property is wearing out?—It does not say you must not do so.

2615. It says, expenses in keeping it in a state of repair, and so forth; that does not mean that when you have got a wasting property, for instance, a burial ground, or anything of that kind which in course of time wears itself out, you are allowed to deduct depreciation in getting at the annual value?—With very great respect, I do not think it says that you should not. It does not say that you may insure it for a certain length of time, or for a certain number of years, and it does not say it must maintain that rent for 20 years, or for a limited period. It says, to maintain that rent. Therefore I should say that under that we ought to be entitled, as the law stands now, to take off

depreciation in order to replace the capital value at the expiration of the undertaking.

2616. (Chairman.) Ought not that last condition, which you have just mentioned, to be held as being taken into calculation before the royalty was fixed?—I do not see how it could be, for this reason, that what is usually taken from a lessor is simply the mine—I only take the mine—that is what I pay him for.

2617. The royalty after expenses have been calculated?—Of course, I do not undertake to pay the royalty unless I think I am going to get my money back again. What I want to get back is this: I want to get back not only an annual sum, but I want to get back what I spend in getting the coal, to enable me to pay the royalty, and that I can only get back by putting aside a sinking fund.

2618. And you fix the royalty at an amount which enables you to get that back from other sources and put it into your pocket?—I fix the royalty as the amount which I will pay to the lessor, and if you take that as the total amount on which I am going to be rated, I am quite content. The other things, I say, are not rent at all, they are simply investments which I want to get back again, and if I could not get them back I could not pay that royalty.

2619. (Mr. Dalton.) Can you tell us how long it takes to work out a coal mine in the Wigan Union?—In some places you get 700 or 800 tons a day, in some places you do not get as much as that. It depends entirely on what your capacity is for getting the coal.

2620. What is the average life, for instance, is it a very long life or a very short life?—I should think the average leases in the Wigan Union are 40 years—some probably more.

2621. Do you think that if, for the plant, you put by a sinking fund for depreciation for 40 years, the plant would practically be worth nothing?—I say, if I put by my depreciation I have got the money at the end, but if I do that I have no available money to pay rent for the plant with.

2622. Not if the plant is available for 40 years?—The plant itself, unrenewed, would not be available for 40 years.

2623. But if it were kept in a state of repair?—If it were kept in a state of repair, then I say, if I do that, if I spend the money to keep that in a state of repair, I put by a depreciation fund to give me the value of the plant back, which may be a 100,000.—not an unusual sum for the plant about a colliery—then there is nothing left to pay interest upon.

2624. In a district where the population increases very largely because of the colliery, at the end of the time I suppose the population very frequently goes away again?—Of course, if there is nothing for them to do they are obliged to go away.

2625. In the meanwhile they have required a large expenditure for school board purposes, sanitary purposes, and so forth, and if a colliery proprietor did not pay on his full to those expenses, the result would be that at the end of the time the population would go away, and the other occupiers of property in the district would be saddled with the whole of the cost of the population which had been brought there for the colliery?—I venture to say, with very great respect, that if that were the principle on which they were assessed it would be an entirely illegal principle.

2626. Were you not suggesting that?—I say that would be very unfair, and has never been the law. If you take a building and say this is only going to be put up for a few years, you do not go and double the rent because you think you are going to do away with it at the end of a few years. With reference to these people you must remember that a colliery brings other industries into the place. You have cotton mills brought into the place, you have ironworks brought into the place; in fact, the result of establishing a colliery is to bring other industries there which would find occupation for these people. I scarcely know a case, of course there must be cases, but I scarcely know of one in which a district has had to change altogether because some colliery is stopped up. I know that where collieries have closed there has been a great amount of suffering and trouble until the people have found other sources of labour, but I think it is a very unusual thing to find that a district has to migrate somewhere else because some colliery has worked out.

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Collieries, influence of, on population, industries, expenses of local government, and value of property.

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2627. I did not suggest that you should charge the colliery proprietors more than any other occupiers of property, but you were claiming that they should be charged at the rate of one-fourth?—That is another point. It is not the case of a man who says I do not want your sewerage because I can sewer my own farm, and I do not want your light because we could not use the light—they would be no benefit whatever to us.

2628. But they would be a benefit to the men you employ?—Their houses pay for that. There is a high wage given in collieries and the workmen live in houses, and those houses should pay, and the shopkeepers they support should pay.

2629. The rates do not fall exclusively upon the workers in the colliery; they fall, for example, upon the farmers in the district also?—If it is an agricultural district, I suppose the farmers would have to pay their share, but then if it is an agricultural district and a few collieries come into it, the farmers can a great deal better afford to pay the money, because they have a market for their produce. If a farmer gets a few fields taken by a colliery the trespass rent that he gets from the colliery very often pays his full rent; so there is a corresponding advantage. We do take into a district certain disadvantages, but we take far more compensating advantages.

Average annual assessable value of mines not altered if proposed change in law adopted. Contribution per ton in certain counties.

2630. (Mr. Elliott.) I think you anticipate that if the alteration in the law which you propose were adopted, there would be no material alteration in the average annual assessable value of mines?—So far as I can see, for the reason that I have given, I do not think that there would be. I have taken this return of Mr. Burt's,\* that was made in 1890, and I have taken the assessable value from that of the different counties, and I have also taken from the mineral statistics return, the quantity of tons got in each county in the year 1883, that was the year previous to 1890, on which no doubt Mr. Burt's return would be based. I find that it averages out something like 5d. per ton. This is only a very rough and ready way of getting at it, because in Cumberland for instance, and I suppose in Durham, North Wales, and there may be other places that are not just at this moment within my mind, the coal which is under the sea is not rated at all. There is a continual quantity of it got from under the sea which pays no rate at all; that is I believe on the ground that it is not in any parish, and therefore it does not pay any rates. When you take that, I should think the rate would probably be over 5d. rather than under it.

2631. That conclusion is as it were an average conclusion?—Yes.

2632. Have you examined at all the details on which that average is made up?—I have taken each county and I have calculated out the average rateable value per ton in each county; I could scarcely do it in a smaller division than a county, because it would then be necessary to get the output in each union, and that would be almost an impossibility.

2633. I take it, that in some counties, if the basis you have proposed were adopted, coal mines would bear an additional burden and other properties would be relieved, whereas in other counties coal mines would be relieved and other properties would be additionally charged?—Yes, if there are no other properties brought in; then if you take it off one, you must necessarily put it on to another.

2634. Could you tell me the counties in which the maximum additional burden imposed upon collieries, would be the greatest?—I propose that the burden should be taken off the collieries—that wherever there is any plant included in the royalty, the royalty should be reduced there.

2635. Do you mean to say that under the scheme which you put before the Commission, in every county, taking the county as the area, coal mines would claim a substantial relief from the burden of the rates?—If you of course take one-fourth.

2636. Leaving the one-fourth out of the question?—If you take the county of Lancaster and the three unions I have mentioned, in the Wigan Union there would be no change, and in the Leigh Union the annual value would be reduced, and in the Ormskirk Union there would be a reduction in the annual value. I should think that it would come to this, that if the principle I suggest were adopted, and the royalty only

were charged, there would be a general reduction in the assessable value, but not very much.

2637. You are not now taking into account the further proposal with regard to the one-fourth?—Not at all. You notice in this return of Mr. Burt's\* in some places they give no opinion at all about it, and in some the Assessment Committee do not seem to know how it is done—that is done by some valuer; but I should think it would follow that wherever in addition to the royalty there has been anything imposed for the plant, in those cases the annual value would be less necessarily.

2638. But then I do not understand how, if the adoption of your system would give relief to coal-mines everywhere the average contribution of rates by coal-mines throughout the country would remain unaltered?—I will read you this—in Cheshire the average per ton works out in pence to 6.15, in Cumberland to 4.82, in Durham to 4.77, in Gloucestershire to 3.73, in Lancashire to 4.78, in Leicestershire to 3.98, in Monmouthshire to 5.48, in Northumberland to 4.03, in Nottinghamshire to 6.01, in Salop to 4.93, in Somersetshire to 3.60, in Staffordshire to 3.34.

2639. (Mr. Arthur O'Connor.) Does that mean the whole of the county of Stafford?—Yes.

2640. Could you give me the difference between South Stafford and North Stafford?—I could not, I have got them both together there.

2641. There is a good deal of difference is there not?—No doubt there is a good deal of difference, but I could not get the figure for divisions of the county, I could only get it for the entire county. Westmorland should really be outside the calculation because there are only 1246 tons got and it comes to 13.48d., that of course is not a fair calculation. In Worcestershire it works out to 5.56, and in Yorkshire to 5.24. In Wales, in Carmarthenshire it is 6.18, in Denbighshire 3.02, in Flintshire 1.42, in Glamorganshire, 6.94, and in Pembrokeshire 4.65.†

2642. (Mr. Elliott.) But still I do not gather from those figures in what counties there would be an additional burden upon coal mines in consequence of the adoption of the principle you recommend?—There would be no additional burden upon coal mines at all, that is to say not in the assessment.

2643. I am speaking absolutely of rateable value?—There would be no additional burden upon coal-mines anywhere, because there is no place where the royalty is not running and if my principle was adopted there would be a uniform method and wherever in any union something more than the royalty was rated the coal mine would be relieved to that extent, but in no case would it be relieved from the payment on the value of the royalty.

2644. Assuming this universal relief in every county, I still do not understand how you can say that the change in the law which you propose would not materially alter the average annual assessable value of mines?—Neither would it, that is to say if the calculation I have made for proving that is at all reliable, it runs out, you see, to 5d. per ton.

2645. Then to that degree would you qualify the statement in paragraphs 7 and 8 of the memorandum which you have been good enough to give the Commission?—I do not say that quite. I do not think that that statement is of any very great value. I do not think if you take the average that it would be more than 5d. per ton, but that would not mean that it would be imposing any additional obligation on coal-mines. Of course in the places where the plant is now assessed in addition to the royalty that would be reduced.

2646. May I take it that your evidence on this point comes to this, that, assuming the adoption of this principle indicated in your memorandum, the result would be to give a substantial measure of relief to coal mines as regards rateable value generally?—I think I may say generally for this reason—because I believe in most of the districts the plant is assessed in addition to the royalty.

2647. Have you made any investigation as to the proportion of the rateable value of mines to their aggregate profits?—No, I have not done that. I do not think that that would be a fair way or would afford any basis of rating at all, because if you get a colliery

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Profits of coal mines in relation to rateable value.

\* Parliamentary Paper, No. 405 of 1890.

† Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 75 (Table II.).



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which has made no profit you must pay a rate of some sort.

2648. I was not suggesting that that was a fair basis of rating, I was simply asking what were the facts—what was the proportion—if it is within your knowledge—of the rateable value of these mines to their aggregate profits?—I could not possibly tell you that, because I do not think you can average the profits of the mines for the country. I can tell you this, I know a number of very large collieries, and I have also heard the experience of a number of men who have large experience, and they tell me that taking an average, during the last 30 years there has not been more than 5 per cent. made upon the capital invested in collieries.

2649. I think you mention in paragraph 9 of your memorandum that taking rates as a whole, they also come to 5 per cent. on the capital value?—On the total capital value estimated in the way I have said.

2650. So that you would say the rateable value is on that basis of calculation equivalent to the profits?—To the profits generally made I should.

2651. I think in paragraph 10 of your memorandum you compare the position of mines with certain other properties, especially spinning mills?—I do.

2652. Is your case based upon the larger proportion of profits earned in proportion to the rateable value in the case of spinning mills to what it is in the case of mines?—No, I have not gone into the question of profit at all, except that I have gone into it to show the position of the Howbridge Cotton Spinning Company, which has a total capital value employed worth £21,000. I suggest that that is the value by showing the present saleable value of the shares, and by stating the fact that the company has paid a good profit for a considerable number of years past.

2653. In considering as between properties of different classes whether the rating system is equitable or the reverse, do you think that to take the actual value of the capital engaged is a fair criterion?—The only reason that I have taken that is for the purpose of getting some contrast between what a colliery pays, and what a cotton mill will pay. I do not think for the purpose of rating that it really is a fair criterion; I do not think it makes very much difference in considering the question what would it let to a tenant for.

2654. But in considering the equities of a system you think that it is a fair criterion?—Yes, it is fair in the comparison that I have made. You see a cotton mill can make use of everything which the district council can supply to it. It has got the light, and it has got the sewerage. We cannot put anything into a sewer from a colliery—they would very soon stop us doing that, they would not allow us to put it in. Water coming out of a mine generally, they expressly exclude us from putting into the sewers, the mill, as I say, can make use of everything, it is watched, and the policemen look after it. If we have a policeman at a colliery we have to pay for him.

2655. I think, in paragraph 11 of your memorandum, that you not only contrast the position of mines in regard to rating with cotton spinning mills, but also with every other commercial undertaking?—I say that as far as I know, I do not know of any commercial undertaking which is assessed at 5 per cent. upon the capital value employed.

2656. Have you at all compared from the point of the equity of the system, the position of mines with that of private residences?—I should think if you take private residences, they would compare very favourably indeed. The only thing which I think would compare at all with it would be cottage property. I should think that probably there you would find it was getting nearer 5 per cent. on the actual value; but then they get everything there, and there is nothing that is not rateable upon a cottage, whereas upon a mine there is a great deal that is not rateable, but I am including everything—the whole capital of the undertaking. I should think, if you take breweries for instance, you would find a very different state of things there.

2657. You think that in the case of breweries both the capital invested and the profit earned would be greater in proportion to the value on which rates were paid than it is in the case of mines?—I think so enormously. I think if you take the capital value of a brewery, and take what is rated, you would find that it does not come to anything like 1 per cent. probably.

2658. Do you think the capital value is the best possible criterion in a matter of this kind?—It occurred to me to make that comparison, and I did not quite see what I could take to make a comparison of this sort. The Act of Elizabeth rated personal property, it rated every inhabitant according to ability, and, therefore, everything that he had got, the whole capital employed in his undertaking would be rateable. When the Act of 1840 was passed, it relieved personal property from rating, but it has not relieved us at all; everything that we have got is rated, and I adopted this capital method as a means of comparison. I could not think of anything better to show that if you took these two industries, cotton mills and collieries, and if you took the capital employed in each, that you would find that one paid a very much larger proportion of the rates than the other.

2659. But you are not able to make any proposal to the Commission as to the means by which that inequality can be remedied except by the reduction of the rating on mines?—I should prefer not to make any suggestion as to what class of property should be brought in, but if the result of the Commission's inquiry should be that they find a good deal of property which does not pay any rate at all, then I think that probably it might be remedied by making those people who do not pay now, relieve those people who pay a great deal too much.

2660. With regard to the replies which you gave to the Chairman and Mr. Dalton about the exclusion of what may be called generally the plant of the collieries; in calculating the rateable value, I take it that where the lessee provides the engines, machinery, buildings, and so forth, he would, in addition to being in a position to replace his capital at the end of the term, expect to derive a profit from that capital during the term?—He would.

2661. You have suggested that that profit should be excluded from rating?—Certainly. You should not rate a man on his profit, because the profit might be a question of management. It is not directly in connexion with his occupancy, but it depends upon how he manages his business.

2662. You suggest, in other words, that the capital which a lessee puts into an undertaking in that form should be excluded?—I should say in a colliery it ought to be, but there are special circumstances about a colliery because in a colliery your capital is gone at the end of your undertaking—you have finished with it.

2663. Is not that view somewhat inconsistent with the view that you have just expressed as to the adoption of capital as the best criterion of equity in connexion with rating?—I do not put it that I should adopt it; I say I only take it for the purpose of showing the difference between what we pay as coal-owners, and what a cotton-mill pays. It is the only way I could suggest of bringing out the difference. I should not advocate that you should take capital as the basis of rating; this is only taken for the purpose of comparison.

2664. I gather that you would not take into account, in any shape or form, the lessee's profits?—I should not quite say that. Supposing that there was a mine which did not make any profit at all, then I should say that on that mine no royalty would be paid, but I could not, therefore, exclude the consideration of profit in any shape or form. The profits should only be taken into consideration in considering how much a person would give, and I should not assess him on his profits at all. If it was an entirely unprofitable mine, then no one would give any royalty for it, and it would not be rateable. I do not think, however, that one good year or one bad year ought to affect the rating of a colliery; but supposing that you had a succession of bad years, and people are not encouraged to come into that class of property, then I think that would affect it; I think then, whatever the tenant is paying to his lessor by way of royalty, the royalty really ought to be put at less than that, because he has presumably taken it at the royalty which applied when more people would take it, in fact when the industry had had a succession of good times. Then I think if there is an improvement in trade for one year that would not bring a rush of tenants for the purpose of going into this industry; but if it has been going on for some time, and there is a reasonable chance of making something out of it, then I think that would reach the royalty, and would improve the letting value. The profits *qua* profits I should not assess or go upon at all. Of course, if the place was unprofitable altogether, that would affect what a tenant

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Rating of  
coal  
mines.  
Compari-  
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position of  
coal mines  
with other  
industries  
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Plant,  
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Valuation  
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would give for it. I may say with reference to the estimate I put of 10s. per ton on the capital value, that in the North of England, which is a very large coalfield, I suppose they would be producing there from 30,000,000 to 40,000,000 tons out of the 180,000,000 tons produced in the Kingdom, I am told that there it is over the mark, and that 6s. 8d. is more like the figure; but the 10s. per ton Mr. Hewlett (whose name I have mentioned, and who has had perhaps as long an experience and as large an experience in the coal trade as any man in the Kingdom) tells me he thinks amply covers it. Where I know the output of large collieries, and where I know their capital value, and what the shares are selling at, I have made calculations in that way, and it all comes to the same thing that 10s. per ton is an outside price. In the same township where the Howbridge Cotton Spinning Company is situated, the instance that I have given in paragraph 10, there is a large colliery, and they are assessed at 6½ per cent. upon their paid up capital.

Ungotten seams of coal should be partially exempted under Public Health Act, 1875.

2665. (Mr. Smith.) You have alluded to the Valuation Bill of 1877. Do you remember whether that contained any special provision as to rating collieries?—I do not. It was before I became connected with the Association, but I know the Association at that time suggested that clause.

2666. With regard to the ungotton seams of coal for which you claim the three-quarters exemption under the Public Health Act, your case is not one of greater hardship than exists in the case of gas and water pipes, is it?—I cannot suggest that it is any worse than that.

"Insurance," meaning of, in Parochial Assessment Act, 1836.

2667. Probably we should find other properties similarly situated. You put rather a liberal definition or explanation upon the term "insurance" in the Parochial Assessment Act of 1836; do you not think that meant insurance against fire?—I cannot tell what that meant. It does not say so, it says simply "insurance."

2668. Take this case: Would a lessee occupying a leasehold house be entitled in arriving at a rateable value to deduct a sinking fund that he might establish to recoup him against the falling in of the lease?—There is also "repairs," taking "repairs" and "insurance" there would be very little depreciation.

2669. You have got repairs already, but you give such a liberal interpretation to "insurance" that it covers depreciation?—Yes.

2670. You have no authority for that, have you?—I have no authority for it; the Act says "insurance and other expenses."

2671. If you have "repairs" and "insurance" against fire, do you think you ought to have depreciation as well?—I think you ought.

2672. To enable you to reinstate?—Yes, for this reason, because there are the "other expenses," and it is for this purpose "to maintain it in a condition to command the rent."

2673. On the same principle, do you think a lessee should be entitled to a sinking fund or a return on account of premiums for insurance?—I do. Suppose the case of a lessor who has to let; if it is right in his case it is equally right in the case of a lessee, because for rating purposes he is the landlord.

2674. But you cease to be rateable when you lose your property?—So I should. If my property is not there I could not be rated; you can only rate me for property of which I am the occupier, and I do not think you will rate me more because I am not going to be there for ever.

Ungotten seams of coal. Legal owner of.

2675. (Mr. Arthur O'Connor.) You have told us that what is rated is the ungotton seam of coal?—Yes.

2676. To whom does that ungotton coal belong?—It belongs to two people; it belongs in this sense to the occupier; that he has the right to get it subject to paying to the lessor a certain amount for getting it.

2677. But until it is gotten, in whom is the legal ownership?—I should rather put it that the right to get it is in the occupier.

2678. That is an existing interest?—Yes, he could exclude anybody else.

2679. In whom is the legal estate?—The legal estate, I think, during the lease, must be in the lessee; he can exclude anybody else from interfering.

2680. He may never get the coal?—That is quite true, but he would not pay for it if he did not; he only

pays for it as he gets it, except so far as the certain rent obliges him to get something.

2681. He enters into a contract to pay a certain dead rent or a certain royalty, which I suppose is really a rent, to be ascertained subsequently?—That is so.

2682. And that gives him the right to get, if he will, and if he can, a certain amount of mineral which is now latent or lying ungotton, but becomes his when he gets it, is that not so?—Certainly; it is stock-in-trade then.

2683. Until he gets it, whose is it?—It is rather difficult to say; I think that it must be his, because nobody else has a right to get it as long as he performs the conditions of his lease.

2684. Would you say that the owner of the land has no interest in it, but that the owner of the land has an interest to receive the rent for it when it is got?—When it is got.

2685. And until it is got?—All that he gets until it is got is anticipatory rent so to speak, that is to say, he receives a certain amount per annum in respect of the coal. Leases invariably provide, that when the whole of the coal has been paid for by the fixed rent, then they are entitled to get the coal out during the residue of the lease without paying any more rent for it. Of course, if a man took a coal-field and never worked it at all, if the lessor allowed him to do it, he would go on paying the fixed rent until the end of the term if all the coal was not paid for before that.

2686. You are a solicitor?—I am.

2687. In the first instance, the coal belongs to the landowner, does it not?—Yes.

2688. The legal estate is in him?—Yes. There may be some cases in which it is in the lord of the manor, but I am assuming that you mean the ordinary course of things, where the man owns the surface of the mine. There are of course places where the coal belongs to the lord of the manor, and where he has certain rights upon the surface for the purpose of getting it according to the custom of the manor.

2689. Those are exceptional cases?—Yes.

2690. I am only dealing with a common law case, where the owner of the land is the owner of the minerals?—As a rule *cujus est solum, ejus est usque ad cælum et ad inferos*.

2691. The coal-worker contracts to pay a certain royalty for such coal as he may get?—He does.

2692. Until he gets it, whose is it, does it not remain the landowner's?—I do not think it does.

2693. Subject to the rights of the lessee if he proceeds to get it?—I do not think it does remain the landowner's. I should test it in this way—

2694. The legal estate must be in one or the other?—If I have taken a lease of the coals, I could exclude my landowner from coming anywhere near the place, except so far as it is provided in the lease that he can come and measure the coal. He could not deprive me of the right to get it.

2695. The same would apply to a house?—But it is the occupier who is rated.

2696. I am not dealing now with the question of rating, but with the question of ownership?—I should say myself that the lessee is the limited owner to the extent that as long as he performs the conditions of his lease, he would be entitled to exclude the lessor from any interference with his holding.

2697. I am asking you these questions because I see that you are an experienced solicitor; your opinion is that the legal estate in the coal is in the lessee?—During the lease. I think if you test it in any way in which a legal right is tested you would find that. He would be able to bring an action for trespass, and he would have all the rights of a person who has the legal estate, so long as he perform the conditions of his covenant.

2698. Yes he has rights, but I am only dealing now with the legal estate; at whose risk and peril is the industrial venture entered upon?—That of the man who puts his money into it.

2699. The lessee?—The lessee.

2700. The industrial producer?—The industrial producer.

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2701. Without his intervention what would be the value of the coal?—Nothing at all except if you wanted to get support for the surface. If there is something on the surface, a railway for instance, which wanted the support of the coal they might give money to leave it ungotten.

2702. That would not be *qua* coal?—No.

2703. That would be as dead material?—As support. Without capital the coal is worthless.

2704. The coal deriving its value from the intervention of the industrial producer, who is it that is rated in respect of it?—The industrial producer; he is the occupier, he is the only person.

2705. The man who gives it its value is the man who is rated—the man who gives it actual and immediate utility is rated?—Yes he is rated, the lessor of course is not.

2706. The lessor presumably does nothing but let?—That is all.

2707. And he gets his royalty?—Yes. He would not, I apprehend, if the Act of Elizabeth was acted upon now in its integrity, he would be rated upon it.

2708. We will deal with things as they are, we will not go into speculations or we shall never finish. He gets his royalty without any deduction in the matter of rates?—He does.

2709. And included in the property rated is not only the coal gotten, but the plant which is necessary to get the coal?—That is so in the great majority of cases.

2710. Would you rate a tailor in respect of his goose, or a cobbler in respect of his last?—No, I should not rate him certainly for that.

2711. And he is not rated?—I do not think he is rated now.

2712. Would you tell me, in point of principle, what is the difference between the tailor's goose or the cobbler's last, on the one hand, and those instruments of production which are necessary to a coal-getter on the other?—I do not think there is any difference between the two; it is his stock-in-trade with which he has to make the coal valuable.

2713. They are instruments of his industry?—Yes

2714. Necessary for the prosecution of it?—Absolutely.

2715. When a colliery is open in a district, whatever may be said for the amenities of the place, I presume that the natural result is an increase of value to the landowners of the district?—It is.

2716. The increase of value due to the presence of the colliery industry, and the increase of population consequent thereupon, goes to the landowner?—The increase in the value of the land goes to the landowner.

2717. The rating falls upon the industrial collier?—The rating falls upon the occupier of any property except as to land, which, as you know, is rated at one-fourth.

2718. Does it strike you that that is equitable?—If you asked me my opinion I do not think it is equitable, and that is one of the things we complain about.

2719. Are you acquainted with the circumstances of South Staffordshire?—No, I am not.

2720. Are you aware that they have had a great deal of trouble with water there?—Yes, I know they have drainage areas.

2721. Are you aware that they have incurred jointly very heavy liabilities for money advanced for common pumping purposes?—I know there is a rate of that sort in South Staffordshire.

2722. Those charges are charges necessary for carrying on the industry?—Absolutely; it could not work without it.

2723. Without it it would be impossible?—Yes.

2724. Would it strike you as reasonable that there should be a deduction in respect of those necessary outgoings?—Undoubtedly. I say that the reduction should be made from the royalty; you could not pay as much as you would if you had not those outgoings.

2725. Do you consider that in all fixings of royalties all these things are taken into account?—I should not say that they are taken into account in each fixing of a royalty, but there is a sort of recognised price in each district, and one follows the other. I should think it

is very likely that when the price first became fixed many of these things were taken into consideration. But that is only a general thing. There are a number of exceptional circumstances which would affect the value of the royalty, which cannot be ascertained until after the lease is completed, and after you have commenced to work the coal.

2726. Shortly, I suppose, I may take your evidence to amount to this, that in respect of the rating of collieries there are at present four different modes of assessment, the first in which royalty is payable in respect of the mines chargeable?—Yes, the assessment is on the royalty paid.

2727. The next is where the assessment is on the royalty *plus* the annual value of the plant?—That is so.

2728. The third is where the assessment is based upon a certain proportion of the selling prices of the coal at the pit's mouth?—Yes.

2729. And the fourth is the one which prevails in the Wigan Union, and perhaps elsewhere, under which royalty is fixed upon each seam of coal, calculated at a rate per acre per foot thick?—Yes.

2730. You suggest that it is desirable that there should be statutory provision for the establishment of a uniform method of rating?—Yes; and I venture to suggest also that the provision should be in the way that that clause suggests.

2731. Now, with regard to that clause, you tell us that it assimilates, or proposes to assimilate, the method of rating coal and other mines to that which the Act of 1874 enacted as to the method of assessing tin, lead, and copper mines?—That is so; and you see I have excluded tin, lead, and copper.

2732. Why have you excluded these, if in reality you are putting coal and other mines upon the same footing?—Because the Act of Parliament provides that they shall be on the same footing. The Act of 1874, in the 7th section, says: "Where a tin, lead, or copper mine is occupied under a lease or leases granted without fine on a reservation wholly or partly of dues or rent, the gross value of the mine shall be taken to be the annual amount of the whole of the dues payable in respect thereof during the year ending on the thirty-first day of December preceding the date at which the valuation list is made, in addition to the annual amount of any fixed rent reserved for the same which may not be paid or satisfied by such dues. The rateable annual value of such mine shall be the same as the gross value thereof, except that where the person receiving the dues or rent is liable for repairs, insurance, or other expenses necessary to maintain the mine in a state to command the annual amount of dues or rent, the average annual cost of the repairs, insurance, and other expenses for which he is so liable, shall be deducted from the gross value for the purpose of calculating the rateable value." Then there is a provision later—

2733. Is there not some further deduction?—Yes: "In the following cases, namely,—(1.) Where any such mine is occupied under a lease granted wholly or partly on a fine"; that of course is very proper, because the rent does not represent the royalty there; it is partly paid in advance in the shape of a fine,—(2.) Where any such mine is occupied and worked by the owner; and (3.) In the case of any other such mine which is not excepted from the provisions of this Act and to which the foregoing provisions of this section do not apply; the gross and rateable annual value of the mine shall be taken to be the annual amount of the dues or dues and rent at which the mine might be reasonably expected to let without fine on a lease of the ordinary duration, according to the usage of the country, if the tenant undertook to pay all tenants' rates and taxes and tithe rent charge, and also the repairs, insurance, and other expenses necessary to maintain the mine in a state to command such annual amount of dues or dues and rent."

2734. You have not got that in your clause?—Yes, I have got all that.

2735. You have got nothing about the tenant undertaking?—No, I have not got that, for this reason. I say if you take the assessable value as the royalty I do not ask you to deduct anything from that because there

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Valuation of coal mines. Different systems of.

Valuation of coal mines. Statutory provision to obtain uniformity desirable. Proposal of Mine Owners' Association.

Plant, rating of, not equitable.

Collieries, increase in value of property a locality.

Valuation of coal mines. Deductions for charges necessary to carrying on working desirable.

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wants no expenditure upon that to maintain it in a condition to command the rent. The reason that tin, lead, and copper mines, were excepted from that clause is because there is a provision in the Act of 1874 that the royalty shall be the assessable value and that it shall include all the plant. I think you are right in this: that we should not quite be in as good a position as they would because we have not asked to have deducted anything from the net royalty.

2736. (*Chairman.*) On that clause I notice that you propose to make the basis of settlement "the average" royalty rent in the Union."?—That is so.

2737. Do you not run yourself into the same difficulty which you have been condemning in other systems of taking an average: will the average that you take not necessarily be too favourable to the well situated mine and too unfavourable to the badly situated one?—I think there might of course be a danger of that: there might be cases in which within the Union, even within a limited area of the Union, there might be a very great difference in the letting value of the mine, but I do not quite see how, except we took the actual rent paid, we could have anything better than that, and I

have mentioned the reasons why I think it might not always be right to take that.

2738. When a lessee goes to take a coal-mine and to offer a royalty for it, in entering on that transaction I presume he takes into account on whom the incidence of the rates will fall?—I suppose he does, or ought to do; but as a matter of practice there is a certain fixed price for a mine if it is in a district where coal-mines have been worked, and he gets as much less than that as he possibly can. I should doubt very much whether a person taking a coal mine would enter into very elaborate calculations as to how much would be left to pay the royalty with.

2739. That only takes it a step further back; if the general practice were that the rates should be paid by someone else than the lessee would it not necessarily involve that the rents which he takes into calculation would be higher than they are?—I think so, and I think this—no doubt when first this field price, as I have termed it, was being fixed in a district, he would consider how much,—after he had paid everything that he would have to pay—there would be left to pay the landlord for rent; I suppose that would be the way in which it was originally got at.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

## NINTH DAY.

Friday, 9th April 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

THE VISCOUNT EMLYN.  
SIR E. W. HAMILTON.  
C. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq.

ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.  
G. H. MURRAY, Esq., C.B.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. JOHN SANCROFT HOLMES, called and examined.

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2740. (*Chairman.*) You are a landowner in the county of Norfolk, and a member of the Norfolk Chamber of Agriculture, and you have been delegated by that body, along with others, to appear before the Commission and give us such information as you can?—Yes.

2741. These two prints which I hold in my hand are the papers which you have lodged with us, to form the basis of your examination?—Yes, also this supplemental paper (*handing in copies*).\*

2742. I think, to take a small point first, that, in the last line but one of the first paragraph of your memorandum,† the word "excess" should be "increase"?—It is an excess assessment by the county authority.

2743. But increase is what you mean really?—Yes, it is an increase.

Expenditure in  
county of  
Norfolk.  
Statistics  
with refer-  
ence to.

2744. Now, with regard to the tables which appear immediately below that. I think, having had these figures looked through from the Government returns, they are substantially correct; the differences are so small that it is not necessary for me to make them the subject of question and answer. But in the expenditure table, and with regard to the line which you call "various charges," I should be obliged if you will tell me how those are made up, because, from any return in our possession, we have not been able to trace them?—They are taken from a return made by the Norfolk County Accountant, and they comprise every charge other than those under the head of establishment, police, and roads. They comprise the cost of assizes,

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 83 and 84. (Section III.)

† *Ibid.*, pp. 81 to 85.

quarter sessions, petty sessions, conveyance of prisoners, reformatories, annuitants, coroners, together with various items under the heading of asylum maintenance, buildings, loans, interest on capital, cattle diseases, registration, elections, analyst, bridges, allotments, and weights and measures.

2745. They are the ordinary items of county expenditure?—Yes.

2746. And they have increased, I understand, according to your paper, from 19,214*l.* in 1875 to 24,656*l.* in 1895, an increase of 5,442*l.*?—Yes.

2747. Can you tell me under which of the heads which you have mentioned the actual increase has taken place?—The pension fund will account for very nearly 3,000*l.* of the increase.

2748. Pensions to whom?—To the late county officials. On doing away with the county prisons there were several officers pensioned off; I think the chaplain heads the list. On his office being done away with he was paid a pension, I think, of 200*l.* a year.

2749. If this increase of 3,000*l.* is in pensions, that is of course, a thing which is purely temporary, and will work off in the course of a few years?—Yes, I take it it will. I am not quite sure whether more pensions are allowed now than were previously. The heaviest pension we pay in the county is for the late superintendent of the lunatic asylum, which is, I think, 600*l.* a year. He took a pension on retiring some few years ago. In this account which I have received from the county, I see there is nothing under the head of "Pensions" in the year 1875; it may have been classed under another head.

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Incidence  
of rates,  
how far  
taken into  
account  
by lessee  
of coal  
mine.

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2750. Perhaps as I have put the question to you and indicated the point of difference, in correcting your proof you will give me the exact information I have asked for from your county accounts?—Yes. You wish details given with regard to the items of various expenditure.\*

2751. We do, particularly on this point, whether it arises from any new rates which have been imposed under a recent Act of Parliament?—Undoubtedly that is the case with certain expenditure, especially with regard to weights and measures.

Valuation. Uniformity in, desirable.

2752. I understand your Chamber to be of opinion that it would be of great importance to you to have your assessment made up in a more uniform manner than is done at the present time?—I think the Chamber is undoubtedly of the opinion that it is desirable that there should be one assessment for all purposes based upon one common principle.

2753. Under the guidance of what authority would you like to see that assessment made up?—That is a point we have not gone so far as to consider. We are dissatisfied with the present existing state of affairs, but I do not think we have got so far as to consider what form we should like it to take. I do not know whether the members of the Chamber are aware of the system prevailing in Scotland at the present time.

Valuation roll. System of making in Scotland a desirable one.

2754. Would you be in favour, for example, of an annual making up of the roll for assessment, or between what periods would you have it made up?—Upon that point I could only express my own private opinion, and that private opinion I have expressed in paragraph 7 of my memorandum, saying that I thought the system adopted in Scotland was the one to be copied.

2755. If you will excuse me for saying so, I do not think you have stated the system in Scotland with perfect accuracy; you use these words: "Without venturing to speak on behalf of anyone but myself, I believe that the placing of all assessment business in the hands of an assessor to be appointed, as in Scotland, either by the Government or the county council, and of the two I much prefer the former, as better guaranteeing uniformity and impartiality, to be the best and safest way of dealing with the present anomalous position of affairs." Perhaps you will take it from me that the assessor is not appointed by the Government in any case in Scotland. What is done is this: Where the county or burgh authority wishes to do it they have the right, under an arrangement with the Inland Revenue to take the Inland Revenue Assessor and appoint him and let him act for them as well as for the Inland Revenue; but he is appointed by and paid by the local body. Does that in any way modify your view?—No, I do not think so.

Inland Revenue, information obtained by, should be available for purposes of local assessment.

2756. Would you like to see in England, as far as it can be done, a uniform arrangement made so that the Inland Revenue knowledge should be made available for local purposes as well as for its own?—Certainly.

2757. And you would be willing to help an Inland Revenue official with your local knowledge where it was asked for?—Yes.

VALUATION. No objection to assessment committees having increased power to obtain information as to rents actually paid.

2758. Would you see any objection to further powers being given to whoever does make up the assessment roll to get information from the landlord or the tenant, or both, as to rents actually paid?—No.

2759. That is, you would agree with that?—Yes.

2760. Do you wish to express any opinion as to whether the union is the best area over which the assessment should be uniform?—I do not think the union is the right area. I think, for county purposes, it should certainly be the whole county. I think the Union is the best area for getting the local facts, which any assessor who sits to make the assessment must be in possession of.

AREA FOR the purposes of valuation. County preferable to union. Representation of union and borough authorities.

2761. I want clearly to get your view, because, as I understand it, the difficulty is this: That union areas are not in all cases conterminous with counties, and in some cases rural and borough boundaries conflict with union boundaries?—That is so.

2762. I want to get your view without leading you; what would be the best reform to make?—My idea was that the assessment should be made by an authority who should deal with the whole county.

2763. What authority do you suggest?—I thought it should be placed in the hands of an assessor who should

\* The amended table is given on p. 81 of Pt. II. of Appendix to Vol. I. of Minutes of Evidence. The original table is given in a footnote on p. 82 of the same volume.

obtain his local knowledge and facts through the local union committee—that it should virtually be made, as it were, in the Union, but being ultimately made by one person, the assessor having a seat upon all the union committees, that would result in there being an absolutely uniform system throughout the whole county and country.

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2764. Then the borough authorities would have to be consulted in that case, would they not?—The independent boroughs would, certainly.

2765. But all borough authorities would have to be consulted, would they not, if they were part of a union?—I am thinking that in Norfolk we have only two or three independent assessing authorities other than the agricultural unions—Norwich, Yarmouth, and I think, Lynn.

2766. Then the difficulty which has been brought to our knowledge from some other parts of the country where the union boundaries include parts of boroughs which are not county boroughs, I think, could not arise in your district?—No, not within my particular knowledge. I think the union area is a very good one for getting local facts which must be in the possession of anybody who is making the assessment, but I do not think there should be, as at the present time, different systems of assessment prevailing in different unions in the same county.

Rates, increase of, in Norfolk. Extent and explanation of.

2767. I do not ask any question upon paragraph 10, which begins: "Some check should be placed upon the extravagance of spending authorities," because that goes rather beyond our reference. I do not notice in your memorandum—you will tell me whether you wish to speak about it—any reference to the increase of rates or to the increasing burden of the rates at the present time or within recent time?—In the report of the Committee on Local Taxation to the Norfolk Chamber of Agriculture, which is one of the papers I have handed in, you will see that that is fully dealt with. In 18 parishes taken entirely by chance—as the returns happened to be sent in—there is an increase of 50 per cent.\*

2768. An increase of 50 per cent. on what?—In the rate.

2769. In the rate per £, or in the gross amount raised?—In the gross amount raised there is an increase of 11 per cent., but in the actual incidence of the rate in the £ there is an increase of 50 per cent.

2770. Where are the returns given by the Committee taken from?—I must say that to get these returns was a matter of very great difficulty indeed, and the only way in which it appeared possible to make anything like a complete return of the various rates levied in the parishes was by sending round a circular letter to members of the Chamber. I think there are something between 300 and 400 members of the Chamber; these circulars were sent out to all, and they were asked to make their own return of the rates paid in their respective parishes. These returns have been got together from various sources. There has been a very great difficulty in getting them because some of the figures were not easily obtainable; the figures of the highways, for instance, were extremely difficult to get, because the books in so many cases had been destroyed; and in the case of schools, many of the parishes have voluntary schools, so that it was very difficult to get authentic returns there, too.

2771. In fact, you cannot compare fairly a parish which has a school board and a parish which has not, as to the burden upon the ratepayer can you?—No, it would be very difficult to do so.

2772. Would you kindly explain the last table in the Committee's report because it does not very well tell its own story to me. The first column "Rateable Value," I understand; under the next column you have "Union," and the figure "412"—412 what?—Pounds; these are all pounds,—shillings and pence being left out for the sake of simplification. That 412<sup>l</sup> was the levy on that particular parish of South Creake for the common charges of the Union.

2773. The next column is "Highway, 75"—is that 75<sup>l</sup> also?—Yes.

2774. And the next column is "School, 44"—is that 44<sup>l</sup>?—Yes.

2775. In that column, when there is no figure opposite the parish, does that mean there is no school board there?—No. These returns do not distinguish between school boards and voluntary schools. Wherever the amount of the school rate was obtained it was put in,

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 76 to 80.

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even where it was a voluntary rate to support a voluntary school. There is no discrimination between school boards and voluntary schools in this table.

2776. Where there is a figure under the heading "School," it may mean a rate levied by voluntary arrangement then?—Yes. There is a note at the foot of the page to say that the levies include all local payments.

2777. The last column is headed "Rate in £"; you have a figure and a fraction after it, what does that mean?—Those are farthings, the first figure is 20½d.

2778. Then the figures in the last column are pence?—Yes.

2779. Then taking the last columns under each of the three years 1875, 1885, and 1895, the differences between the figures in those columns show the differences between the rate in the £ raised in each of these parishes?—Yes.

2780. That is the total rate in the £ for all of the purposes mentioned in the previous column?—Yes.

2781. And the figure in the column headed "Total" is the gross number of pounds raised by the rate, which is on the right-hand side of it?—Yes.

2782. Running one's eye down those figures, and taking the total at the bottom, I do not quite see how you make out the increase of 50 per cent. which you mentioned a moment ago?—If you look at the right-hand column under the year 1875, you will see that there was a sum raised in these 18 parishes of 7,436l., being a rate of 23½d. in the £; if you carry your eye to the right hand column of the year 1895, you will see that those same parishes had to raise 8,253l., an increase of 817l. in the amount, and that the rate levied, the rateable value having in the meantime fallen from 75,172l. to 56,951l., had increased from 23½d. to a rate of 35½d.

2783. I follow that now; but in paragraph 9 of your own memorandum you say that "the increase in the value of house property has compensated, to a large extent, for the fall in the value of land; figures, therefore, which include both classes of property, are no true guide as to the rise or fall in the value of one separate class." Is house property not included in these columns which we have been discussing?—Yes, it is all included, because we had, up to last year, no means of distinguishing between the amount rated on land and the amount rated on houses.

2784. I am quite sure there is an explanation of it, and that you will give it me at once; but that being so, I do not quite at once find myself able to reconcile the statement in these columns that your rateable value has fallen from 75,172l. to 56,951l., with the statement in your own memorandum that the increase in the value of house property has compensated to a large extent for the fall in the value of land?—In regard to these individual parishes that are here named, I cannot say whether each individual parish is one in which the property is chiefly land, or in which there is much property other than land. The reference was made more particularly to the county figures in which I point out there is only a comparatively small decrease in value. If these figures could have been divided as between land, and property other than land, the increase of the rate would appear much greater but this is a figure which gives a return of both land and houses, and it is the average of the two combined, on which this 50 per cent. increase is shown.

2785. Under this heading, what I understand to be the point of your complaint is, shortly, this, is it not, that as is unfortunately too well known, the value of agricultural land in your county has greatly depreciated during the last 20 years, while the burden of the rates has increased and, therefore, if you take the two years 1875 and 1895, or any corresponding period, you find that the percentage of amount taken from the occupier in the name of rates is very much larger than it was formerly. Is that a correct statement of your complaint?—Yes.

2786. Would you, over any area or areas fairly selected, or by any number of individual cases which would bring it home to us accurately, give us a statement in actual figures of one or more holdings, showing how that result actually works out?—On an individual estate?

2787. If you could give it us on an estate that would help us; the name need not be published, but it would have to be given to us as a guarantee?—I had the promise of a statement which I hoped to have been able to produce to-day, with regard to a large estate in

Norfolk, as to the actual sums paid in rates and taxes in those two periods 1875 and 1895; but I am sorry to say it has not been furnished me. I do not know whether it is owing to the extreme difficulty of getting out any statement of that kind, because in 1875 a very large proportion, probably the whole of the estate, would be let, and the rates would be paid by the tenants, and now, probably, a very large proportion of that estate is in hand, and the rates are paid by the owner who is occupying the land. The extreme difficulty is to get at the amount of the rates that that estate paid when it was let.

2788. Surely we could get some cases of land which has been continuously in the owner's hand, and therefore he would be occupier during the whole period?—Yes, you could.

2789. And if he has kept his books, he could of course give us the information I have suggested to you?—Yes. Such a statement could no doubt be got, but I have not such a statement with me.\*

2790. Which of your rates show the most increase? I will tell you exactly what I want to get at. I want, if you can tell me, what are the old rates leviable before 1870, say, which have increased, and what are the new rates which have been put on by Parliament for the first time since 1870?—I do not think there is any rate imposed recently which is of any serious importance to us; not that I am aware of, at all.

2791. Not the lunacy rate?—That is a very old one.

2792. In other parts of the country, it has been complained of to us as one of the rates which has been most increasing in burden?—Yes, but it is an old rate. It has very largely increased in Norfolk. I have not the county figures for lunacy, but I can give you the figures of the Union in which I myself reside. The increase in regard to the extra charge has been enormous; it has gone up 50 per cent.

2793. You will not think I am wishing to break down your case in any way so as to be unfair, when I say that, of course, if you take only a small area for these purposes, it is not so safe to generalise from it; if we can have the increases over a larger area, the better it is for our purpose?—The charge for lunatics is one of the common charges of the Union, and being mixed up with all the other union charges, it is very difficult without getting all the details to say exactly what has been the increase under that head, for, whereas, we have had a large increase in the cost of lunatics, we have had Government subventions which have gone a very long way to reduce charges in other directions. I have not got any details here with regard to the cost of the lunatics in Norfolk, but under that head, I know, there is a very large increase over the whole county; the most important increase in Norfolk, though, is on account of the highways.

2794. In the report of the Norfolk Chamber of Agriculture on which you are speaking, you come to two conclusions. First: "That real property pays an undue share of local taxation as compared with personal property;" would you like to develop that, and to give me the grounds upon which you arrive at that judgment?—I would rather rest that on the evidence given by the Local Taxation Committee; we are quoting the report of the Local Taxation Committee in connection with that.

2795. You would rather leave that for them to speak to, would you?—I think so.

2796. The second conclusion is "That agricultural land pays an undue share of local taxation as compared with other real property;" do you give me the same answer with regard to that?—I could give you my own private reasons, but I did not think it was worth while to bring them forward in face of the very explicit statement which is made in the report of our Local Taxation Committee.

2797. Do your private reasons differ from those that are given by the Local Taxation Committee?—Not at all.

2798. You agree with them?—Entirely; the case is so well stated there that I should not like to detract from it by anything I said here.

2799. (Mr. Murray.) What is the main cause of the increased expenditure on roads. Is it entirely new expenditure, or is it transferred expenditure from some other authority to the county?—I will explain it. When the turnpikes were disturnpiked, we had, I

\* The witness subsequently forwarded a table giving these particulars. See Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 85 (Table I.).

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Rates old and new, increase in.

Local taxation, share borne by real property and by agricultural land.

Roads, increased expenditure on. Reasons for.

Rates paid on some estate in Norfolk for 20 years, possibility of getting such a return.

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think, some 300 or 350 miles of roads in Norfolk, which became by Act of Parliament main roads. The county took over those main roads, but it added very largely to the mileage of the main roads, so much so that at the present time we have now over 1,300 miles of main roads in Norfolk. It is the expenditure upon these roads which were previously under parish management which accounts to a very large extent for the extent of our county expenditure. Of course the county, having taken over these 1,300 miles of roads, has relieved the parishes to that extent, and you would naturally expect that the parishes having been relieved of what amounts to about one-third of the whole of the mileage of the roads in Norfolk, the sum expended upon the remaining two-thirds in the hands of the parishes would be correspondingly decreased. The figures reported in these 18 parishes show that although they have not got these main roads now to maintain, still the expenditure on the roads which they do maintain amounts to almost if not quite as much as the whole did before they were taken from them. That is to be accounted for by two reasons—one is the very considerable extra charge for materials which is now made for the mending of the roads, and also for the increase in the cost of labour which is expended upon them.

2800. Then the increase which you show of 48,000l. in the expenditure on roads, is not new expenditure but merely a transfer from the parochial rates to the county rates?—It is that; only the transfer has had the effect of very largely increasing the expenditure on the roads. Those roads did not cost that amount to the parishes that they now cost the county. The county adopts a more elaborate and better system of road management than the parishes ever did; having taken over the roads they perhaps spend double or treble what the parishes did upon them.

2801. When you urge that all land should be assessed on one uniform basis what exactly do you mean by that?—In Norfolk at the present, we have some 20 odd unions. I only know that exact system of assessment in the Union in which I myself sit, and in which I am the Chairman of the Assessment Committee; but from what I know of the system prevailing in other unions, I believe other unions adopt a system which is not altogether on the same lines as that adopted in the particular union in which I reside. The union assessment committees interpret the law of assessment differently in the different unions, and there is not a really uniform basis on which all property is valued in the unions.

2802. Could you suggest any means by which all the assessing authorities could be compelled to interpret the law in the same sense?—I think they could if the actual determination of it was placed in the hands of an assessor.

2803. He could not control his authority after all?—I thought he would be the authority, and that the Union Assessment Committee would be the advisers as to the local facts and the knowledge—that they should not, as it were, be the arbiters of the law with regard to the case as they are at the present time.

2804. Do you purpose to place the absolute power then in the hands of the assessor?—Subject to appeal, as I understand it is in Scotland, to a Committee of the county.

2805. Even so you would have no means of compelling all the assessors to act on the same principle?—If they were Government appointed officers, I take it that they would do so.

2806. Is it your suggestion that the Government should appoint assessors all over the country to fix the basis of assessment?—That is my view.

2807. That of course would be a very serious change in the existing law and practice?—It would. I take it that it is necessary, because in the olden days the basis upon which we levied our rates was a matter which only concerned the union, because the union raised the money and the union spent the money; now a very large proportion of the money we raise in the union is spent by the county, and it is therefore, very important that all the unions should be upon a similar basis; and inasmuch as the Government now, by the Rating Act of last year gives us very large help towards the burdens upon land, I think from an Imperial point of view, it is very necessary that the Imperial taxpayer should be protected, and that his money should be allocated to the various counties on a basis which is absolutely fair to the whole of England,

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and I think you cannot get a basis of assessment fair to the whole of England unless it is under one central control, and I take it that that must be Government control.

2808. In fact, you say that it is not desirable that neighbours should be called upon to fix each other's assessment?—Yes.

2809. You adhere to that?—I do very strongly indeed.

2810. And that it would be better to have a Government representative to do it for them?—Yes, I say that because it has been my fate during these last six months to act as chairman of a union assessment committee. We have thought it right to change the basis of our assessment from what was called the comparative system of valuation, and to adopt that of the actual annual value as determined by rent. This has been a matter of extreme dissatisfaction and disappointment to a considerable number of the people living in the Union. It has necessitated assessments in a great many cases being put up, and naturally the ratepayers have resented the assessments being dealt with in such a way. As our assessment committee is in every case drawn from people living in the immediate locality, it follows, as a matter of necessity, that we have each of us had to sit and adjudicate upon each other's assessment.

2811. Do you think that as a matter of practice the basis of assessment does vary very much, for instance, in the county of Norfolk?—I think I may say that I am quite certain it does.

Valuation in Norfolk want of uniformity.

2812. How many different bases of assessment are there, I do not mean different assessing authorities?—The basis of assessment adopted by the county is that of Schedule A. As a Member of the County Rate Basis Committee, I can say that we do not take the figures returned, and have not taken the figures as returned by the Union for any time I can remember. It was found throughout Norfolk, that whereas one union would possibly assess itself at a sum even above Schedule A., there were several unions in the county which would very probably assess themselves at 20 per cent., and even more under Schedule A. The county decided that in justice to the county ratepayer they could not accept the figures as returned by the Union Assessment Committees, and therefore they have made it a practice for a number of years of basing their assessment upon the returns of the Surveyor of Taxes in regard to Schedule A., and disregarding the Union figures altogether. That is one basis.

Valuation in Norfolk, different bases of assessment.

2813. Then they practically make a new valuation for themselves?—Yes, entirely based upon Schedule A. If you go into one union you may find there that they base their assessment upon what is Schedule A. annual value, they take it pure and simple; you may go into the adjoining Union, and you may find that the assessment committee there do not regard annual value at all, but that they go by what they think is the real comparative value of the land. They argue that land on one side of the fence is of the same value as land on the other side of the fence, and that it is not material whether the land on the one side of the fence is let for more than the other, they will assess it according to what they think it is worth, and not according to what it is let for.

2814. That makes two different bases, are there any more?—Variations between those two, I think are the only other ones that are possible. There is a further large class of property, that of public-houses, which is a very important thing. I am not very well aware of what the custom in the county is with regard to them, but I know there is a very varying custom with regard to the assessment of public house property.

Public-house property. Valuation of.

2815. Do you consider that Tables II. and III. of the report to the Norfolk Chamber are fairly representative of the whole county?—I believe them to be as representative as any taken completely by chance can be. They are absolutely independent of any selection. Every member of the Chamber was invited to send in a return; I forget how many were sent in, but there were altogether about 50. Several of these were of comparatively little value because they were so incomplete, but every single schedule which could be got into correct form has been returned in these tables.

Rates, increase of in Norfolk. Statistics. Figures given refer to agricultural land only. Explanation of figures.

2816. You observe that Table II. only gives the particulars of 14 unions out of 19?—Yes

Assessment. Uniform basis of, desirable.

Government assessor, appointment of, desirable, who should be advised by Union Assessment Committee. Reasons for this view.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 81 (par. 2).

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2817. Is 19 the whole number in the county?—The 19 are the agricultural unions; the other unions are borough ones, namely, Norwich, Yarmouth, and King's Lynn; those three unions were not returned, because it was not thought their figures were necessary for the purposes of this report.

2818. But if you are taking the county expenditure, ought you not to include the whole of the rateable value of the county?—No, because they are not in the administrative county. Norwich is a county by itself, Yarmouth is a borough by itself, Lynn is in the county, but only for certain purposes.

2819. There are only two county boroughs in Norfolk, then?—There are two county boroughs—Yarmouth and Norwich.

2820. In Table II. does Freebridge include the borough of Lynn?—No. There is another place I may say—Thetford—which is put down here, but the return from that was not available.

2821. Then may we take it that these 14 Unions represent purely agricultural land?—Yes, and the other ones were not given, only for the reason that we could not get the returns. These returns, of course, had to be of an entirely voluntary and unpaid character, and it was not every clerk or every authority who saw fit to assist us in the inquiry which we were making.

2822. But you could get that information practically from the official returns, could you not?—That I am not certain. I do not know myself where we could have got all the figures, certainly not for the year 1895.

2823. No, probably not for 1895, but you could have got it for 1894, though, I should think; however, practically that does not show the compensation that you have mentioned due to the rise in the value of houses as compared with the fall in the value of land; in other words, you are putting it at its worst, are you not; you show a falling off in rateable value from 1,520,188*l.* in 1875 to 1,221,727*l.* in 1895?—I do not quite understand how you say we make the worst of it.

2824. I mean that the fall has been greatest, of course, in the value of agricultural land?—Yes.

2825. That has been compensated, you say, to a great extent by an increase in the value of houses?—I meant in these particular unions for which we have got the returns here.

2826. But probably if you were to include Thetford, Lynn, and so on, the result would be materially different, would it not?—Thetford would not materially affect the figures; Lynn might to a slight extent, but not to any very large extent. They were not excluded for that purpose. What I wanted the Commission to understand was this: that although these figures work out that there is an increase of 50 per cent. in the rate, that increase is on the average, including land and houses. If we could produce you a figure, which we cannot do, to show you what has been the increase of the rate upon the land, it would be very much larger than 50 per cent. on land alone; the 50 per cent. is an average increase, land and houses together.

2827. In those 18 parishes?—Yes.

2828. But you will see that the increase in the rate in the £ on the unions is very different; it has risen from 19*d.* to 23½*d.*?—Yes.

2829. That is a very much smaller increase?—Yes.

2830. While the actual levy has diminished from 123,268*l.* to 119,673*l.*, the rate in the £ has risen from 19½*d.* to 23½*d.*?—Yes. I will not attempt to bring these figures together. I cannot; and one of the reasons why it is impossible to bring these figures together, or to make them support one another in the way that you would expect them to support one another, is, I think, in a great measure to be attributed to the fact of the different bases on which assessments are made.

2831. Do the levies in Table II. include voluntary rates in the same way as the levies in the table at the bottom of the page?—There are no voluntary union rates. The only case in which I know there is a voluntary rate, is for a school, and that is a parish rate.

2832. (Chairman.) Is there no other parish rate except that for the parish council?—There is the lighting and watching, and there is the parish council precept, but the whole total of those is small, and there are so many parishes in which there are none at all that it was not thought desirable to put it in. Another reason

is that the parish council precept did not arise until 1896.

2833. (Sir Edward Hamilton.) In paragraph 3 of your memorandum you refer to the Government grants; do you consider that the basis upon which the Government grant is distributed among local authorities is a fair one or do you take exception to the basis of distribution; you refer in this paragraph to the "residue," but you do not refer to the rest of the grants?—You see the rest of the grants are all upon lines which have been long laid down and it would have been, I thought, opening too wide a subject to go into the question of the wisdom upon which Government gives us assistance.

2834. As I understand they are distributed now in proportion to the old grants-in-aid?—Yes.

2835. Exactly?—Yes.

2836. Perhaps you may recollect that when the Local Government Bill was introduced in 1888, the idea was not to distribute the Probate Duty Grant according to the existing grants, but either according to population, rateable value, or indoor pauperism; that I think was discarded and it was decided to ask Parliament to pass the measure in such a way that the money should be distributed on the basis of the old existing grants-in-aid?—Yes.

2837. Would it have made much difference, do you think, if one of those other bases had been adopted instead of the old proportions of grants-in-aid?—It is very difficult to say how we should, in Norfolk, come out under that.

2838. You do not know that any exception was taken to the change that was made in the Bill by the Government itself at the time?—No, I think a great many of us were very thankful the distribution of the grant was not made dependent upon any question connected with the poor law administration.

2839. I see that in paragraph 9 of your memorandum you say: "what is most wanted is not only a general remission affecting all lands, but a special remission"; therefore I presume that you really take exception to the principle of the Agricultural Rating Act of last year?—I cannot say that, I think, the principle upon which the Agricultural Rating Act was passed last year was altogether wise. I think that it gives the minimum of help where most is wanted.

2840. Have you in your Chamber at all considered whether you could devise any method by which it could be done with greater discrimination?—No, we have not gone into that.

2841. In paragraph 12 of the report that is put in by the Norfolk Chamber of Agriculture, I see a reference is made to Imperial charges; could you say what you would classify under that head of Imperial charges?—I am afraid I must answer, that it was a question we did not like to go into because we felt it would require a great deal of consideration. I should prefer not to express any individual opinion, because I know that it is a point which is going to be particularly brought forward by the Local Taxation Committee.

2842. The Norfolk Chamber of Agriculture do not propose to bring it forward themselves specifically?—No. We think generally that there are a great many charges, the main burden of which now falls upon the land, which have just as much right to fall upon personal property as upon realty.

2843. What charges have you specially in your mind?—First of all with regard to education, then with regard to police, with regard to the administration of the poor law and with regard especially to providing for the maintenance of lunatics.

2844. I see in paragraph 10 of your own memorandum you suggest that the responsibility should be brought more home to the spending authorities; does this not imply that a system of grants-in-aid over which the local authorities have no control tends rather to extravagant administration?—I am afraid I think it does undoubtedly.

2845. You refer also in paragraph 8 to the burden of rates having enormously increased. Though you think there has been some tendency to extravagant administration due to Government grants, I suppose you would admit that the rates and taxes have been kept down to a certain extent by the increased Government grants?—Certainly.

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Government grants.  
Basis of distribution.

Agricultural Rates Act, 1896.  
System by which relief given open to some objection.

Local taxation, how far contributing to subjects of national concern.

Government grants, how far conducive to extravagant administration.

Parish rates, comparatively small.



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Government Assessor. Appointment of, desirable. Should be advised by union assessment committee.

Government Assessor. Appointment of, would tend to economy.

Valuations, inequalities different unions. Reasons for.

2846. (Mr. Arthur O'Connor.) In your memorandum may I take it that where you use the word "assessment" you might also have used "valuation"—does it mean valuation?—Yes, it does.

2847. You speak in paragraph 7 of the system in Scotland, which, so far as you apprehend it, you approve of, under which a district can if it likes bring in the assistance of a Government officer?—Yes.

2848. Are you aware of the system that prevails in Ireland, under which all the valuation of the country is done by a Government Valuation Department?—No, I was not aware of it.

2849. Would you be disposed to approve of that system, as compared with that which exists in your own locality?—Without knowing the details, I should not, of course, like to express an opinion, but subject to the local authority having a voice in the determination, I should like to see the whole of the valuation business put into the hands of the Government.

2850. What would be the extent of the authority or the voice which you would entrust to the local authority assuming that the system adopted in Ireland was adopted here?—I should like to see the union assessment committee sit as it does now to advise and to assist the assessor or Government officer. I take it that he would require the local knowledge which only the local persons resident in the neighbourhood could supply.

2851. In other words you would associate with the Imperial officer two local assessors or something of that kind, or a committee of assessors?—A committee.

2852. Having a consultative but not a definite voice?—Exactly.

2853. Have you any idea what the cost of the valuation is in your county?—I am sorry that I cannot say.

2854. Do you think that the cost of valuation by a central authority would be less or would be more than the present cost?—I should think that it would be decidedly less, for this reason, that you have the Government expenses now for the formation of Schedule A under the Commissioners of Income Tax, you have the expenses incurred in getting at the Land Tax, you have the expenses of the County Rate Basis Committee—

2855. And also the parish?—I do not think the County Rate Basis is a large item because we take our figures from the Surveyor of Taxes; the chief expenditure, of course, is under the union authority.

2856. So there are four?—The union assessment authority entails an annual expenditure which is not a considerable sum, but when the unions make, as they, I think, generally do, a fresh valuation every three, four, or five years, then there is a very considerable expenditure entailed.

2857. You were asked just now, with regard to the various systems or principles upon which assessments are made; might I suggest this to you as a possible source of difference—do you think it is at all possible that in one union the guardians might be disposed to raise the assessment in order to get credit for having a low rate, whereas in another union they might favour the idea of having a very low valuation in order that their contribution to the common funds might be as low as possible?—Yes, I think that is quite possible.

2858. All these things are apt to work inequitably as between different areas?—Yes. I may say that I know as a matter of fact that a great many union assessment authorities thought at one time, with a view to meet a lesser share of the county burdens, that it was desirable to have a low union assessment.

2859. You spoke of some alteration of system in the district where you are chairman of the committee; is there in that district, or has there been in past time, a ratepayers' association or a ratepayers' protection society?—No, nothing of the sort.

2860. In past times has there been ever any reason to suppose that people who manipulated the constitution of the board of guardians themselves were on committees of assessment?—No, I should not say that, and I do not think that.

2861. You have heard that such things have been in some unions in this country?—I have never heard that.

2862. You are not acquainted with the circumstances of any London parish?—No. I think the chief difficulty

that the union assessment committee has to deal with is that we are all so intimately connected with one another, that it is an extremely difficult matter sometimes for the body to be entirely judicial in its actions.

2863. It is an invidious position sometimes?—Very invidious indeed.

2864. You have been asked whether the change which you suggest would not be a very serious alteration of the existing system; I suppose if the existing system is proved to be bad, inequitable, and expensive, you would not be afraid of an alteration of the law?—No, I should not be at all afraid myself.

2865. With regard to the increase in the expense on your roads, I suppose that when the county took over the roads they not only expended more money upon them but they materially improved their condition?—Certainly.

2866. And the general standard for roads in Norfolk has been materially improved?—Certainly.

2867. There was plenty of room for it?—I would not admit that.

2868. Then there has been extravagant expenditure? I am rather at issue, I am afraid, with the large majority of the Norfolk County Council upon that point. I admit with all, that the condition of our roads is excellent, but I say that they are more expensively maintained than we, the ratepayers, can afford to bear; that is my contention: that they are too good for the condition of the county.

2869. Would you kindly look at paragraph 10 of your memorandum: "The rate and taxpayers' money is now lavishly expended"—I do not dwell upon that—"a considerable proportion of the representatives on county, district, and parish councils contributing little, possibly nothing at all, towards the rates they "vote away"; you think that is a bad system?—I think it is a very bad system, that people should have the power of spending money to which they in no way contribute themselves.

2870. Are you aware that you are describing the system which obtains under the Grand Juries in Ireland?—No.

2871. But if that is the system you condemn it?—I think it is a bad system all the same.

2872. It would be against the judgment and sense of the majority of the people in your district that there should be a body, not themselves paying the rates, but assessing them and allocating them over an area?—I do not say that is the opinion of the people: that is my own opinion.

2873. You have no reason to suppose that those about you would differ from you on that point?—No, I think not; I think that is very generally accepted. I may say with regard to that particular answer what is in my mind is this: that now the franchise is so reduced for county council and for union representation it may happen that there are parishes in which the rates are compounded and in which many of those who return the representatives do not directly pay any rates or taxes at all. I think it is in the direction of doing away with the Small Tenements Act that the remedy is to be found.

2874. But, generally, you desire to impress upon us the principle that, if representation is limited to those who pay rates and taxes, greater economy would be exercised?—I think so, certainly.

2875. (Mr. Smith.) I think I may take it that the county for which you speak is one of the purely agricultural counties of England?—I should say more purely agricultural than any county in England.

2876. I am very anxious to know what are the average burdens in the shape of rates upon an occupier in a typical county like yours; I do not see any table here that gives me the entire burden. If you turn to Table II. of the Report of the Norfolk Chamber of Agriculture, it appears that in 1875 the burden for county and union rates was 19½d., and in 1895, 23½d.—Yes, that is so.

2877. Is there anything to add to that?—Yes, I should like to explain that. It is the parish return in Table III. from which you get the full measure of the burden upon the ratepayer. Table II. merely divides the union expenditure into union and county.

2878. What else is there?—There is the parish expenditure.

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Roads, increase of expenditure on.

Valuation and spending authorities, members upon, who contribute little or nothing to rates. Objection to this system.

Rates in Norfolk. Amounts of burdens borne by ratepayers.

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2879. That is what I expected; I want to know at what we could fairly put the parish expenditure?—The whole expenditure is returned in Table III.

2880. But those are only typical parishes, and possibly not quite fair instances?—The ability to answer that question, is, I think, one that should be, but never has been, in the power of any person that I am aware of.

2881. I live in the country myself; would the parish rates, under the Parish Councils Act, amount to a *ld.* in the £ all round? Take 1895; what ought I to add to that final figure of 23*d.* to make a fair allowance for the parochial charges—the lighting, watching, and parish charges—those are the only things I can see that you have to add?—You will please see that Table III. includes the schools and the highways.

2882. The highways are now a district charge, are they not?—Yes, but in 1895, the time of this Report, they were parish charges.

2883. I see the total amount of your highway rates and school rates is not large; what would they amount to in the £ if they were added to that 23*d.*, and covered the whole county?—There, again, I must refer you to Table III., which gives the full measure and the complete answer to your question.

2884. Only as to certain parishes which may or may not be typical?—Then I am afraid I could not give you any other answer.\*

2885. You cannot tell me, as Chairman of a Committee, and as a Member of the Chamber of Agriculture, what is the average burden of rates upon an occupier in the county of Norfolk?—No, I wish I could. I should like to see it in the power of any person to answer that question by the production of a return which should be made compulsory in every county of every rate expenditure. Until we get such a return, and it is made quickly and easily available, I do not think it will be ever possible to base a really sound argument upon what is the total burden of rates.

2886. Surely the Local Government Board returns can give you that?—The Local Government Board returns may give you a portion of that, but they will give you only portions at a time, two or three years old, so far as I have been able to get at them.

2887. I represent the City of Birmingham, where our rates are from 6*s.* to 6*s.* 10*d.* in the £ according to the parishes into which they are divided; would it be impossible for you to tell me, or get for me the total amount of rates that you pay in the county of Norfolk?—I do not know any authority who can provide you with it, because we have so many different spending authorities. If you were living in a parish in Norfolk, you would have found that, at the date of this return, 1895, the overseer would have asked you for a rate in the £ to meet the union expenditure—the union expenditure covering all the common charges of the union and the county expenditure.

2888. You need not explain to me the English system because I may tell you, although I am Town Clerk of Birmingham, I live in the country, and I am perfectly well acquainted with the country system?—I only wish to say I do not know how that return can be given.

2889. I think I could get it for Warwickshire?—Could you get a return including the education rate?

2890. I could give a very shrewd guess at it, because I know how many school boards there are?—The school boards are not the difficulty, the difficulty is getting at the cost of the voluntary schools.

2891. I do not consider my subscription to the voluntary schools a rate?—In Norfolk you would find a considerable number of voluntary schools are maintained out of a voluntary rate, which is very largely paid.

2892. I am afraid I cannot take a voluntary rate into consideration any more than I should my school subscription?—Can you give also the highway expenditure in the same county?

2893. Certainly?—The highway expenditure is confined to the individual parish, or was then.

\* The witness subsequently forwarded the following information:—*Highway Rates.*—In 1893 the total number of highway parishes in Norfolk that were not included in any Highway District was 691. These parishes had a rateable value of 1,567,440, and 5,221 miles of parish highways. The receipts for highway rates amounted to 30,582*l.*, equivalent to a rate of 1*6s.* 4*d.* in the £ (see Local Taxation Returns, Vol. 1, 1893-4, Part VI., p. 4, House of Commons Paper, No. 466-111, Sess. 2, 1895). *School Rates.*—The large majority of the elementary schools in Norfolk are voluntary, but it has not been possible to obtain any precise information as to the total amounts raised by voluntary subscriptions and voluntary rates.

2894. Can you not get it now, at all events, since the district councils have taken over the roads?—Now, from the district councils we can, but it is the first time that we could.

2895. Those parish accounts that previously dealt with highways were all audited by a Local Government Board auditor, were they not?—They were.

2896. And they must be available. Let me suggest that your Chamber should try and supply that information to us.\* I think you admitted, that although the value of land had decreased, houses had to a great extent kept up the valuation. That is given in paragraph 8 and 9 of your memorandum, but they only show the division broadly between buildings and land including farmhouses?—Yes.

2897. Now, farmhouses are not, as a rule, rated highly, are they?—No.

2898. A very low rate is put upon them for obvious purposes?—I may say that the figure you have there is the figure which we were compelled to get in consequence of the Agricultural Rating Act, 1896.

2899. I quite see your reason; you would not have got it out but for that Act?—We were tied by that Act to put a certain valuation on the premises.

2900. I see that buildings, including agricultural buildings, are 55 per cent. of the rateable value of the County of Norfolk?—Yes.

2901. The land being only 45 per cent.?—Yes.

2902. Have you any idea of what the value of buildings, not agricultural, would be?—No.

2903. You only got the return for the purposes of the Act?—Yes.

2904. But I am certain in some of the watering places on your coast the value of the buildings has materially assisted the land?—Very materially.

2905. That is an increasing assistance?—Yes.

2906. I think you said that you thought that the system of Government grants tended to extravagant administration; have you found that in the County of Norfolk?—I think our county expenditure is, to a certain extent, an answer to that question.

2907. The figure is quoted in your report?—Yes.

2908. Are you quite satisfied with your poor law administration?—In what direction may I ask?

2909. I see an indication in paragraph 7 of your report that too much out-door relief is given?—There has been a very decided increase of the amount given in out-door relief since the passing of the Act of 1894.

2910. And that is probably why you would not have preferred to have had the Exchequer contribution, as regards the Probate Duty, based upon indoor pauperism?—I would not say yes or no to that.

2911. I saw you did not relish the suggestion?—I did not, and for the best of all reasons, that anybody who lives in the country knows how vexed a question is the question of indoor and outdoor relief, with those who have the administration of the poor law.

2912. There can be no doubt about the principle, I suppose?—There is a very great doubt about the principle, I think, in Norfolk.

2913. It has some direct relation to wages, has it not?—I think that the present constitution of the boards of guardians inclines the guardians to take perhaps a less wise view with regard to the administration of the Poor Law than that which was adopted by those who preceded them.

2914. Those of us who read the reports of the Poor Law Commissioners know that there is such a thing as relief in aid of wages?—There is undoubtedly.

2915. (Mr. Clere.) In this return, which is annexed to the Report of the Norfolk Chamber of Agriculture, I notice three periods are taken, 1875, 1885, and 1895; I presume that was merely done because it happens to cover the 20 years?—Exactly, and 1895 is the last year for which we could get returns of public expenditure; it was taken for no other cause.

2916. As the Highways and Locomotives Act was passed in 1878, the figures for 1875 are hardly a fair comparison with the figures of 1895, are they?—No, because they cover completely different states of circumstances and conditions.

\* The witness states he is unable to obtain this information.

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Farm  
houses  
rated low.

Rateable  
value of  
buildings.  
Proportion  
of, in  
Norfolk.

Rateable  
value of  
buildings  
in certain  
districts  
increased.

Government  
grants  
have  
conducted  
to extra-  
vagant  
adminis-  
tration.

Outdoor  
relief,  
increase  
of.

Rates,  
increase  
of, in  
Norfolk.  
Statistics  
explanation  
of.

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2917. Under that Act, if a turnpike road became disturnpiked, then the cost of maintenance fell upon the county rates?—Yes.

2918. Whereas previously it was paid out of the tolls paid by those who used the roads?—Yes.

2919. In this return, does the highway rate simply mean the highway rate levied in the parishes or unions, or does it include the cost of the main roads?—It is purely parish expenditure, exclusive of main roads, if you are referring to Table III.

2920. So that, probably, the increase in the county expenditure is, to a certain extent, accounted for by the new burden, so to speak, thrown upon it since 1875, in respect of main roads which were previously maintained by some other means?—Yes, undoubtedly, to the extent, in Norfolk, of 350 miles of roads which were turnpikes, and which were maintained by the tolls, of course.

2921. Is the general purport of this return of the Chamber of Agriculture, and of your evidence, to convey the impression that a considerably increased burden is now borne by the agricultural ratepayer, as compared with either the year 1875 or the year 1885?—Yes.

2922. I notice it is put down here that there is an average increase in the rates of about 50 per cent. in these specified parishes?—Yes.

2923. That would almost lead to the conclusion that an man paid 2s. 6d. in the £ before, he would now be paying 1s. 3d. more?—Yes.

2924. May I point out that in 1885, according to the table, a rate of 27d. in the £ yielded 7,782l., and in 1895 a rate of 35½d. yielded 8,253l., showing a total increase of expenditure of 471l.?—Yes, that is so.

2925. I see that by working out what the rate produced in 1895 it comes to 232l. each penny?—Yes.

2926. So that, practically, the increase of rating between 1885 and 1895 is just about 2d. in the £, that is to say, there is a total increase of expenditure of 471l., which requires, roughly speaking, a 2d. rate to produce?—I do not quite follow you there, because I see that the 7,782l. levied in 1885 was produced by a rate of 27d. in the £.

2927. Twenty-seven pence in the £ means that each 1d. produces 288l.?—On that rateable value of 69,757l.

2928. Yes?—You will see that in the next period the rateable value has dropped very largely—down to 56,951l. so that 1d. rate produced a great deal less.

2929. What it comes to is, that the total amount required to be levied in 1895 was 470l. in excess of the total amount required to be levied in 1885?—Yes.

2930. But owing to a drop in the assessable values, it required a rate of 35½d. in 1895 to levy the same as that in 1885 plus that 470l.?—Yes.

2931. So that the individual occupier of a farm, who in 1885 paid rates on his then assessment of 27d. in the £, was only paying actually in 1895 2d. in the £ more than he paid in 1885, although the nominal rate is 8½d. more?—I should, with submission, say that you are not right in saying only 2d. in the £.

2932. A rate equivalent to 2d. in the £ at the rate he was paying in 1885?—Yes, at the rate he was paying in 1885, but you see the fact that the rateable value has fallen so much in the meantime makes it completely different. I quite see that the amount that he pays actually in cash, is only, comparatively speaking, a small amount more, proportionately to the value of what he is paying on, which is represented by the 470l.

2933. As a matter of fact the actual cash which the occupier of a farm in Norfolk is paying in 1895 is a very small increase on the amount he was paying in 1885?—Quite true.

2934. And the impression that might be gathered from this table, that there had been an increase in rates of 50 per cent., is in that way rather misleading?—You will see that it is very carefully stated here, that the levies have only increased by 817l.; it is the incidence of the rate which shows the very large increase.

2935. I admit the accuracy of the figures. With regard to the increase of lunacy in the county, I suppose the main increase in the expenditure is in connexion with the lunatic asylums, is it not?—Yes, I think it is. I do not think there is a very great difference in the actual cost of weekly maintenance. There is not an important difference.

2936. Is it not that the asylums have had to be increased owing to the fact that the Lunacy Commissioners are driving the imbeciles or the epileptic patients from the workhouse into the county asylums?—To a great extent, and because there is less disinclination on the part of the poor to send their lunatics into the asylums.

2937. So far as the poor rate is concerned, for the maintenance of the poor, it makes very little difference, does it not, whether the lunatic is maintained in the workhouse or in the asylum, because if he is maintained in the workhouse the whole charge falls on the poor rate, but if he is maintained in the county asylum, 4s. a week is given in relief of the poor rate?—That 4s. would not anything like compensate for the additional cost. The cost of the lunatic in the poor-house would, I should think, speaking without figures, not exceed 3s. 6d. a week; the present cost of maintenance in the asylum at Thorpe is 9s. 4d.

2938. Is that maintenance pure and simple, without interest on capital, expenditure, and sinking fund?—Yes. Off that 9s. 4d. the Government gives us 4s. so that the charge to the Union is 5s. 4d. in place, I should say, of about 3s. 6d., so that there is an additional cost and rather an important one.

2939. You made a suggestion that there should be one assessing authority for the whole of the county, and that that authority should take the form of either a government or a county department, I think?—Yes, one assessing officer.

2940. Do you not think there would be a difficulty in carrying it out in detail, owing to the fact that every separate occupation in every parish has to be entered in a list?—I do not think the difficulty of doing that would be any greater than what the Government Surveyor of Taxes now has to contend with; he has to enter every separate hereditament in his list.

2941. The Government Surveyor of Taxes has the poor rate books always to copy and look at?—True.

2942. And he generally takes the gross assessment, unless for some reason or other he thinks that he ought to alter it?—Yes.

2943. Practically he has the foundation of all his list ready made for him by the overseers?—Quite so. There is not much alteration in real property assessment when once you have got it on the valuation lists.

2944. Supposing in a parish you have had your annual valuation made by this county department, building goes on in the parishes from month to month, and a month after the valuation is completed in different parishes the new houses become capable of occupation, then who is going to make that supplemental list to include those houses in the valuation list?—The overseer would do it at the present time; I do not know why he should not do it in the future.

2945. What I want to point out to you without arguing against your principle, is that, as a matter of detail, some provision must be made for some one or other who is going to advise or to make the valuation list to be almost always present in every parish, so as to know what is going on?—I quite see there is a difficulty there.

2946. Otherwise a great deal of property which ought to pay rates would escape them for the best part of two years?—Not for the best part of two years.

2947. For the best part of one year, at any rate?—Yes.

2948. Why do you think that the principle of Government grants has conduced to increased expenditure by the county, except, I will admit, in the case possibly of technical instruction; let us take it in detail for a moment: take your police to begin with?—May I first of all say this, that I am not so anxious to wish it to be thought that I think the county authorities have been so extravagant on account of the Government grants? It is not the county authority; I think it is the union authority.

2949. I take the case of a union, do you mean to say that the fact of the union having all their officers now paid for out of Government grants has a tendency to increased cost of administration?—Yes I think so. I think that the unions are less careful in securing the services of their officers at as reasonable a sum as they might do knowing that it is a Government charge.

2950. It is in respect of the union officers mainly?—Yes.

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Government assessor desirable. Difficulties in connection with scheme.

Government grants conducive to extravagance by unions. Reasons for this view.

*Mr. J. S. Holmes.* 2951. In that case I think the Government grant goes to the extent of covering the whole cost?—I think so.

2952. Have you noticed that there has been any tendency to increased extravagance where the Government grant has only equalled a given proportion of the expenditure, and not covered the whole—take the case of the police?—No, unless it might be in the case of the police pensions.

2953. (*Mr. Elliott.*) I gather that the foundation of the case you have presented to the Commission is that simultaneously with a substantial increase of the expenditure there has been a considerable fall in the property and profits derived from the agricultural industry in your county?—Yes.

2954. In Table III. of the report of the Norfolk Chamber it would appear that the valuation of these typical parishes has fallen from 75,172*l.* in 1875 to 56,951*l.* in 1895?—Yes.

2955. That represents, according to a calculation I have made, a fall of 24 per cent.; would you say that 24 per cent. represents the fall in the value of agricultural property in your county?—Not the fall of agricultural land.

2956. Nor the fall of agricultural profits?—No, certainly not.

2957. The discrepancy may be attributed, I suppose, in part to the fact that buildings and not merely agricultural land are included in these figures?—Yes.

2958. Are you able to give the Commission any idea as to what the real percentage of the fall in the value of agricultural property has been in Norfolk?—I am afraid it is impossible to say because no answer that one could give would be correct except for a very limited area.

2959. Would you put it at a figure substantially higher than 24 per cent.?—Certainly.

2960. Very considerably higher?—Very considerably.

2961. Would you say as much as 50 per cent.?—I should say at the very least 50 per cent. on my own judgment.

2962. Do you think that that very considerable reduction has been at all adequately represented in the valuation of agricultural property as it appears in the valuation lists?—No.

2963. I notice that in paragraph 14 of the report of the Norfolk Chamber it is stated that in many cases the whole profit of an agricultural property is absorbed by rates and taxes?—Yes.

2964. Are you able to give us any information as to what the figure in the valuation list would be in a case like that?—I can only say that the principle adopted in the Union in which I reside is this: There we have adopted the principle that we will not in any case recognise a property as having no value at all, and we have adopted a minimum rate per acre below which we refuse to assess any property whether it has any annual value, or whether it has none.

2965. For reasons which seem good to the assessment committee you have not in fact given full effect to the consequences of agricultural depression in making your valuation list?—By no means.

2966. In regard to the practice which you have just referred to as having been adopted by your assessment committee, what is the minimum figure that has been taken?—I should rather hesitate to answer that question because I am not sure that in adopting a line of this sort, the assessment committee has adopted a line which is in accordance with the law. I should ask you to excuse me giving an answer.

2967. At any rate, what you have just told us suggests that any comparisons based upon the figures as they now appear in the valuation lists in a county like Norfolk are extremely delusive?—Are entirely fallacious.

2968. And considerably understate the case which you yourself wish to present to us?—I say the case is very much worse than as appears in these returns.

2969. It is very much worse?—Yes, very much. You asked me the question and I said that in my particular Union we adopted a minimum below which we declined to go, I may say that I know that other unions have adopted a similar line. We have done it in self-defence.

2970. Some questions have been addressed to you with reference to Table III. of your report; would you say from your local knowledge of those parishes whether

there is any reason to suppose that they are not fairly typical parishes?—As far as I know they may be taken as absolutely typical of the whole county. Those returns were made entirely voluntarily, and every single return which could be made use of has been put in. There has been absolutely no idea of selection to prove our case.

2971. I notice, for example, that the parish in which the rate in the *£* is the highest is Starston—do you know of anything exceptional in the case of Starston, which causes such a high rate in the *£*?—No, I do not. It so happens that Starston is a parish in which I myself have property, and with which I am intimately connected. I know of no circumstances which should have brought such a result about with regard to Starston.

2972. The lowest rate in the *£* is apparently the rate at Honing which is 2*s.* 3*d.*?—Yes.

2973. Do you know of anything which would make that parish exceptionally lowly-rated?—No.

2974. Then to conclude these questions I will put it to you that you have had an increased expenditure to meet, and a very considerable reduction of ability to meet that expenditure?—Yes.

2975. Would you say that that proposition could be held to apply to any other industry with which you are acquainted in anything like the same manner?—Not that I am aware of.

2976. Have you any other industries in your county which you can compare with the agricultural industry?—I think Norfolk is unique in its position of having almost a lesser amount of alternative industries than any other county in England. Its chief alternative industry is its fishing industry, and that, of course, is confined to its seaboard.

2977. Has there been any considerable depression in that particular industry?—I am not aware of the circumstances connected with the fishing trade at all.

2978. With regard to the purposes for which this local expenditure has been levied, I think you mentioned to us that the purely parochial expenditure is very small indeed?—Yes, the vast majority of the parishes in Norfolk incur no expenditure under that head at all.

2979. For what purpose is the bulk of the expenditure levied?—The union rate (including the county) includes the relief of the poor, and the main roads—which are about one-third of the whole mileage, the expenditure for dealing with the remaining two-thirds rests in the hands of the parish; and there is the school expenditure.

2980. And lunacy?—That is included in the union charge.

2981. Then the union charge comprises charges other than the maintenance of the poor?—It includes all the county charges generally.

2982. Would you say generally that the purposes for which this expenditure is required, are purposes which add to the personal convenience and comfort of the person who bears the expenditure?—Only to a certain extent.

2983. Would you say generally that they are burdens rather than benefits?—Certainly with regard to the relief of the poor it is a burden; with regard to education it is only very partially, I think, a benefit to the immediate locality.

2984. And with regard to the particular agricultural property rated?—No, I think a great deal of the property rated derives no direct benefit from the charges at all.

2985. I gather from some observations which are contained in paragraph 11 of this report, that the owners and occupiers of agricultural property in the county consider they have a grievance as against owners of other property who derive an income therefrom?—Yes.

2986. Would you give us some further reasons as to why you think you have a grievance against other owners and occupiers?—I cannot do it better than in the words that are put into the report of the Local Taxation Committee, contrasting the position of the professional man and of the farmer, both employing the same amount of capital; the professional man pays his rates and taxes upon the assessment of his house, and the farmer pays his upon the assessment of the whole farm.

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of Norfolk Chamber of Agriculture.

Expenditure increased while value of agricultural property and profits derived from agriculture decreased.

Fall in value of agricultural property not represented by value as appearing in valuation lists. Rent not always taken as the basis for valuation in Norfolk.

Expenditure increased in Norfolk, ability to pay decreased.

Expenditure purposes for which rates levied.

Rates of benefit and rates of burden.

Rates, burden of borne by different classes of the community contrasted.

Rates in Norfolk. Statistics

**Mr. J. S. Holmes.** 2987. Is that a grievance of the owners and occupiers of a particular class of rateable property as compared with the owners and occupiers of other classes of rateable property?—Yes, I think it is.

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2988. And in addition would you say not only that there is a grievance as between different classes of rateable property, but that there is a grievance on the part of the owners of rateable property as against the owners of other property?—Yes.

2989. Has your Chamber given any consideration to the question whether any grievance exists as between the owners of interests in identical properties?—I do not quite follow you there.

2990. May I put to you the case of the owner of agricultural property which is heavily mortgaged, and which may be subject to charges in favour of different persons; does the owner of that property make any complaint that he is unable to apportion these burdens as between himself and the mortgagee and the person entitled to the charge?—No, I do not think so. I think the nominal owner is the man who invariably bears the whole.

2991. Does he feel it any burden to do so?—I have no doubt that he feels the burden very severely, but I do not think he thinks there is any possibility of being relieved; I have not heard that he does.

2992. In the case of the Income Tax, Schedule A, he is entitled, is he not, to deduct a portion of the tax on payment of the mortgage interest?—I cannot answer that question.

2993. Has your Chamber at all considered the propriety of making any division of rates between the owners and the occupiers of agricultural property?—Not that I am aware of; I do not think the question has been raised in Norfolk.

2994. Have you at all considered in your Chamber the possibility of giving greater variety to the system of raising local revenues?—No, I do not think so.

2995. I gather that you think that some re-adjustment of local burdens is necessary?—Yes.

2996. Have you at all considered, or are you able to make any specific proposals to us as to what the scheme of readjustment should be?—No, we have not liked to do that. We thought it was more our province to show you how severely the burdens press upon us rather than to suggest the remedies.

2997. You are aware, of course, that during what is now a considerable period of years there has been a gradual development of what may be called the graded or classified system of local taxation?—Yes.

2998. And that that system received its latest development in the Agricultural Rating Act of 1896?—Yes.

2999. Have you considered whether any further development of that graded or classified system is possible?—No, we have not considered it as a Chamber.

3000. Have you considered it personally?—Personally, myself, I think it is very much to be desired. I think there is a certain class of property in land which, at the present time, is unable to bear any burden of rates and taxes at all.

3001. And I gather from what you previously said not deriving any such benefit from the local expenditure as would justify the payment?—Quite so. I would further say, if I may, that I think if the present system of rating is maintained, it can only result in a very large abandonment of the cultivation of certain lands in England.

3002. You are aware, of course that in addition to the gradual development of the system of grading or of classification, there has also been a gradual development of the subventions to local expenditure out of Imperial funds?—Yes.

3003. Notwithstanding the opinion which you have expressed with regard to the possible tendency to extravagance of that system, do you propose that any further development of it should take place?—I should certainly favour an extension of the system, although I may not altogether approve it, as the best system on which help can be given.

3004. You would prefer a development of the graded or classified system to a development of the system of grants from the Imperial exchequer?—I should,

certainly, because I think that is the one which would benefit us most in Norfolk.

3005. Are the observations which you have made with reference to the possible extravagance of the system of Imperial subventions your own individual opinions, or are they the opinions which you express after consultation with your colleagues?—I think it is the very generally received opinion that the principle of grants-in-aid is one which has a tendency to create extravagance in local expenditure.

3006. Even when these grants-in-aid are limited in the manner which has been put to you by Mr. Clare?—Yes.

3007. Has the increased expenditure in your district been an increased expenditure on old objects or a new expenditure on new objects?—I think, so far as the county is concerned, we have had several new obligations thrown upon us which of necessity have entailed a heavier expenditure on the county. The Local Government Act of 1888 very much extended the duties and responsibilities of county authorities, and that of necessity has entailed a considerable increase in county expenditure.

3008. But the Imperial subventions have enabled that new expenditure to be more easily met?—Yes.

3009. Has your Chamber considered the special grievance of the owners of tithe rentcharge?—No.

3010. (*Mr. Dalton.*) I think you base your opinion that Government grants tend to extravagance mainly on the expenditure of boards of guardians?—Yes.

3011. You do not think it applies so much to county councils?—No.

3012. And in the case of boards of guardians, you attribute it rather to the union officers' grant, I think?—Yes, I think so mainly.

3013. You told us that the union officers' grant provides for the whole cost of the union officers; that is not quite the case, is it? Is it not a fixed sum?—Yes.

3014. It is a fixed grant based on what the cost of union officers was in the year 1888?—Yes, I think so.

3015. If that is the case, so long as you do not increase the salary of the union officer, the whole of the cost is paid out of the Government grant; but if you increase it, any increased expenditure falls at once upon the union?—Yes.

3016. How does that conduce to extravagance? Would it not conduce to caution in expenditure?—It should do, but the guardians are inclined to regard this as a sum that is defrayed by the Government, and on that account lose sight of the fact that in reality they have to pay the excess and not the Government.

3017. You think that is the case in your county?—Yes, I think it is so.

3018. Have you remarked any increase in the salaries of the officers of the boards of guardians in your county?—No, I could not say I could point out that to you.

3019. The other item, I think, in which it was suggested that there was some extravagance on the part of boards of guardians was out-relief?—Yes.

3020. You thought that had increased since 1894?—Yes.

3021. But there has been no additional grant-in-aid of the poor rate expenditure since the year 1888?—That is so.

3022. Therefore, if there has been any increased extravagance on out-door relief it is not due to the giving of Government grants?—No, certainly not.

3023. You attribute it to the passing of the Act of 1894?—Yes.

3024. By which no Government grant was given?—That is so.

3025. Having regard to these facts, do you think there is a strong case to show that the Government grants have induced boards of guardians to be extravagant?—No, I do not know that there is. Generally, I am of opinion that the principle of Government grants tends to extravagance rather in local expenditure.

3026. It is rather a general impression than anything else?—Yes.

3027. I think the Norfolk Chamber of Agriculture, in paragraph 7 of their report, give other reasons why the cost of the relief of the poor has increased in your

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Expenditure, increase of in Norfolk partly due to new obligations.

Government grants conducive to extravagance by board of guardians with regard to the union officers grant.

Government grants not led to extravagance on out-door relief, but Local Government Act of 1894 has tended to produce such a result.

Relief of poor. Increased cost of, due to migration of best labourers.

Rates, possible re-adjustment of burden.

Grading or classification system of local taxation.

Government grants in aid of local taxation. Extension of system desirable.

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county; they state it is partly due to "the migration of the young and able-bodied to other parts of England where wages are higher, the older and less able-bodied being left behind and becoming, in course of time, a charge upon the rates"; do you agree with that?—Yes.

3028. Have you any figures that you can put in to substantiate that?—There is Mr. Shaw-Lefevre's Local Government Board Return of 1895, which amongst other things gives the population of the various counties and in paragraph 13 of the supplementary memorandum that I have handed in I have shown that in Norfolk, as a whole, there has been an increase as between 1891 and 1871, of close upon 30,000 in the population; but if you take out the increase in the boroughs it leaves a net decrease in the agricultural districts of 4,500.

3029. There is no doubt whatever that the agricultural population of Norfolk has decreased very considerably?—There is no doubt whatever that there is a very large decrease in the population that are getting their living by agriculture. It is, of course, a little difficult to say what is the agricultural population, because they drift from the villages into the small towns, and they are still classed as agricultural population, but the decrease in some villages is very remarkable indeed. In the particular union with which I am connected there has been a decrease of a thousand in each of the last two decades.

3030. The third cause of increase is the cost of lunacy?—Yes.

3031. I suppose the lunatics live considerably longer now than used to be the case?—Yes.

3032. And are better treated?—They are much better treated.

3033. You would not consider that an extravagance on the part of the guardians, would you?—It has nothing to do with the guardians at all, the guardians have no controlling voice in the matter.

3034. But it increases their cost?—Yes, but the guardians have nothing to do with regard to the administration.

3035. The fact that the increase of the guardians' expenditure, so far as lunatics are concerned, is altogether out of their control, makes the case stronger, does it not?—It is entirely out of their control.

3036. Therefore that cannot be attributed to the Government grant?—No.

3037. I think you stated, as regards the Agricultural Rating Act, that it gave the minimum help where most was required; but your Chamber of Agriculture say it is a substantial relief?—Yes, it is a substantial relief to agriculture as a whole.

3038. But not to your county?—Yes, I meant to say to the whole agriculture of Norfolk. But it chiefly goes to help the rates where the help is least needed; on the most valuable land they get the greatest measure of relief; on the land which is assessed at the least they get the least measure of relief.

3039. As I understand from your figures 45 per cent. of your whole valuation is agricultural land?—Yes.

3040. That means that you get an enormous grant under the Agricultural Rating Act for Norfolk?—Yes, a very considerable one.\*

3041. And also in Norfolk, as I understand, the poor agricultural land is put at a considerably higher value on the valuation list than is really its intrinsic value?—Yes, no doubt.

3042. That will conduce to giving the poor land a considerable grant, will it not, as the grant is given according to the latest valuation?—I am not clear about this point, but I think it is not given to the individual farm; I think it is given to the union, and whatever that particular union gets will go to the common fund of the union, and whatever charges are to be levied on the union half the rate will be levied on the land; but on that I am not quite clear.

3043. It is not half on the land and half on the other hereditaments, the land will be rated at half?—Yes, that will be so, but I thought the tenor of your question was that if the poor land had been assessed at more than it was worth now, it would get a greater reduction than that which it was entitled to in consequence of the Act of last year.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 85 (Table II.).

3044. All this agricultural land will be rated at one-half in future. I presume the valuations have not been altered and it would get half of whatever rates are raised upon the land?—Yes, whatever the assessment was in July last.

3045. I want to ask you one or two questions on Tables II. and III. of the report of the Norfolk Chamber of Agriculture. What does the "union levy" in Table II. precisely include; it includes, I understand, not only the charges of the guardians but certain other charges?—Yes.

3046. Does it include the rural sanitary authority's charges?—Yes.

3047. The school boards'?—The school attendance committees.

3048. But not school boards'?—No.

3049. Those are left out of both tables, are they?—No, School boards will be included under the head of "Schools" in the parish returns.

3050. In the parish returns are there school boards or are there not, in those 18 parishes?—I cannot say that, because we have got the returns for "Schools," not discriminating between school boards and voluntary schools.

3051. It is rather striking in the parish return that there has been no great rise in the school rate since 1875; the total is 709*l.* in 1875 and 752*l.* in 1895, after an interval of 20 years; that looks as if there were no school boards there?—There are some school boards I know returned in this, but I do not think there are many. I think the bulk of these returns are from voluntary schools.

3052. At any rate there is no high school board rate there?—Not that I am aware of.

3053. In Table III., when you come to the "union levy," that means something totally different to the "union levy" in Table II., does it not?—Yes, Table II. you will notice gives the Norfolk Union Returns and then the returns are divided into "Union" and "County." Do you wish to know what is comprised in the "Union"?

3054. In the parish return the county is included under the heading of "Union"?—Certainly; it includes all the union charges.

3055. I am not sure whether I should gather from your evidence that you thought that the Government contributions in any way went to the different counties in proportion to their rateable value; I rather thought you said something which pointed in that direction?—If so, I did not mean to convey that impression.

3056. As a matter of fact you get the local taxation licences collected in your county?—Yes.

3057. And the probate duty grant you get in proportion to your discontinued grants?—Yes.

3058. Rateable value has nothing to do with the proportion that you get in your county, except as between you and the county borough?—That is it exactly; that is where the rateable value comes in, and nowhere else.

3059. (Mr. Stuart.) You have brought forward here the returns that have just been referred to for 1875, 1885, and 1895; these do not, I suppose, include any relief from the Act of 1896?—No, none.\*

3060. Are you founding the various arguments that you have brought before us to-day upon an inclusion of the results of the Act of 1896, or are your arguments based upon figures that do not include those?—They are entirely exclusive of the 1896 Act.

3061. Then your arguments are somewhat out of date?—They are very much modified by the relief which the Government gave by the Agricultural Rating Act of last year.

3062. Let us look for a moment at what you mean by "very much modified," can you state how much they are modified?—I cannot say, of course, with regard to the county generally, but with regard to my own particular union we have already ascertained that the Government grant will relieve our local burdens to the extent of just over 2,000*l.*

3063. I will put to you your own table\* of the Norfolk Union returns; if you will look at that table

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 77 to 80 (Table I. to III.) and p. 85 (Table II.).

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Rates in Norfolk Statistics of Norfolk Chamber of Agriculture.

Government grants, how allocated in Norfolk.

Rates in Norfolk Statistics of Norfolk Chamber of Agriculture. Effect of operation of Agricultural Rates Act, 1896.

Lunatics, increased cost in maintenance of.

Agricultural Rates Act, 1896. System by which relief given open to some objection.

Agricultural Rates Act, 1896. Norfolk gets a large grant under.

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you will see that the total levies for 1895 amount to 119,673*l.* which is equal or equivalent to a rate in the £ of 23½*d.* Now let me put this to you and you can tell me if I am right; it is the quickest way I can do it. I am right, am I not, that Norfolk is roughly half agricultural land and half other things?—The non-agricultural is 1,053,382*l.*, the agricultural is 866,582*l.*

3064. Roughly, for my purposes it is half, and as, I think, you have already admitted, these unions are a fair sample of Norfolk—I do not want exact figures just now?—Yes, they certainly are.

3065. As your agricultural rates are relieved by half and as they are, roughly speaking, half of the whole—I do not want exact figures, but, roughly speaking, you are getting a relief of one quarter of that 119,673*l.* in the unions that you have given us?—That is, roughly, right.

3066. That is all I want, but if you wish to make any explanation of that, by all means do so?—In reference to that I would say this, that in my own particular union we had a levy last year of 12,000*l.*, the Government contribution in consequence of the passing of the Agricultural Rating Act of last year is now 2,000*l.*, that is not a quarter, you see, it is a sixth. Therefore, I must say that your remark that the Act of 1896 will relieve us to the extent of one-quarter is only approximately correct.

3067. It is only very roughly true?—Yes.

3068. It might be a fifth, over the county, call it a fifth, roughly, over the county; that would be for these particular areas that we are looking at, the fifth of 119,673*l.*, which, roughly speaking, would be 25,000*l.*?—Yes.

3069. Roughly speaking, am I right in saying that in these Norfolk Unions these parishes would get a relief from the Act of 1896 amounting to 25,000*l.*?—It is a little difficult to answer that question because I have no data to go upon, other than the data which I happen to have with regard to my own particular union. We have not got any return yet in Norfolk to show what will be the amount although we assume it will be somewhat near what you say.

3070. That is quite enough—it is near what I say?—Yes.

3071. If you take that 25,000*l.* off that 119,673*l.*, and make the calculation, I will ask you whether it does not reduce that 23½*d.*, roughly speaking, by a sum of 5*d.*?—I dare say it does.

3072. I have done the calculation and I think that is right; when you have reduced that 23½*d.* by 5*d.* you get 1*s.* 6½*d.*?—Yes.

3073. If you will look back to the rate raised in 1875 you will see it was greater than that?—Yes, it was.

3074. Then your position is that you complain to us of the rise in what you have to raise by rate; why do you complain of that after what I have said? May I ease your reply by asking you is it because of the relative difference—is it a relative complaint or an absolute complaint? I will put that more easily, if I can—have you considered the rates of the town?—No.

3075. Have you any reason to think that the rates in the boroughs of England generally compare favourably or unfavourably with what you have now stated to be the case in Norfolk, that is to say, if I were to take the rates of the boroughs of England in 1875, or of any borough, and compare them with the rates of the boroughs or of any borough in 1895; do you know whether there would be an increase or a diminution in the rates?—I have no accurate knowledge, but of course I believe that there has been a considerable increase in the borough rates.

3076. Do you know the rates of Norwich, for instance?—Yes, I have heard them spoken of as being the highest in England.

3077. They are nearly; you know they are not diminishing anyhow?—I believe not.

3078. If you complain of the condition which we have just got at by your answers to my questions in these Norfolk Unions, how do you meet the position of the boroughs, do you say that they have all that greater claim than you, or that their claim should be neglected?—We have not attempted in this report to draw any inference as to the relative burden of rates between the town and country, and we have no desire to raise that question at all.

3079. Now if you come to your rates, and the rates of the town, you have made no inquiry, I suppose. I gather from what you have said that you have made no inquiry as to where the rates of the town differ in character from your rates?—No, we have not.

3080. Now I want to ask you a question which is somewhat of a different kind; do you know any district of Norfolk well enough to be able to tell me whether the rateable value put down in 1895 represents, or does not represent, the rent?—I am only acquainted with the circumstances of the union in which I reside.

3081. Let us take that one?—I would say that the figure returned in 1895 does not in my belief represent the rent. I mean to say that it is in excess.

3082. What is the Union you refer to?—Depwade.

3083. What is the amount of the rateable value of land in that Union?—According to the return I have, it is, you may say, 57,000*l.*, and other than land is 70,000*l.*\*

3084. Then could you give me any idea of what you believe yourself to be the rental of land in Depwade, which is rated at 57,000*l.*?—I could not possibly give you a figure for the aggregate.

3085. Can you take any one farm in the Depwade Union, and tell me what that farm is rated at, and what it is rented at?—I could very easily procure that evidence.

3086. Do you not think it would be a valuable and important point as bearing upon this inquiry, that if you could easily do so, you should for the union that you know, get us what is the present rateable value, and what is the actual rent, either of the majority of the farms, or of some of the farms?—I daresay I might be able to get the information you require. It is a little difficult to go back to two years ago. I can get what appeared in the rate book then, but it would be a little difficult to be certain of getting the rent for that particular year.

3087. I should be quite satisfied if we got a few facts of that sort for any year, say the present year?—I will make a note of that.†

3088. Can you state for any other part of Norfolk what you know, if you do know anything, as to the actual rent paid for, and the rateable value in the rate-book of agricultural land?—No, I could not tell you of any other.

3089. (Chairman.) Following out that sort of line I will ask you a question or two. I will first ask you one or two questions, which I do not think you will have any difficulty in assenting to. You state in Table III. of the report that the average decrease in rateable value is about 24·2 per cent. over your 18 parishes?—Yes.

3090. I think I understood you in the course of your evidence, to say that the entries affecting agricultural land in your rate books would show a drop as between 1875 and 1895 of about 25 per cent.?—Yes.

3091. You also stated that in 1875 your average loss of rates was nearly 24*l.* in the £?—Yes.

3092. That in 1885 it had risen to 27*d.* in the £?—Yes.

3093. And that in 1895 it had risen to 35½*d.*?—Yes.

3094. I asked you for, and you were good enough to say you would endeavour to get them for me, the actual figures of rates paid in respect of a farm which had been continuously in the owner's hand during that time?—Yes.‡

3095. Let me take a hypothetical case; assume that in 1875 a holding of land had paid a rent of 100*l.* which appeared at its value in the rate-book, then the rates upon that farm at 24*d.* would amount to 10*l.*?—Yes.

3096. In 1885, at 27*d.* in the £, the total rate levied on that farm would arrive at 11*l.* 5*s.*?—Yes.

3097. But if in 1895 the value of the farm had fallen to 75*l.* a year—and I understand a loss of a quarter to be your hypothesis?—I said, if you remember, that that was the average loss including lands and houses, but if you ask me what my opinion is of the loss upon land alone, 24 per cent. does not represent it.

\* Pl. II. of Appendix to Vol. I. of Minutes of Evidence, p. 85 (Table II.).

† The witness subsequently stated that to get the actual rental and rateable value of the union would be impossible.

‡ Pl. II. of Appendix to Vol. I. of Minutes of Evidence, p. 85 (Table I.).

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Rateable value of land in Depwade Union of Norfolk is in excess of actual rent.

Rates paid on agricultural land in Norfolk in 1875, 1885, and 1895.

Rates in rural districts and in boroughs in Norfolk compared.

*Mr. J. S. Holmes.* 3098. Will you give me a figure; will you take 50 per cent.?—I should say 50 per cent. would be much nearer.

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3099. Then assuming it was dropped to 50l. the rates at 35½d., which is your hypothesis, would come to 7l. 7s. 11d. in 1895?—Yes.\*

3100. That is in 1875 the occupier would be paying 10l. on a rental of 100l. a year; in 1885 he would be paying 11l. 5s. upon his rental, if it remained the same, and in 1895 he would be paying 7l. 7s. 11d. in regard to a rental of 50l.?—Yes.

Value of land and buildings, proportion.

3101. Can you tell me what the probable proportion of the value of the buildings to the agricultural land is upon such a holding?—If you were to ask me that question with regard to the value of land before the depression, I could have given you an answer. I should have said that with regard to heavy land the buildings would cost not less than 10l. per acre; if the property was worth 50l. per acre, I think you might put 40l. for land and 10l. for buildings.

3102. One-fifth?—Yes.

Agricultural Rates Act, 1896. Permanency of Act desirable.

3103. If the full rate was still paid upon one-fifth of the value as appearing in the rate-book under the Act of last year, there would then, as Mr. Stuart put it to you, be a considerable advantage in favour of the amount which will be exigible from the agricultural tenant after the Agricultural Rates Act of last year comes into force?—Yes, four-fifths.

3104. I suppose it would make you materially more comfortable than you are at the present time, if you had any assurance that that relief was going to be permanent?—Yes, it would.

3105. That is your point, is it not?—Yes.

Roads, improvement of and expenditure on.

3106. In the course of your examination a reference was made to your roads, and you said, I think, that they were not capable of improvement—that, I think, was your expression?—I do not think I used that expression; I said that the roads had been greatly improved under county administration; the expense had been very greatly increased, but the improvement had been very considerable too.

How far cost of improvements should be borne by localities and how far is expenditure borne in proportion to benefits received.

3107. Would you agree with me that the improvement in the roads was of much greater relative benefit to the lady who drives in a carriage on springs than to the farmer who takes his produce to market?—Unquestionably so; it is of very little advantage, or of comparatively little advantage to us who farm the land.

3108. But you have to pay for it?—We have to pay for it; but prior to this improved condition of the roads, the roads were in a sufficiently good condition to carry our farm traffic.

3109. Do you, or do you not, think that the real property in a county should pay for a good road for the sake of a bicyclist, for example?—No, I do not.

Government grants, now far salary of union officers paid out of.

3110. Were you correct in what you say as regards the payment of the salary of union officers out of the Government grant? I understood you to put it to us that one reason for the increase of extravagance was that now the boards of guardians could get the whole of the salaries of their officers out of the Government grant?—Yes, I said so, but I think I attached rather undue importance to that fact; I do not think, in reviewing what I said about that, that I attach quite so much importance to it now as perhaps I did.

3111. I am only on the point of accuracy just now; is this or is this not the state of matters—that the Government grant is paid to the county and the union reclaims its salaries from the county authority?—Yes, it is so.

3112. Do you, or do you not, get anything more out of the Government for your district: is it or is it not the county fund that suffers rather than that an increased claim is made upon the Government?—I take it that the county is merely the conduit, the old plan was that the Government handed it to us direct, now it all goes to the county and the county hands it to the union authority, but I do not think the amount is varied.

\* The witness states that "it must not be taken for granted that because the rental value of a farm fell from 100l. to 50l. that the assessment necessarily followed suit. It is only during the current year that the Depwade Assessment Committee decided to make rent the basis of assessment."

3113. There is this, is there not, that the union can increase the salaries of its officers and make the county poorer, the county authority not having any control over your salaries?—No.

3114. Do you mean that is not so?—Yes.

3115. Would you state to me exactly how it is?—You are asking me a question I am not prepared to answer fully.

3116. If you say you do not know I will take that from you?—I do know, generally, but I could not give you the exact details.

3117. If you would rather not express an opinion, I have got the Act of Parliament, and it is not necessary to get it from you as it is in the Act?—I could not give you the exact details.

3118. (*Mr. Dalton.*) I think you said that under the Agricultural Rating Act your union would only get 2,000l. out of the 12,000l. expenditure; did not the expenditure that you are speaking of include the county rate?—Yes.\*

3119. Are you aware that the 2,000l. that you receive as guardians, does not include anything for the county rate, but that the county council themselves will receive a grant in respect of that?—In the 2,000l. I have already included the 500l. which will be handed to us by the county; we get 1,500l. direct from the Government and 500l. from the county, the two sums together making up the 2,000l.

3120. Do not the county hand you any part of the grant on the Agricultural Rating Act?—We are relieved to the extent of 500l. because the county receives that on behalf of what the union would otherwise pay the county so it comes to the same thing.

3121. Another fact which would account for your only receiving a sixth and not a fourth, is that land in your union does not represent half the rateable value of the union?—Not quite.

3122. (*Mr. Arthur O'Connor.*) With regard to the returns we have about the valuation, they are partly lands and partly buildings and the point I put to you now is whether "land" does not really cover land which is not truly agricultural land?—May I ask you what particular figure you are referring to.

3123. You gave us, some little time ago, figures with regard to land, and figures with regard to buildings?—They related to the net annual value of agricultural land in 22 unions.

3124. The figures appear to me to coincide very much with the figures for Norfolk in the Parliamentary return and I assume that you take the word "lands" in the same sense, but it occurs to me, I do not know whether I am right or not and I want to ascertain whether I am, that this word "lands" includes as distinguished from buildings, lands which are not agricultural lands but which may become building lands in a short time—I mean land in the neighbourhood of centres of population?—Under the Act of 1896 union assessment committees were required to discriminate as between what is agricultural land only and all other hereditaments and that figure which is returned here is the figure which is returned for agricultural lands only.

3125. (*Mr. Stuart.*) That figure, however, includes, as I understand, the buildings that are intimately connected with and utilized for agricultural land?—No, because that is the very thing we had to separate under the Act. We had to decide what was the value of the buildings and the houses on the land independently of the bare land.

3126. Under the Act of 1896?—Yes.

3127. What you have given us in these things that you have previously spoken about includes when you speak in the past, the farm buildings?—Certainly, because then we had no separate assessment. May I add that the supplement that I have handed in is extracted from Mr. Shaw Lefevre's report, and goes to show that the burden of rates and taxes in Norfolk is heavier than in any other county.

\* Part II. of Appendix to Vol. I. of Minutes of Evidence, p. 85 (Table II.).

† *Ibid.*, pp. 83 and 84 (pars. 11 to 13).

*Mr. J. S. Holmes.*

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Agricultural Rates Act, 1896. Amount received by Depwade Union in respect of.

Rates in Norfolk. Statistics of Norfolk Chamber of Agriculture. Explanation of "lands."



Mr. H. C. H. Calthrop.  
9 April '97

Mr. HENRY CALTHROP HOLLWAY CALTHROP called and examined.

Mr. H. C. H. Calthrop.  
9 April '97

Rates paid on some estate in Norfolk for 20 years. A home farm not a good illustration.

Government grants. Basis of distribution. Objections to.

Rates, incidence of, burden in respect of real and not personal property.

Rating in respect of personal property suggested. Difficulties of.

Agricultural Rates Act, 1896. Basis of distribution of Government grants. Objections to.

Government grants. Basis of distribution of residue between counties and county boroughs. Objections to.

3128. (Chairman.) I understand you are also a landowner in the County of Norfolk, and are President of the Norfolk Chamber of Agriculture?—Yes.

3129. Of course, we obviously shall not take you over the whole ground that Mr. Holmes has covered, but I understand from your memorandum that you are in general agreement with the views which are put forward in the prints which he has handed in?—Yes, there may be some matters of difference—mere matters of personal opinion—in which I am not in general agreement with him, but as to the facts and the main points we are in agreement.

3130. You have heard the questions put to Mr. Holmes; before I take you to the one or two points in your memorandum is there anything you would like to say in qualification of what he has said?—There is one thing in answer to a question which you put to him which I should very much like to mention. It struck me when you were asking him to get the figures of land continuously in the occupation of a landowner for 20 years, that that would probably, as a rule, be a home farm, and I am afraid home farms are not really typical altogether, that would rather vitiate that condition.

3131. We will take it from you in the best way that you can give it in order to illustrate your own contention; but it is necessary, is it not, to have, if possible, the same subject treated continuously for as long a period of time as possible?—Yes, certainly.

3132. Is there any other point?—No, I think not.

3133. You enter upon some criticisms upon the Government subventions and into the policy of them, particularly objecting to their proportion to the rateable value of the county?—Yes.

3134. And you give two reasons for that; you say first that it makes the County Rate Basis Committee unduly reluctant to recognise facts as to a fall in values; would you kindly develop that a little?—The more the county basis is put down the less the administrative county gets in the readjustment between the administrative county and the county boroughs. It is therefore obviously the interest of the County Basis Committee to strengthen its hands in its dealings with the county boroughs, of which, however, we have only two in Norfolk, to have as high a county valuation as possible.

3135. Therefore, assuming that to be so it would tend to this result, would it not, that the rate books are not a complete guide as to the amount in which the value of land has really fallen?—I think the rate book is not a complete guide; I should say it may not be very serious; but I should say it is not a complete guide, and that incompleteness is accentuated by a point which the Chamber's report\* has drawn attention to, namely, the extreme slowness of the recognition of any fall owing to the fact of the readjustment of the county rate basis being only at intervals of several years; I think it is every seven years, if I remember aright, but we have put that in our Report.

3136. Do you wish to suggest any scheme which would be fairer?—I am in this difficulty there, that I have had no official experience, and I imagine that any scheme which anyone without official experience is likely to suggest is so extremely likely to be inapplicable in some details that have not come under one's observation, that I do not think I could usefully do so. The principle is what I wanted to bring forward, that under the claim as existing by the Rating Act a poor county with a low rateable value which presumably wants most help gets least.

3137. You, I understand, in addition complain of the incidence of local expenditure falling so much upon real property?—Yes.

3138. Have you any suggestion to make upon that point?—I do not think that I could usefully suggest anything.

3139. You see, unless I can get some suggestion from those like yourself, who are making complaints, you will only carry the matter half-way for me. Our object would be, not only to localise the grievance, but to see whether anybody can suggest a scheme to which others could not equally take exception; therefore, I wish to know whether you can give me any assistance?—I should say that in principle, undoubtedly, personal

property ought to contribute to rates, and that the present scheme of subventions, I presume, aims at that but carries it out in a necessarily rough and ready and imperfect manner, and as regards the Rating Act of 1896 for five years only, at the end of which time, unless this Commission recommends legislation with the same object, we shall be plunged into our old grievance again.

3140. Have you any suggestion to make as to the method by which property, other than real property, could be got to contribute for local purposes?—I should imagine you could get at it through Schedule D; I do not mean necessarily to make Schedule D the basis of local assessment to rates, but to make it a basis for ascertaining the contributing ability of each contributor and each species of property. If the Schedule already exists for tax purposes I should imagine that we could use it for other purposes.

3141. Obviously there are large sums under that Schedule which are collected, not in the locality, but in central places?—Yes.

3142. How would you localise them?—I imagine if that were adopted it must be by the central authority collecting on that scale and devising an equitable scheme of redistribution among the localities.

3143. In what way does that differ from the system of this subvention?—It should differ from it, I think, in this way, that you would be dealing with actual figures.

3144. This is just the point. How is the Imperial authority to ascertain where all the holders of the London and North-Western Railway Stock, for example, are resident?—I am aware that that is an extreme difficulty, but at the same time the holders of the London and North-Western Railway Stock would be surely contributing much more in proportion to their holding than by any existing scheme.

3145. (Mr. Dalton.) I think you have suggested that under the existing system of Government subventions, a poor county gets less of the Government grant than a rich one?—Yes.

3146. But the grants are not distributed in any way as between counties on rateable value. Take Norfolk and Suffolk, for instance, there is no distribution in proportion to rateable value between those two counties, is there?—No. I meant with reference to the Agricultural Rating Act of last year, that a county with a high rateable value then got half the rates on its agricultural land paid; that is to say, assuming, as I suppose one may, that the grazing counties are generally more highly rented than the arable counties under present conditions, a county consisting largely of grazing land will get a very much larger subvention through having half its agricultural rates paid than a county of whose agricultural land is mainly arable.

3147. But under the Agricultural Rating Act, the grant is not distributed in any way in proportion to rateable value; you simply find what the rate was that the land paid and for half the rate on the agricultural land there is an allowance?—Yes, but does not that work out the same way.

3148. I should have said not. Supposing you have two counties in which there is exactly the same amount of rate raised on agricultural land, they will get the same grant whatever their rateable value may be, although one may have a high assessment and the other a low assessment, yet if the total amount of rates in the two counties is the same on agricultural land, they will each get precisely the same amount?—I see.

3149. I do not quite follow how you think that the system of distribution induces one county to have a high assessment and another a low one?—It was not as between county and county that I said there was an inducement to the County Rate Basis Committee to keep it up; that was as between a county and county boroughs.

3150. As between a county and the county boroughs in the county it is merely the residue of the grant that is divided in that proportion?—Yes, that is so.

3151. A comparatively small residue?—That is so.

3152. And that was done in consequence of the provision in the Act of 1888 that the county borough should get no advantage and suffer no disadvantage from going out of the county?—Yes.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 76 (par. 5).

Mr.  
H. C. H.  
Calthrop.

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3153. That merely refers to a very small proportion of the Government grants?—It does; I have not got the figures before me, but I think it means on the last readjustment a loss of 1,200*l.* to the Administrative County of Norfolk, if I remember aright.

3154. A loss?—A loss of 1,200*l.* a year to the administrative county of Norfolk.

3155. In what way would there be a loss?—In the readjustment between the Administrative County of Norfolk and the County Boroughs of Norwich and Yarmouth.

3156. Could you say that the County Boroughs of Norwich and Yarmouth gained 1,200*l.*, the amount which the county lost?—I believe that is so; I think I am correct as to the figures.\*

3157. (Mr. Stewart.) You have suggested a possible remedy handy, collecting Schedule D. and distributing it?—Yes.

3158. In order to make personalty contribute a fair share to local expenditure as I understand?—Yes.

3159. Can you carry it a step further, and say whether you have any proposal as to the form of distribution?—No, I do not think that I have.

3160. Are you aware on what basis the distribution of the central grant is at present?—I think so.

3161. What is it?—The basis of distribution of the residue?

3162. The basis of the distribution of the large amount that is now distributed from the probate duty and other sources I am referring to; the basis of that distribution between one district and another?—Between the county and the county boroughs?

3163. Or between any places. I will put it to you, that it is distributed practically upon a basis of what the sum given to them was in 1888?—Not the residue, I think the old grants.

3164. I meant the main sum?—Yes, exclusive of the residue.

3165. Is that the basis that you would continue to distribute on, or would you like to alter the basis?—I am not prepared with any objection to it. I have not gone into it.

3166. You have no idea whether it would be distributed according to rateable value, or rates, or amount of rate, or population, or any view of that kind?—I should think that the proportion of rateable value to population which is given in Mr. Shaw Lefevre's Report might have been taken.

3167. Would you apply that to counties as well as boroughs?—I do not say that I would; I should have imagined that that might *prima facie* give an equitable basis.

The witness withdrew.

Mr. T. H.  
Hubbard.

3177. (Chairman.) You are, I think, a tenant-farmer and Vice-President, at the present time, of the Norfolk Chamber of Agriculture?—I am.

3178. And one of those appointed by the Chamber along with the other two gentlemen whom we have heard, to appear before us to-day?—Yes.

3179. You concur generally, I understand, in the printed statements which have been put before us?—Yes, I do.

3180. You state to me that your farm is a farm of 357 acres in the village of North Elmham, and that the rates of this farm for the agricultural year ending October 11, 1886, amounted to 3*l.*, leaving out shillings and pence, and for the year ending October 11, 1896, to 45*l.* 12*s.*, an increase, as you properly put it, of 24 per cent.?—Yes.

3181. In the first instance, can you tell us, in consequence of what expenditure these rates have increased?—It was due to an increase on the relief of the poor, and the increase in the cost of the highways.

3182. Anything else?—No, I think that about meets it.

3183. Have you any objection, you will tell me at once if you have, to telling us what the rent of the farm in 1886 was as compared with the rent in 1896?—

\* The witness subsequently stated that the exact amount was 1,040*l.*

3168. But you have not gone into it?—No, I have not gone into it.

3169. Only one other question, and it is a different one—taking the table of the Norfolk Union Returns\* that has been presented to us by the previous witness, which you practically accept also?—Yes, entirely.

3170. You see there is a total sum levied in 1875 from the various unions amounting to 123,268*l.*, and there is a total sum levied in 1895 amounting to 119,673*l.*, which we have seen has been considerably diminished by the particular Act of 1896, do you know what was the actual total expenditure in those unions in those two years?—No, I am afraid I do not further than what is shown in those tables.

3171. All that is given in these is the residue that falls upon the rates, but there is a large quantity that has been borne by other means, by the Government grant in various ways?—That, I think, is set out in the first pages of Mr. Sanicroft Holmes' memorandum.

3172. I was wanting to fix our minds upon these separate unions; we have not got the figures here for those unions of what was the total expenditure, although we have got what is the total sum that comes on the rates. Do you think you could give us the total expenditure if we wanted it?—I am afraid I could not; I could get it for my own union if the Commission thought it was useful.

3173. You complain, rightly or wrongly, of the present condition of things. When you make that complaint does that mean that your arguments apply, the Act of 1896 being supposed to exist, or that it is only the fear of the removal of that Act which causes your arguments to have force?—I think that the complaint is very greatly modified by the Act of 1896. Supposing the Act of 1896 were made permanent, it would go a very long way towards the removal of the hardship.

3174. If the Act of 1896 were permanent would you be appearing before this Commission?—I should still think that the relief given might go upon principles rather different from those of the Act of 1896.

3175. That would be the question really, then that you would raise, only some alteration in the method of distribution, not in the total amount of distribution?—That would be the question on which I should be more inclined to insist.

3176. (Chairman.) Is there anything occurs to you that you would like to add?—I should like to emphasise the point you have already put so pointedly about the classes which benefit from the increased expenditure, not being those on whom the cost is put. What you said about the carriage on springs, in the case of the highways, exactly illustrates the point on which I should have liked to have insisted a little further, but I do not think it necessary as you have already done it.

Mr.  
H. C. H.  
Calthrop.

9 April '97

Rates in  
Norfolk.  
Statistics  
of the  
Norfolk  
Chamber  
of Agri-  
culture.

Agricultural  
Rates  
Act, 1896.  
Relief  
obtained  
under.

Agricultural  
Rates  
Act, 1896.

Basis of  
distribu-  
tion of  
Govern-  
ment  
grants.  
Objections  
to.

Local ex-  
penditure  
borne by  
locality,  
how far  
enjoyed by  
the general  
public and  
how far is  
expendi-  
ture borne  
in propor-  
tion to  
benefits  
received.

Mr. T. H.  
Hubbard.

The rent of the farm at present is 1*l.* an acre, and I get 10 per cent. off after having deducted the tithe. I really cannot say what it was 10 years ago, but it has decreased.

3184. To enable us to judge of these figures and the relative burden, one wants to know in respect of what it was paid; it is not so much per acre as the gross rent that one wants?—I am afraid I cannot tell you what it was 10 years ago.

3185. I suppose you would be paying 45*l.* last year in respect of a much reduced rent?—Yes.

3186. Do you know what the rate per £ upon your farm was in the two years respectively?—I do not think the rate per £ has much to do with it, I think it is the actual money I pay.

3187. But we want the facts for our own information, if we can get them; you cannot tell me that?—I do not think I can tell you the difference in the assessment between 10 years ago and now, but I might urnish it.

3188. You will not, of course, know as yet, what out of your rental will be allowed you for land and buildings respectively?—I think the advantage I shall get will be about 18*l.* a year.

Agricultural  
Rates  
Act, 1896  
Relief  
obtained  
under.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 79.

Farm in  
Norfolk.  
Increase of  
rates in  
1896 com-  
pared with  
1886.  
Causes of  
increase.

Farm in  
Norfolk,  
rent of.

Mr. T. H. Hubbard.  
9 April '97

Mr. T. H. Hubbard.  
9 April '97

Rates, increase of, in Norfolk. Increase in respect of outdoor relief. Reasons for.

Valuation. Actual rent the best test. Advisable to take Schedule A. as basis.

Rates in respect of land. Land unduly burdened.

Valuation. Basis for county rate and union.

Rates, increase of, in Norfolk. Increase in expenditure on outdoor relief.

Agricultural Rates Act, 1896, relief obtained under.

3189. Out of what?—Out of the 45l. 12s.  
 3190. You will get a relief under the Act of last year of 18l. out of 45l.?—Yes, about that.  
 3191. So that to put it in another way you will now be paying for the five years which are immediately before us, 27l. a year instead of 36l., as in 1886?—Yes, but I am afraid that the expenses will increase considerably before the five years are over.  
 3192. Do not think for a moment that I want to enter into a controversy with you; I only want in the first instance, to get the facts. For the year 1897 the pounds, shillings, and pence which you will have to hand over to the rate collector will be about 27l., as compared with 36l. in 1886?—Yes.  
 3193. I suppose it would go some distance towards relieving your grievance if that condition of affairs were permanent?—To a certain extent—to the extent of the redress it would, but it would be inadequate I am afraid.  
 3194. You say that poor relief is one of the items on which the increased charge has occurred?—Yes, I do.  
 3195. Can you give me any reason for that, why is it so?—It is so, because the guardians, as at present elected, having very little interest in the expenditure, are more liberal, or extravagant, I might say, in granting out-door relief particularly, than was the case under the old system.  
 3196. Is that causing any discontent among those who put the guardians in their places?—No, those who put the guardians in their places are those who pay nothing; they are not ratepayers, and are only too anxious to appoint those people who will give them great relief.  
 3197. Is it made a question at the election whether a man is to give more or less indoor or outdoor relief?—No, it is an assumed thing that in many cases the electorate who pay nothing, elect those men, some of them almost of their own class, or rather above, who they know will, in fact must, do it to secure their seats.  
 3198. You are in favour, as I understand it, of taking the actual facts of what property actually lets for, as far as you can, as the basis for making up the assessment roll?—It is the system we adopt in the Union of which I am Chairman and it works very well. I think I said in my memorandum that the union assessment was nearly in accordance with the income tax assessment. The income tax assessment is rather more and that arises from the fact that I think people appeal continuously against their union assessment and do not against Schedule A. Some years ago, before there were so many appeals, it was nearly the same owing to the principle of taking Schedule A. as the basis.  
 3199. Would you like to see the assessment roll made up at regularly stated intervals of every year, or every three years, or every five years?—I think if the system were universally adopted of taking Schedule A. as the basis, it would work well; I do not know that it wants to be made up every year.  
 3200. Is there any other point which you would like to bring specially before the Commission?—I wish to draw attention to the last paragraph of my memorandum, where I say that I must protest against the unfair way in which land bears its burden in proportion to other property. I draw attention to a farm in my district of under 400 acres which pays 50l. in rates, and a large house and grounds occupied by the owner, with coachman, footman, gardener, and every indication of a large income pays only 8l. 10s. towards the local rates. I think it is a thing in which the rates bear very hard on the tenant farmer.  
 3201. Is that not remediable to some extent by the assessment committee?—I do not think it is. The farm is assessed on its rent and the house in which the owner lives is assessed on its rent. A farmer who farms under 400 acres and practically gets no income from his farm—I know the place very well, and he practically gets no income for it—pays 50l. in rates and the private owner of the house who, as I assume, must have a large income, pays 8l. 10s. I think that is most unjust and very hard on the tenant-farmer.  
 3202. You bring in there the question of rating upon income, is that the question you mean to raise?—I think in very olden times people contributed to the rates according to their means  
 3203. Granted; I do not want to argue, and I certainly do not want to lead you; I want to try and get

you to suggest to me some scheme, if you feel inclined to, by which it can be redressed?—That is hardly my position; I draw your attention to the plain fact.  
 3204. You feel the grievance?—I do.  
 3205. But you are not prepared at present with a remedy?—I do not think it is my duty.  
 3206. Apart from duty, you would help us if you could, I am sure?—Yes, I would if I could.  
 3207. Having thought over it—and you are Chairman, I understand, of the Union?—Yes.  
 3208. You do not see your way out of the difficulty?—No, I do not; only by some very great change in the law, which I am not able to specify.  
 3209. (Viscount Emlyn.) You said, in your evidence, the union assessment and the County Rate Basis are very much alike in your Union?—Yes. Some few years ago I compared figures, they were very much alike, but now there is some difference which arises in this way. I think we are continually having appeals from farmers on their assessment, but they do not take the trouble to get their income-tax Schedule A. reduced in the same proportion. That is the reason why at the present moment we are not so equal as we might be, perhaps.  
 3210. Is it a custom of the County Rate Basis Committee to accept pretty well the union assessment?—By no means; it is made on Schedule A., and we adopt Schedule A. in our union, too.  
 3211. You do adopt Schedule A.?—Yes, we do as a basis; in fact, almost invariably we have adopted it.  
 3212. (Mr. Stuart.) I think you complained of one of the causes of the rise in rates as being the increase of out-door relief in Norfolk?—No doubt it is a very great cause of the increase in the rates.  
 3213. Since when has that increase been taking place?—I should say since the Act, some three or four years ago, allowing the non-property qualification for guardians.  
 3214. Since the Act of 1894?—Yes.  
 3215. Do you mean to say that the increase since 1875, roughly, which is the date we have been comparing with, of out-door relief in Norfolk has taken place, as a matter of fact, really since 1895?—In my own Union, I think, to a great extent it has done so; of course, there has been a tendency to increase all the way through, but it is shown more fully now.  
 3216. Your position practically is that since 1895, or rather since the operation of the Act of 1894, the increase in the out-door relief of Norfolk has taken place?—Yes.  
 3217. You said your rates, on your farm of 357 acres, were, in 1886, 36l.?—Yes.  
 3218. But under the Agricultural Rating Act of last year they are reduced to 27l.?—Yes.  
 3219. And you would wish them still further reduced?—I should very much.  
 3220. Suppose they were swept away altogether, that would add to your present income available for other purposes 27l.?—It would.  
 3221. Would that place you in the position you were in in 1875?—Oh, dear no, not nearly.  
 3222. Is there no other means of getting back to your old position except that margin of 27l., which seems such a small margin to deal with?—I quite agree.  
 3223. What other method has ever occurred to you?—A certain amount of protection I should say, or some other means of increasing the value of English farm produce.  
 3224. The point we have to deal with is the relief that can be got through rates, and on a farm of 357 acres, paying 1l. an acre, and therefore with natural profits arising from it, 27l. seems such a small margin to deal with?—I quite agree with you that it is.  
 3225. I wanted to know if you felt that, and I think you do?—If you swept away the whole thing it would not be much.  
 3226. You have not much to go on to do any good with, out of the rates?—No, but if you take the agricultural land of the county you see it amounts to a large sum, it is 24 per cent.  
 3227. Still when I bring it back to your own farm, which is the proper way of looking at it, you find that

Mr. T. H. Hubbard.

9 April '97

Rates paid in respect of land. Land unduly burdened.

Profits from farming greatly decreased in Norfolk.

Wages in agriculture have remained stationary in Mitford and Launditch Union of Norfolk.

Rates paid in respect of land. Relief in respect of.

Government grants, how far conducive to extravagance. Lunatics grant, and Union officers' grant.

all the relief you can get in rates, supposing they were paid altogether by other people, is a very small matter?—Yes; in a small farm it would necessarily be a small matter.

3228. I took your farm entirely, because I took the 27*l.*, and that brings it to bear on your farm?—I consider mine a small farm.

3229. (Mr. Smith.) I just want to ask you one question about the contrast which you drew between the farm of under 400 acres, which paid 50*l.* a year, and the occupier of a house who paid 8*l.* 10*s.*, can you tell me what the owner in question was rated at?—I cannot tell you the actual sum; it would be about 3*s.* 2*d.* in the *£*.

3230. What is the valuation of his house?—About 60*l.*, I think.

3231. How much land has he?—An acre.

3232. You have got this gentleman with a 60*l.* house on one acre of land; would it be better or worse for your parish if you had a dozen of them?—I am sure it would be better if the present burden of local taxation is to continue on land; otherwise, not so.

3233. (Mr. Elliott.) You stated in reply to the Chairman that your rates had fallen from 36*l.* in 1886 to 27*l.* in 1896, after the Agricultural Rating Act came into force; that represents, as you will see, a reduction of 25 per cent.; can you say whether the reduced value of the produce of your farm has amounted to so much as 25 per cent.?—When you use the word "produce," what does that mean?

3234. I mean to say all that you sell off the farm?—Of course, on a farm in Norfolk, half the produce of the farm is consumed in grazing cattle and sheep, and the profit or loss is on those as well as on corn.

3235. Eventually the produce is sold off in one shape or another?—Yes, it is. The decrease in the value of the produce of the farm is far more than 24 per cent.

3236. Take, for instance, the case of wheat, the decrease would be very much more than 25 per cent.?—Yes, it would; in fact, the whole thing through, the whole subject of farming has become very depressed indeed.

3237. Twenty-five per cent. does not represent the measure of that depression?—I am sure it does not. I may say that I keep very accurate accounts, and it does not represent the depression in my own farm, where I have lived all my life.

3238. One question with regard to the extension of out-door relief, has that extension had any effect upon the rate of wages in your union?—No, it more applies to older people. We do not have very much able-bodied relief.

3239. Have wages in your Union increased or decreased simultaneously with this increase in the expenditure on out-door relief?—They remain practically the same; they have increased a small amount with the decreasing of wheat, but they have remained practically the same all the time.

3240. The farmers have not gained by a reduction in wages what they have lost in the way of rates?—No.

3241. With regard to the comparison you have drawn between a farmer and the occupier of a private house, the 50*l.* to which you referred as being paid in rates by the farmer would be substantially reduced would it not, by the Agricultural Rating Act?—It would be reduced down to about 30*l.*

3242. Therefore, by the operation of that Act that inequality has been reduced?—As between 30*l.* and 8*l.* 10*s.*

3243. Supposing additional taxes are put on the private occupier, which are eventually paid in relief of local rates that would also, would it not, tend to diminish the inequality?—Yes.

3244. Therefore, you would prefer, would you not, any variation under those two heads which would reduce the inequality?—I would.

3245. (Mr. Dalton.) I think you said that the money given in Government subventions is not always so carefully expended as it might be?—No, I think it is not.

3246. The two main subventions given to boards of guardians are the lunatic grant and the union officers' grant, I believe?—Yes.

3247. The lunatic grant is 4*s.* per week for each lunatic in the asylum?—Yes.

3248. You have no alternative but to spend that money on lunatics in asylums?—That is so.

3249. In what way is that grant not so carefully expended as it might be?—Certain cases arise from time to time of people who are able to contribute more than the 5*s.* 2*d.*, which, I think it is, we have to pay; but the guardians say: "If you pay 5*s.* 2*d.* the other "comes out of the Government, and we will not "trouble you about that at all."

3250. Are there a great number of such cases in your Union?—Not a great many, but it is a thing that comes before me on occasion. It is an impression in my mind that there is that distinction made. You discuss a subject and there is a general feeling in the Board that the money is not to be expended, but the clerk suggests that it is to be paid by the Government and then they are all in favour of spending it at once.

3251. That would not account for much of the grant; you would not find the greater part of it goes in that direction, I suppose?—No, not the great majority.

3252. Then, coming to the other grant, the union officers' grant, that I think is a fixed sum?—Yes, it is a fixed sum.

3253. It does not increase when the salaries increase?—No.

3254. It goes practically in the salaries of the officers as they stood in 1888?—Yes, it does.

3255. How is that not so carefully expended as it might be?—It is altogether rather a small matter, but there is a general tendency to spend the money. I, from time to time, hear the suggestion made: "It "comes from the Government; we will not oppose it "for a moment"; but they would oppose it if it came out of the ratepayers' pocket directly.

3256. If you pay anything now in salaries higher than was paid in 1888 that falls not upon the Government but upon the rates?—Quite right, it does.

3257. Do you think, therefore, that that grant tends in any way to encourage extravagance?—Only in the way in which I have said it does, that there is that general feeling that money given by Government is not so carefully spent as that which is given from the rates.

3258. Supposing a clerk comes for an increase of his salary you cannot say that the increase is paid by the Government?—No, it is not.

3259. It would not materially affect the expenditure on union officers?—Not materially.

3260. On the other hand, the Government grant gives very material relief both on that and on the lunacy expenditure?—Yes.

3261. (Chairman.) Is your Union mentioned in Table II. of the Report of the Local Taxation Committee of the Norfolk Chamber?—Yes, my Union is Mitford and Launditch, the 12th on the list.\*

3262. That is the Union in which you say the out-relief has increased 1,533*l.* on what it was 10 years ago?—Yes.

3263. I see that the total expenditure of the union is lower than it was in 1875; why is that, do you know?—It is higher than it was in 1875.

3264. I think not, but I am quite willing to take a correction if I am wrong; according to this table, it is higher than it was in 1885, but not higher than it was in 1875; I rather want to get from you, if you can explain it to me, what the great fluctuations are in that case?—I really am not in a position to answer it.

3265. You know about this table, of course?—Yes.

3266. One of the columns is headed "Union"; that, I think Mr. Holmes told us, was the expenditure in pounds from the Union?—Yes.

3267. What does that column include besides poor relief?—I am not aware that it includes anything, but I am not quite able to answer that.

3268. I observe that in nine out of the 14 unions the expenditure is lower just now than it was in 1875. I will read the names of the unions, and then if you like to make any explanation, I should be glad that you should do so. Perhaps you would be kind enough to explain to me why the figures under the head "Union" are in the following cases lower in 1895 than in 1875. I should like to have the reason for it; the unions to which I refer are Aylsham, Depwade, Downham, Erpingham, Forehoe, Freebridge,

\* Pl. II. of Appendix to Vol. I. of Minutes of Evidence, p. 70.

Mr. T. H. Hubbard.

9 April '97

Rates in Norfolk. Statistics of Norfolk Chamber of Agriculture.

*Mr. T. H. Hubbard.*  
9 April '97  
Guilford, Mitford, and Swaffham. It is quite possible that the suggestion may be, as is made to me by Mr. Stuart, that in the one case the Government grants are not taken into account, but they are in the other?—I will endeavour to give you the information.\*

3269. (*Mr. Stuart.*) I would like very much, at the same time, to know what was the expenditure on out-door relief in the years 1875, 1885, 1895, and 1897.† I should like to verify your statement that the increase

\* The witness states that he is unable to supply the information.  
† The witness has forwarded the following figures:—In 1885 the expenditure on out-door relief in the Mitford and Launditch Union of Norfolk was 5,265*l.*, in 1895 it was 5,955*l.*, and in 1897 it was 7,841*l.* He states that he is unable to supply the figure for 1875.

The witness withdrew.

Adjourned till Thursday, May 6.

## TENTH DAY.

Thursday, 6th May 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

THE VISCOUNT EMLYN.  
THE RIGHT HON. J. B. BALFOUR, Q.C., M.P.  
SIR E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
C. A. CRIPPS, Esq., Q.C., M.P.

T. H. ELLIOTT, Esq.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
J. L. WHARTON, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

MR. JOHN GEORGE BARTON called and examined.

3273. (*Chairman.*) You are, I understand, Commissioner of Valuation and Boundary Surveyor for Ireland?—Yes.

3274. You have been good enough, at the request of the Commission, to prepare this memorandum as to the statutory provisions in force in Ireland, relating to the general principles and machinery of valuation for rating purposes and the carrying out of the same\*?—That is so.

3275. The statement embodies your views as to the statutory provisions in force in Ireland relating to the general principles and the machinery of valuation for rating purposes, and it describes in your own words the method in which those provisions are carried out?—That is so.

3276. You open, I think, with the list of the statutes which provide for the valuation of hereditaments in Ireland?—Yes. The second paragraph gives a list of the statutes under which the first Government valuation was made. There were practically three Government valuations in Ireland. The first Government valuation, which began in 1830, was a valuation of townlands—the townland being made the unit of value. It was solely used and intended to be used for the collection of county cess. Before it was completed in 1846, Lord Clarendon who was then the Lord Lieutenant of Ireland considered that it would be necessary to have a valuation in tenements owing to the fact that in 1840 the Poor Law Act had been passed. Previous to this the valuation for Poor Law purposes was made by local applotters engaged by each of the boards of guardians for that purpose. This was found so very unsatisfactory, that in 1846 a second valuation was begun under the Act of 9 & 10 Vict. c. 110.

3277. You need not go into all those details, because they are given in your memorandum which will appear in our Appendix. You tell us that houses are valued, that mills and factories are valued, but that water-power is valued only so far as it is actually used. Are no other hereditaments subject to valuation?—The

is due to the Act of 1894?—I have the figures for 1885 and 1895 for my own union with me.

3270. Could you tell me what was the expenditure on out-door relief in your Union in the years 1885 and 1895 respectively?—In the half-year ending March 1895 the out-door relief was 3,188*l.*, and in the half-year ending March 1885 it was 2,517*l.*

3271. What was it in March 1894?—In the half-year ending March 1894 it was 3,034*l.* 12*s.*, and in the half-year ending March 1896 it was 3,554*l.*

3272. (*Chairman.*) Is there any other point you would like to add?—No, I do not think there is.

hereditaments subject to valuation are set out in paragraph 8. They are: "All lands, buildings, and open mines; all commons and rights of common, and all other profits to be had or received or taken out of any land." Land or buildings used exclusively for public, scientific, or charitable purposes, are exempted, but tramways, railways, and fisheries are rated.

3278. The next valuation, I think I understood you to say, was in 1840, but we may for our purposes disregard that, may we not, because it is not now in force?—No, it is not in force now.

3279. The valuation which succeeded the first one which you mentioned to us, and which is now the basis of valuation in Ireland is what we know as Griffith's Valuation, is it not?—Yes.

3280. I wish, as to Griffith's valuation, that you would describe to us as fully as you can the principles of that valuation so far as they apply to land, and tell us how they were carried out, and by what machinery, because while I know you have stated it to us in paragraph 7 of your Memorandum in general terms it is not very easy for us to understand how it was really applied?—I should just mention before stating it, that the first valuation is also Griffith's valuation, and that it was used in making the third valuation beginning in 1852.

3281. Perhaps you would now answer the question which I put to you as to how the principles of valuation which you state in your paper were really applied, because they seem to me complicated and very difficult to understand?—The work was carried out by Sir Richard Griffith, who was a very well-known valuer and geologist in Ireland, and under him there was a very large staff of surveyors and valuers appointed; the general instructions given to them were that the value of the land, separately from that of the buildings was to be ascertained, but that it was to be borne in mind that the total valuation of the land and buildings, exclusive of taxes, would not exceed the fair letting value to a solvent tenant. The nature of the soil, subsoil, and underlying rock were considered.

*Mr. T. H. Hubbard.*  
9 April '97

*Mr. J. G. Barton.*  
6 May '97

Valuation, Griffith's. Principles upon which the valuation was made and how applied.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 277 to 281.

Mr. J. G.  
Barton.

6 May '97

Fair letting value is the value to the tenant, excluding profits, but including interest on value of tenant right.

3282. I want to get a distinct definition of that term "fair letting value," because I think Mr. Robinson told us, at least I understood him so, that the valuation in Ireland included tenant's profits?—The fair letting value to a tenant is the definition of Griffith's valuation.

3283. Then the tenant's profit would be excluded altogether?—Yes, certainly; possibly what is now called tenant right would be included, but that is quite a different thing from tenant's profits.

3284. Where do you draw the distinction between tenant right and the tenants' profit?—The tenant right is very difficult to explain, but I take it that it really is the fine that a man pays on going into a holding to the man who is leaving that holding. It includes interest, or is supposed to include interest, on what money that man who is leaving the holding or his predecessors has or have spent in improvements on the holding. You must remember that generally in Ireland all improvements are done by the tenant, not by the landlord, and the occupier on leaving has a right to sell his interest in the holding to the tenant coming in, and be over and above the interest on this expects to make profits on the farm sufficient to live on. These profits are quite a different thing from the fine that he pays on going in, which represents the value of the tenant right.

3285. I will put it in another way; ultimately when we come to consider the relative burdens borne by those who are working under one system and under another we shall have to compare the burdens which are borne by those who pay local rates in Ireland with the burdens which are borne by those who pay them on this side of the channel. Roughly speaking, here we have only to consider what a solvent tenant will pay—the lettable value—and the tenant's profit. I think from what you have just said, and from our knowledge, that in Ireland there is a third matter to be taken into consideration, which we have just now described as tenant right; would you or would you not assent to what I am now suggesting, that the tenant right is something over and above, and an interest different from those which I have described as existing on this side of the channel?—I think not. I consider the tenant right as part of the letting value of the holding, but that part of it does not pass into what is called the landlord's hands.

3286. I can follow it up from that at once; does it appear in the valuation?—It does.

3287. How?—May I give you the illustration of house property, which will perhaps explain it? There are two houses alongside each other, both will let for 100*l.* a year; one man pays a fine and reduces his rent to 50*l.* a year; but these two houses would still be valued by me at 100*l.*, although the rent paid in the one case is only 50*l.*, and in the other case is 100*l.*, because I should take the interest of the fine that he paid and add it to the rent to arrive at the fair letting value.

3288. That brings it to this, that the rent which is paid in Ireland is not comparable with the rent payable in England, we will say, so far as valuation for local rating purposes is concerned?—That is so. The rent that is actually paid in Ireland to the landlord—I would like you to add those words, to the landlord—is not, but the rent that is paid in Ireland by the tenant, is.

3289. How do you arrive at what you describe as the rent which is paid by the tenant?—I take it that the interest on the money which the tenant has paid going into that holding, added to the sum that he pays his landlord is the rent that he has paid.

3290. Is that now, as a matter of fact, included in the valuation for local purposes?—I take it that it is.

3291. By what machinery?—You must remember that land has not been revalued since Griffith's time, and therefore, I am only comparing it now with the rent. But if I was to value in Ireland again, as I very likely will do within the next few years, I propose to put it before the Government that I should take the interest on what the tenant has paid in addition to the sum he pays the landlord, in arriving at the valuation.

3292. Would you agree with me that unless that is done no fair comparison could be made between the facts in Ireland and the facts in this country?—That is so.

3293. Perhaps you would explain to me how the principles set out in paragraph 7 of your memorandum

were applied?—The valuers in making Griffith's valuation had not to deal with this question of tenant right except so far as Ulster was concerned. In Ulster tenant right has existed by custom for a great number of years, but the tenant right in the rest of Ireland did not exist till after the passing of the Act of 1870. The principle the valuers went on was that they calculated the value of the produce that each farm would produce and the cost of that production. That was divided into two shares, the landlord's and the tenant's. The landlord's share would be the rent, and on that the valuation would be based.

3294. In paragraph 7 of your memorandum you give a list of eight articles which were the units, so to speak, which Sir Richard Griffith took?—Yes.

3295. In the case of a farm which, perhaps, only produced two, three, or four of those articles, what was done?—Those two, three, or four were taken as a basis. It was considered necessary to have that list because prices are constantly changing, and if you were to take merely the prices which were in a particular market at the time the valuation was made, you would perhaps have one farm valued this year at prices 20 per cent. higher than a farm that was valued in the same rating area the year following; so that in order to have uniformity, a certain scale of prices was arranged on which the calculations as to the value of the holding were made as to the amount of the produce, and the value of that produce in each holding.

3296. But then to arrive at a fair result, would it not be necessary to consider not only what articles were produced upon the farm but the proportion of each of those articles which the farm would produce?—Yes.

3297. How was that done?—That was left to the skill of the valuers. They were men of large experience, and were trained by Sir Richard Griffith; I think they were for nearly a year being trained on different kinds of land. He put them on different farms and made them value those farms, and he did not allow a valuer to start working in the country till his valuation corresponded within, I think it was, a shilling per acre with the valuations that the more experienced men had made. He trained them in that way till these men thoroughly understood how a farm would best be worked taking into account different local circumstances, such as, for instance, proximity to market, altitude, aspect, the facilities for getting seaweed was also taken into account, and formed a very important element in the valuation in Ireland.

3298. The individual circumstances of every individual holding as it existed at the day were taken into account by those gentlemen?—Presumably, yes.

3299. As a matter of practice, was the valuation made by one gentleman checked by others acting independently?—Yes. What was done was, that two valuers went over each farm, and in addition there were a certain number of senior valuers, men of great experience, who were employed solely in checking. Across a certain area of a county a belt of three miles wide was taken; the senior valuer valued that belt, and if the valuation of each of the lots in that belt did not correspond with what the valuers had made it, the whole district was valued again. I have got all the particulars of the old valuation, and it is wonderful with what care it was worked out. The description of the soil and subsoil, the altitudes, and the amount of allowances for each of those different matters was worked out in each particular case.

3300. Since that time it is of course obvious that the relative value of these various products has changed very much amongst themselves owing to the changes which lapse of time and other circumstances have brought about?—Yes.

3301. And therefore, taking a farm which in those days produced a larger proportion of one article or another, if the article which it produced in a large proportion has gone up or down in price, that would of course vitiate the valuation which was then made?—That is so. I should, however, mention this, that comparing the present prices with the prices given in the Act, it will be seen that the present prices are slightly, but not very much above, those given in the Act. Between the time when the valuation was made and the present day there has been an enormous increase in value, and there has been a fall in the last few years. I will just mention one or two of the articles. Wheat, you will see, was 7*s.* 6*d.* in the Act, in 1894 it was 6*s.* 5*d.*

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Valuation in Ireland. Principles adopted by the valuers in respect of Ulster tenant right.

Valuation in Ireland based on prices of certain articles of agricultural produce. Method of applying this principle.

Valuation in Ireland. Procedure adopted in valuation by valuers generally.

Valuation of land in Ireland based on rent paid by tenant and the sum paid for tenant right, is comparable with valuation based on rent paid to landlord in England.

Prices of agricultural produce in 1894 slightly higher than at time of Griffith's valuation.

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oats, which is very largely grown in Ireland, was 4s. 10d. in that Act, and in 1894 it was 5s. 10d.; barley was 5s. 6d. in the Act, and in 1894 it was 7s. 3d. The prices therefore are slightly higher. Flax has fallen very largely. Flax was only 50s. in 1894, but that was a particularly bad year; and in 1893 it was 95s. It is a very variable crop.

3302. But it has risen above what it was in the Act?—In 1893 it was raised, but in 1894 it had again fallen. In 1893 it was 95s. and in 1894 only 50s. as compared with the price given in the Act, namely 49s.

3303. Do you care to go through the other articles?—If you would like me to go through them I could give the figures. Butter was 65s. 4d. and in 1894 it was 84s.; beef was 35s. 6d. and in 1894 it was 43s.; mutton was 41s. and in 1894 it was 57s.; and pork, which was 32s. in the Act, in 1894 was 35s.

3304. Taking mutton, you would not, I suppose, depend upon the price of mutton alone in a farm which carried many sheep, because you would have to take the price of wool into account too, would you not?—I do not think mutton, except in some one or two counties, in Ireland is a very important factor.

3305. Supposing you were to have to re-value Ireland for local purposes again, would you propose to go through it on the same principles?—No, on quite different principles. I should value it now in the same way that land is valued in England.

3306. Perhaps you would describe to me how you would suggest that should be done?—Since Griffith's valuation was made the Land Commission has been created, and under the Land Acts 1881 and 1895, they have fixed the rents of two-thirds of the holdings in Ireland. I take it that what they have done must form an element in any future valuation. You cannot have one Government Department acting adversely to what has been done by another. To that rent fixed by the Land Commission I would add interest on the tenant's interest.

3307. "Interest on the tenant's interest"; kindly make that clear to me?—The tenant's interest in Ireland now sells at from 10 to 20 and up to 40 years' purchase of the rent. I am able to get what the average sale is in most districts. Of course there are some cases where they sell up to 40 and 50 years, but they are exceptional cases; there are generally some exceptional circumstances, such as a small field or two lying alongside another man's farm, and he is prepared to pay twice the value for it. But those are exceptional circumstances which one would eliminate. When you get the general tenant right value in each district I would add interest on that to the rent that the Government have fixed the tenant shall pay to his landlord, and I would arrive then at what I call the letting value to a tenant.

3308. Could you work it out on any one supposed case of figures; what interest would you add?—I would propose to add 4 or 5 per cent.

3309. You would simply take the amount paid for tenant right and add interest at the rate of 5 per cent.?—Something like 4 to 5 per cent. As the security is not particularly good, and it varies a good deal, I think 4 to 5 per cent. would be about the right thing to add.

3310. You think that those two things taken together would represent something corresponding to the fair letting value upon this side of the channel?—Yes.

3311. I think it was the fact, was it not, that after this valuation of Sir Richard Griffith he expressed the opinion that it was to some extent below what would be described as the existing rack rent of the day?—Certainly, it was very much below it.

3312. Was it 25 per cent. below it?—I think I said in my evidence before the Financial Relations Commission that it was from 15 to 20 per cent. below it, as far as I could judge. I got a great number of cases of the old rents and compared them with the valuation, and I should say it was about from 15 to 20 per cent. below.

3313. Would it vary, do you think, between one district and another owing to the unfortunate circumstances of the time in some cases?—Yes; when the valuation commenced in 1852 Ireland was in a very distressed condition. It was just after the famine years, and the result was that the valuations made in the first few years were very low indeed; in some cases they were fully 50 per cent. below the rents. The valuers commenced in the south and they worked up north; as they got further north prices were improving, the

country was getting more prosperous, and when [they finished in Armagh in 1865 prices had nearly reached their highest point, I think they reached their summit early in the "seventies," and during this period taxes had fallen very considerably. Of course, when the valuers saw rents rising and saw tenants' interests sold for such large sums naturally the valuation rose with it. The result has been that whilst in the south the valuation is very much below the judicial rents, in the north it is rather above it. I could give you the exact amounts if you like from a table that I made out some time ago. In Ulster the judicial rents were 8'96 below the valuation; in Leinster they were 4'35 above, in Connaught they were 2'66 above; and in Munster they were 12'25 above.

3314. (Mr. Elliott.) What was it for the whole of the country?—That is for the whole of the country.

3315. Can you give one figure for the whole of the country?—The average is 1'53 above.

3316. (Mr. Cripps.) But according to the basis you have told us of, the conditions would not be comparable would they?—No, I do not think the last figure is of very much value.

3317. (Chairman.) You would agree with me, I suppose, that want of uniformity in valuation over different districts would probably be the cause of injustice when you are comparing the amount that one man pays with what another man pays as regards local rates or Imperial taxes?—Yes; as far as the local rates go, of course, it does not matter as long as inside the rateable area the valuations are uniform.

3318. Except it would matter in this, would it not— if you are comparing the rate per £ that one occupant has to pay with what another man has to pay in another part of the country?—Yes, of course it does matter then.

3319. Does the value of the tenant's interest enter into consideration just now for Imperial purposes—take the Income Tax under Schedule A.?—The taxation under Schedule A. in Ireland is made on the valuation, or the rent, whichever is lowest. A landlord in Ireland pays his taxes on the valuation if it is lowest, or on the rent, whichever is lowest. He has the option of doing it.

3320. But I presume there is such a thing as a tenant in Ireland who pays under Schedule B. as well?—The amount paid under Schedule B. in 1893 or 1894, was only 29,000l. for the whole of Ireland. Most of that was paid by the landlords on their demesnes. In Ireland no tenant pays under Schedule B. if he has no other property but land, unless his valuation is over 460l. a year, because his profits are assumed to be a third of his valuation under the Income Tax Act.

3321. Is it within your province to explain to us how rates are paid as between owner and occupier when the rent is below Griffith's valuation?—That was one of the questions, I think, which Mr. Robinson wished reserved; if it is not within your province, would you say so?—I think I can most likely answer the question, but I do not at the moment quite understand it. Do you mean if the rent is below Griffith's valuation?

3322. In answer to Question 694 Mr. Robinson said this to me:—"The second term judicial rents have in some cases brought the rents below the valuation"—that is Griffith's valuation—"and in that case he"—that is the immediate lessor—"would not pay half the poor rate, but he would pay half the poundage rate for each £ of rent he received. It is rather a complicated arrangement. But the law is explained in paragraph 37, under the head of 'Deductions'"—and then comes a quotation in inverted commas—"Where the occupier is rated and a rent is payable by him the person receiving such rent is liable to allow the person paying it one half of the poundage of the rate for every £ of rent payable." Is that a correct statement?—I believe that is correct.

3323. Do you agree with that?—Yes, I believe it is quite correct.

3324. Do you know the principle which underlies that somewhat complicated arrangement?—No, I do not think I can answer that question; it is not exactly in my province. I have nothing to do with the collection of rates.

3325. Are any complaints addressed to you as Commissioner of Valuation as to the system of the valuation of land?—Yes, there are a few every year made and

Schedule A., basis of payment under.

Schedule B., taxation under, when paid by tenants.

Rent below Griffith's valuation. Rates, how divided between the immediate lessor and the lessee.

Complaints made to the Commissioner of Valuation.

Valuation of land if new made should be based upon the rents fixed by Land Commission and the interest on the sum paid for tenant right.

Valuation by Griffith was 15 to 20 per cent. below the rack rent, but it varied in different parts of Ireland, according to the circumstances which existed in the different localities at the time of making the valuation.

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some are addressed to ministers in the House by persons complaining that their valuation is much above their rent.

3326. I am talking of land rather than of houses at the present moment?—I am talking of land altogether. These persons who complain say a re-valuation ought to be made, and that their valuation ought to be reduced to their rent. I think the general idea of a tenant whose rent has been brought below the valuation is that the valuation should be brought down to the rent.

3327. What do you say in answer to that?—Of course there is only one answer to be made now. That is that under the existing Acts of Parliament no change can be made.

3328. You do not go into merits in answering it at all?—No.

3329. Are there any other complaints?—There are very few.

Houses,  
how  
valued.

3330. Would you describe to us how hereditaments other than land are valued?—I think they are valued entirely on their letting value. Shall I go through some of them and describe them to you?

3331. If you please?—We will take houses where there is a rent paid, that rent is the basis of the valuation if it is what we consider a fair rent. My valuers in each case measure up the house and arrive at its gross value; taking a percentage on that they arrive at what they consider would be a fair rent. In a great many cases where there is no rent paid, where the owner occupies the house, of course this latter is the way we arrive at the rent; but in other cases we use this method as a check on the rent that is paid. Of course sometimes a man may have paid some consideration for a house that we do not know anything about, and the rent paid is really not the fair letting rent.

3332. Do you ascertain from either owner or tenant what the rent actually paid is?—Yes, as far as we can get it.

New  
houses  
System of  
making  
deductions  
in order to  
arrive at  
the basis  
upon  
which  
houses  
were  
valued by  
Sir R.  
Griffith.

3333. You have no compulsory power to arrive at it?—No, we have no compulsory power, but we have no difficulty, as a rule, in getting it. The occupiers are generally very obliging, though they do not always give the information very accurately, and in order to prevent any mistake we check it in the way I have described. In Ireland I should say in regard to all this property that we have to make a deduction in each district in order to make the new valuations relative to the old ones.

3334. What does that mean exactly?—This valuation of Sir Richard Griffith was completed in 1866, so that it is practically from 30 to 40 years old; only those cases that are brought before us by the local rating authorities, or by a ratepayer are dealt with; we have no power to go into a district and make a re-valuation; and at present only cases where structural changes have been made, or where reductions of rent are made are really brought before us.

3335. Or a case of a newly built house?—A newly built house is, of course, brought before us, and all cases where a man puts a front in his shop would be brought before us. In paragraph 20 of my memorandum I give the number of cases that we have dealt with each year; you will see that 8,900 new houses were valued.

3336. The point in your answer which I did not quite understand was, what relation the new valuation is to have to Griffith's valuation?—We have to tone it down, as it were in order to make it relative to Griffith's valuation.

3337. What do you mean exactly by that—must you never exceed Griffith's valuation?—If we did not do this we would have the new houses with a relatively much higher valuation than the old ones, and that would be a case of great injustice to the owners of property now being valued.

3338. You have to go through some sort of process in your mind like this—if this house had been in existence when Griffith made his valuation, what would Griffith have put upon it?—Yes. The way in which we do it is this: in each district we have arrived by experience at a certain deduction.

3339. That must be rather a difficulty?—I think it is very simple applying it in this way. In making the statutory valuation of a house, in the first instance, in our note books, each valuer works it out exactly as if it

was in England. Then he deducts a certain amount in each district to make it relative to the other houses. In each rating area we have arrived at a certain deduction per £ which he has to make in each district, and at the beginning of his note book he has got that set out for him. It varies in different districts from 5 per cent. to 30 per cent., but in no one district does it vary more than 5 per cent. This he deducts from the total statutory valuation.

3340. Take other subjects besides houses?—Of course we have mines; there are a few of those, but very few. Then there are railways which are valued, I think, very much the same as in England except that in dividing up the valuations between the different townlands I go by train mileage.

3341. Do you value all railways?—Yes.

3342. (Mr. Balfour.) Did you say that you went by train mileage?—Yes.

3343. (Chairman.) Of course that is not quite the same as in England, but it is more nearly analogous to the system in Scotland?—The system in Scotland is according to the mileage of the line, not according to the train mileage. In Ireland one central authority arrives at all valuations, and we issue lists showing how much the valuation of a railway in a district is.

3344. Do you separate the value of the stations from the value of the line?—Yes, we arrive at a detailed valuation of the line in very much the same way, as is done in England giving the statutory deductions for tenant and landlord; having arrived at this we make a valuation of every station and those are all added together and taken from the total. The balance is divided over the line according to the train miles in each district. We divide the line up into districts between junctions or between centres of traffic. Having done this we arrive at a rate per mile for each mile of the line in that district according to the train mileage.

3345. And in the district every mile of the line is of the same value to the local authority through whose district it passes?—Yes, then we have to divide that up between every townland it goes through according to the number of yards in each.

3346. Is the per-centage of value which is attributable to stations maintaining the same ratio to the whole valuation, or is it increasing or diminishing?—I am afraid I could not answer that straight off, as I have not got the figures before me.

3347. Perhaps you will kindly add that to your evidence?—Yes, I will add that. What you want is the per-centage of the value of the stations to the total valuation.

3348. If you divide the thing into two parts, the actual value of the buildings to the district in which the station stands, and the train mileage value which is distributed over the areas through which the railway runs, then what I want to know is whether, those two making up the gross, the per-centage attributable to stations is or is not gaining upon the per-centage attributable to train mileage?—I think I can give you that.\*

3349. Are there any other subjects to be valued which you would like to speak to?—We deal with fisheries, as there are a great number of those in Ireland. I take into account what the cost of maintaining the fishery is; and make certain allowances for repairs of weirs and of nets, &c. Then canals and navigations are valued in the same manner as railways. Then we have gasworks; they are valued as they are in England—in fact, I may say with reference to all the properties quoted in paragraph 8, we value them almost exactly as they are valued in England.

3350. Would you describe to me the system under which the annual revision of valuation takes place?—Each year the rate collectors have to furnish to the clerk of the union in which they are working, a list of the cases which require a revision of valuation. That has to be sent in before the 15th of November. At the same time any ratepayer may furnish a list of any cases that he considers require revision; I may say

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Railways,  
how valued  
in Ireland.

Proportion  
of value of  
stations to  
value of  
train  
mileage,  
whether  
increasing  
or de-  
creasing.

Valuation  
of fisheries,  
canals, and  
gasworks.

Valuation,  
annual  
revision,  
how made.

\* The witness subsequently wrote "In the case of the two dividend paying railways in Ireland which I have valued for rating purposes, namely, the Great Northern and the Northern Counties Railways, the station valuations are from 19 per cent. to 19.5 per cent. of the total valuation of the lines. I have no information which would enable me to say how far this per-centage is increasing or diminishing, as it is only within the last few years that details of railway valuations have been kept."



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that these are nearly always applications for reductions. These lists are forwarded to my office in Dublin by the clerks to the unions, on the 30th of November, and immediately they are received I send down revisors to each of the different districts, to deal with all of those cases. The revisor goes to the clerk of the union; he gets any supplemental cases he may have, and he goes through the cases that have been received, and he then drives out to the different farms or houses and makes his revision. He then forwards to the office the results of this revision, and they are carried out into the valuation roll. They are then transferred by us into the valuation rolls of the unions. The secretaries of grand juries, and also town clerks where we furnish them to towns, have a copy forwarded to them every year of all the revised valuations. From these they make up their rate books.

Valuation, annual revision, right of appeal against.

3351. Is there any right of appeal against those valuations?—Yes, the first appeal is to me; it is really to correct any mistakes. The work in the first place is done by my revisors in the field, and there are sometimes mistakes; very often they are mere clerical errors. But those are always made right. The second appeal is to the quarter sessions; from that an appellant can go to the Court of Exchequer or the Queen's Bench. I have got made out a list of appeals. Taking the last four years, the number of appeals to quarter sessions, out of the 34,000 cases per annum dealt with was, on an average, eight, and the number of appeals to higher tribunals two in each year.

3352. Are there any circumstances under which changes of value or buildings are brought under the notice of the Commissioner of Valuation, other than those that you have mentioned to us?—The only cases are new buildings, alterations in buildings, or reductions in rent.

3353. Or objections by a ratepayer or a rate collecting authority?—I do not think there is anything except those. The case of an increase in rent is not dealt with.

Commissioner of Valuation works in harmony with the local authorities.

3354. To what extent do you in your office, work in harmony with and get the advice of local authorities?—Of course we work in harmony with them so far, that we furnish them with these particulars every year and have their views in particular cases. We generally work very pleasantly together, but we have very little to do together; that is to say, they hardly ever interfere in the case of a valuation. They sometimes appeal against my decisions; they have done so on one or two occasions, but it is very rare.

Inland Revenue officers and Commissioner of Valuation communicate with each other with reference to valuation of certain property.

3355. Do the Inland Revenue officers have any communication with your office so as to see that a correlative value is put upon subjects for local and Imperial purposes?—Yes. They furnish us with lists of cases each year where they think alterations should be made in the valuations of public-houses or property of that class, and we furnish them with all changes in the valuations of public-houses. I should mention in connexion with that that the valuation of all that class of property in Ireland is particularly low. In England the value of the licenses is taken into account in arriving at the valuation; in Ireland it has not been done, and the result is that in one of the Acts the Inland Revenue have power in Ireland to add, and do add, one-fifth to Griffith's valuation in arriving at the sum at which the duties are calculated.

Valuation of land in Ireland includes the value of rent paid to the landlord, and in addition the interest on the sum paid by tenant for tenant right.

3356. (Mr. Balfour.) I understand you said that where a tenant right exists along with a landlord's right, in the case of any land that you value, the rental paid to the landlord would not exhaust the full value of the land?—No.

3357. You would require to take into consideration also the interest upon the tenant's share in the estate?—Yes.

3358. And the true value would be the sum of these two?—Yes.

3359. I suppose you would agree that the aim of the valuation of real estate should be to make each part of it pay a fair share with every other part?—Yes.

3360. Irrespective of the manner in which the rights in it might be carved out and divided?—Yes.

3361. So that whatever may be the result of two or three estates being carved out of one piece of property, you would not allow that if you could prevent it to affect the result for rating purposes?—No.

3362. How do you, in fact, ascertain what the amount of the value pertaining to the tenant's share of the estate should be? Is it a money interest?—Of course in Griffith's valuation the tenant right did not actually exist in money value in the way it does now. I stated that if a valuation was being made now, I would have to take that into account. The way in which I would arrive at it is by taking the tenant right value in the particular district which I was dealing with. There are a great number of sales of tenant right going on constantly all over Ireland, and, as far as possible, I am keeping a record of those. Perhaps in one union, there might be 200 or 300 sales; I would eliminate from those 200 or 300 the cases which I thought were exceptional, as I think I have explained before, and I would strike an average of the others; then I would say that is the tenant right value in that particular district.

3363. Was the tenant right material according to Griffith's method of valuing, as you have described it? If you value under Griffith's system, or ascertain by going to the ground and forming an opinion as to its productivity it would be immaterial whether it was carved out into several estates or not, would it not?—It would be immaterial of course, but he included that because he got the full value.

3364. Exactly; but you would approach the problem in the two cases from different sides, would you not?—Yes, but the result would be the same.

3365. Should be the same?—Yes, should be.

3366. Should certainly be the same?—Yes.

3367. I think his Lordship put a question to you in regard to the way you would deal with land for the purpose of Imperial taxes?—Yes.

3368. Supposing that you had land with divided interests partly belonging to the landlord, and a tenant right upon it, of course the landlord would pay the Imperial taxes upon his rent in respect of the share that belonged to him?—Yes.

3369. But suppose the tenant's money interest upon his tenant right was of such an amount that it would not be to assessable income tax, would that part escape Imperial taxation?—Certainly.

3370. That would be the result of the present method of the division of the estates?—Yes. You see the tenant only pays income tax on one-third of his valuation. That is the rule laid down in the Income Tax Act; this amount being assumed to be the tenant's profits. Of course it is well known that it is very different; it would sometimes be three times the rental.

3371. I should think there are very few Irish small tenants who are not below the income tax paying line?—Very few.

3372. So that apparently a large amount of the rent of Ireland escapes income tax?—Yes. The income tax paid under schedule "B" is very little in Ireland; about 29,000*l.* altogether.

3373. Do you think that according to your system for local purposes you in one way or another really get at the full annual value of the land and make it taxable either in the hands of the tenant or in the hands of the landlord?—In such a system as I have proposed?

3374. Yes?—I think you would get at the full value in that way.

3375. Under the system in operation, do you think you could get at that?—The system in operation has been in operation so long that I cannot defend it. A valuation of land, in my opinion, ought to be made certainly every 15 or 20 years at least.

3376. With reference to present conditions?—Yes; therefore you cannot defend a valuation made so long ago. Practically, the present valuation has been made over 40 years, because it began in 1830, as the valuation made in 1830 was used in the after valuation, therefore the latter is more or less influenced by it, the greater part of the present valuation is, therefore, some 50 or 60 years old.

3377. You mentioned a thing about the valuation of houses which at first seemed a little curious, if I may say so; you stated that if a house is built now, the aim is to ascertain what the value of that house would be if it had been put up in Griffith's time. Is that so?—Yes, that is it practically.

3378. Although material, labour, and values have all changed in the meantime?—Yes. Of course, we do not

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Value of tenant right, how ascertained.

Imperial taxation in respect of land, payment of, by landlord and tenant.

Income tax paid under Schedule B, in Ireland amounts to a small total.

Valuation, Griffith's system of, not now satisfactory to arrive at full annual value of land.

Valuation of new houses. System of making deductions in order to arrive at the basis

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Gasworks generally easy to value. Waterworks, how valued.

Valuation of land in Ireland based on letting value to the tenant, inclusive of value of tenant right.

Valuation as made by Griffith included interest on the value of tenant right in Ulster.

Revaluation in Ireland would raise the present valuation.

go as far as that, quite, that is to say, our reductions do not bring the houses down to as low a level as Griffith's valuation, but I think you will agree with me that all rateable hereditaments inside a rateable area should be comparatively valued.

3379. Certainly?—Therefore, where you have inside a rating area a large amount of property rated on a certain basis, which though bearing a relative proportion to its true value, is considerably below that true value, it would not be fair to value the remaining rateable property at a higher rate, otherwise those people whose property is now rateable would be paying more than their fair share of taxes.

3380. Do not all these considerations which you have so clearly put rather point to this: that the aim should be to ascertain the present lettable value of all subjects?—Yes.

3381. Disregarding the past history?—Yes.

3382. But taking things as you find them?—Yes.

3383. I suppose you would agree that for the purposes of taxation what the land should return, in other words, its lettable value, should be the criterion?—Yes.

3384. So that you are not quite satisfied with your present system, but suggest reforms which would tend in that direction?—I am not at all satisfied with it, but I think it is the best thing we can do under existing circumstances.

3385. Still, what you have suggested would bring it more into harmony with what I was putting to you interrogatively, I think?—Yes.

3386. You were good enough to tell us about the valuation of railways; you say that to some extent it is the same as the English system; would you kindly tell us how you begin the problem of valuing a railway, what do you take first?—The first thing I take is the profits of the railway for three years.

3387. Do you take the gross returns and make a number of deductions so as to see what its value would be to a hypothetical tenant?—Exactly.

3388. Then having arrived at that, you proceed to divide it locally between the different rating areas?—Yes.

3389. You used the expression, I think, that you divided it by train mileage?—Yes.

3390. Do you mean according to the number of train miles run in each area, or do you mean according to the measurement of the line?—I meant the number of train miles run in each area; that I take to be train mileage.

3391. You are quite right; I thought you meant that, according to that you bring in, as an element in the basis of division, the amount of traffic in each area?—Yes. That is my object in doing it.

3392. My only reason for putting the question is that in Scotland, when the hypothetical tenant's profit is ascertained, it is divided by measurement mileage?—I know it is.

3393. So that you have two methods to choose from?—When I took up my present office I considered the Scotch method, and I considered the English method, and I came to the conclusion that we could not carry out the English method in Ireland; the railway companies have not got and could not therefore have given us the materials which would enable it to be done as it is in England. There is a large staff I understand kept by each of the railway companies in England solely for assessment purposes; that is not done in Ireland. After a conference with the secretaries of some of the leading railway companies in Ireland, I came to the conclusion that the train mileage, modified to a certain extent, was the fairest for both parties—both for the ratepayers and for the rating authorities, and so I adopted that with slight modifications.

3394. Your aim, I gather, was to see what was the share of the hypothetical rent pertaining to each particular place,—if there were more traffic it would stand more rent—was that the idea?—Exactly, that was my idea.

3395. Do you not find it difficult to work that principle out in allocating the aggregate of the gross hypothetical rent?—It is difficult. It takes a considerable amount of time and trouble, but it can be

done, and it is simpler, I think, than the plan adopted in England where you have to take the amount of traffic in each district.

3396. Have you considered at all as entering into that question how far (a railway being a *unum quid*, if I may use the expression) each part of it is equally essential to earning the aggregate as every other part—it may be a poor part in some ways, but it is quite essential to gaining the aggregate receipts?—It is a very big question, and I have read a great many judgments of the judges upon it.

3397. The Scotch method might be pointed to as a simpler one, though I quite see that yours is theoretically very defensible?—It is not very hard to work out. This year I valued the largest railway in Ireland, and I think I had a staff of three or four officers working for about six months at it.

3398. Then with regard to gasworks you probably have not much trouble in valuing them from the fact that they are generally within one rating area?—Yes, as a rule they are.

3399. Have you had trouble in regard to waterworks the pipes of which run through different rating areas?—Yes.

3400. How have you solved that?—The plan adopted was that we took the capital sum spent in each rating area, that is to say, the area where the reservoirs got the greatest benefit. The principle of division was decided, I think, by the English judges. I have got the case showing that that was the way it was to be divided in England, and have followed it.

3401. Did they not, in England, sometimes adopt the system of dividing the annual value between the distributing area and the area through which the water was carried?—Yes, but the distributing area gets really the least value. The area where the reservoirs are, and where the expensive works are, is the area that really benefits most. That, I think, has been decided as the way in which it has to be done.

3402. In dealing with the areas in which the water is carried by pipes or stored in reservoirs, do you proceed on the basis of the structural cost of these and give a per-centage on it?—Certainly, that is the way we have done it.

3403. You have never treated waterworks like a railway or a canal?—In dividing it—no.

3404. (Mr. Murray.) Am I right in understanding that the valuation now in force in Ireland is a valuation not of land or property, but of the interest of a particular person in land or property, namely, the landlord?—No, I take it that it is not the landlord as he exists now. The value of land is the sum that it would fetch one year with another if let to a solvent tenant. That is the basis on which the valuation was made.

3405. But surely that will include the value of the tenant right?—Yes.

3406. But that is not, I understand, the basis of valuation?—I think I have said all through that the tenant right is included in the valuation; I intended to say so, and I think I did.

3407. Then you do value the gross value of the land or property, whatever it is?—Yes.

3408. I thought you said that owing to the peculiar circumstances of Ulster, there was a difference between the valuation of Ulster and the valuation of the rest of Ireland?—I said that at the time that Griffith's valuation was made tenant right only existed in Ulster; there was no tenant right in the south of Ireland at that time; it was not till the Act of 1870 that tenant right became universal in Ireland, it was then legalized.

3409. Then in Sir Richard Griffith's time he included interest on the tenant right in Ulster?—Yes.

3410. And valued the gross value for the rest of the country?—Yes, but by including the interest on the tenant right in Ulster he arrived at the gross value there, too.

3411. Therefore it is on the same basis all over the country?—Practically, I take it that it is.

3412. (Sir Edward Hamilton.) I understand that the total valuation of lands in a given area can neither be increased nor lessened?—That is so, we can only adjust.

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upon which houses were valued by Sir E. Griffith, not a satisfactory one, but the only course to adopt under present circumstances.

Valuation of railways in Ireland. Description of system. English and Scotch systems compared.

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Relative position of town and country with regard to rating under present valuation.

Valuation of land in Ireland is made without regard to the distribution of the different interests in it or to the relative value.

3413. Do you consider that owing to that restriction the aggregate valuation of Ireland is below or above Sir Richard Griffith's valuation?—I consider it is below; re-valuation would tend to raise it considerably.

3414. Does that restriction act very unfairly in certain districts, do you think?—It acts unfairly in districts where there are large towns. In the country districts I do not think it does act unfairly, because there are few houses and they are a comparatively small proportion of the valuation of the whole district, so that they do not affect it much one way or the other. Where there is a town which is being raised in value, there, presumably, the houses and the land pay higher taxes per £ than those in the country.

3415. (Mr. Arthur O'Connor.) I suppose that your department is concerned with each particular parcel of land, for the purpose of valuation, just as it stands without any regard to the distribution of the interest in it?—Quite so.

3416. Suppose then that a particular parcel is to be valued in its entirety at  $x$  and the interest in it is distributed as between rent A and tenants' profits B and tenants' rights C, or any other number of things that you can think of, it does not matter to you one bit; you are only concerned with the  $x$  total?—That is so.

3417. The  $x$  may be divided and cross-divided in a great variety of ways?—Yes.

3418. Among other interests carved out of it may be what is called the tenant right?—Yes.

3419. But you are not concerned with that as such?—No.

3420. Supposing that I have a piece of land or ground valued at 5*l.* a year, and that I build a very large house upon it which you value as a new structure at 100*l.* a year—not an uncommon case in Ireland or in England?—No.

3421. You would not be concerned with the question whether I was the simple owner or whether I was a tenant?—No.

3422. You would only be concerned with the valuation?—Yes.

3423. And it might be that if I were a tenant I should be paying 5*l.* a year for rent, the sum of the original valuation, and that as owner of the house I should be getting 100*l.* a year rent from my sub-tenant in respect of which your valuation would be 100*l.*?—Yes.

3424. There are many such cases in London, for instance, and in towns?—Yes.

3425. I suppose that you would recognise that my interest in that property, it being a house worth 100*l.* a year, was very considerably above the interest of the landlord to whom I paid 5*l.* a year?—Yes.

3426. That, again, is a very common thing in this country, I suppose, as well as in Ireland?—Yes.

3427. Therefore it is by no means an astonishing thing that, now and then, there should be a tenant with an interest in a particular holding a great deal larger than the interest of his landlord?—Yes.

3428. In the case of ground with a house on it?—I take it in that case the 5*l.* would be the ground rent.

3429. Yes, that would be the term applied to it no doubt. I think you told us that the improvements throughout Ireland, speaking generally, are made by the tenants?—Yes, they nearly always are.

3430. And that the addition to the valuation is by reason of the tenants' improvements?—I do not think I said that; there has been no addition.

3431. I am putting that as a corollary?—Yes, there would be an addition if there was a re-valuation.

3432. The tenant right represents in part at least the interest which the tenant has in the improvements which he has made?—Yes.

3433. And as we have seen it may be that in any given case the improvements made by the tenant are themselves worth more than the land in connection with which they are made?—Yes, it may be so.

3434. Therefore, it is not unreasonable that in certain cases at any rate the tenant right should exceed the original landlord's interest?—It is possible that it should do.

3435. I think you said that if there was a new valuation made in Ireland on the British lines there would be an alteration in the total valuation?—Yes.

3436. I understood you to suggest that the valuation would be raised?—Yes.

3437. Would you mind telling us why you think so, and how that would come about?—The reason I think so is that property has increased in value very much.

3438. Whereabouts—should you say that was agricultural property or urban property?—Both, I think have increased; certainly in some parts of Ireland both have increased.

3439. I was going to take the case of County Meath, where there used to be, at the time when this valuation was started, a very large amount of land—the best land in the country—under crops?—Yes.

3440. Which is now only pasture?—Yes, it is all pasture.

3441. Would you say that the valuation of the land about Old Castle should be higher now than it was then?—I could not answer that question. I could not answer for any particular district and say it should be higher without going into the valuation of that district. I think that the land value of Ireland as a whole would be raised, the chief increase being in the south. I think in Kerry and other parts of the south it would be raised very much, partly due to the fact that there have been enormous sums of money spent on reclamation, drainage, and improvements to the lands within the last 20 years, while there has been no increase at all in the valuation. There is land valued in Kerry at 1*s.* an acre which is worth, I suppose, 12*s.* or 15*s.* at least; there is land in Kerry that is not valued at all, because it cannot under the existing Acts be brought into the valuation list.

3442. There is also, I suppose in places, some land which has gone out of cultivation?—There is some, no doubt. Therefore you must take it as a general proposition, not that any particular district would be increased.

3443. Now with regard to your railways, how would you value at present the Lismore, Dungarvan, and Waterford Railway?—I do not remember whether there is a profit on that line or not. If there is a profit I would value it on the profits.

3444. The Board of Works is foreclosing upon it as mortgagees in possession?—But there might be a profit.

3445. That would not affect the valuation?—No, the fact of the mortgagees foreclosing would not; the mortgage is a capital sum.

3446. Would you kindly explain in what respect Ulster differs from the rest of Ireland for valuation purposes on account of tenant right, I did not quite follow what you told us?—I said that it did differ from the rest of Ireland at the time that Griffith's valuation was made. I do not think it differs now at all since the Act of 1870.

3447. In the early stages of valuation work you had certain prices scheduled to the Act, I think?—Yes.

3448. Among the articles included in the schedule was wheat?—Yes.

3449. There was a good deal of wheat grown in Ireland then?—A large quantity.

3450. There is none now?—Practically none.

3451. So that your standard for comparison between then and now so far is worthless?—As far as the wheat is concerned, certainly.

3452. You told us also that you thought the rent in a very large number of cases was some 15 or 20 per cent. over the valuation?—Yes.

3453. The valuation includes all interests, the tenants as well as the landlords?—Yes. Of course it does not include the tenant's profits, that is to say, what the tenant makes out of it.

3454. The thing as a going concern is valued by you at  $x$ ?—Certainly.

3455. You told us that in many cases the rent may be 15 or 20 per cent. above  $x$ ?—Yes.

3456. And yet the thing as a going concern includes, besides the landlord's interest, the tenant's interest?—Yes.

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Revaluation in Ireland would raise the present valuation. Reasons for this.

Valuation of railways.

Griffith's valuation. Case of Ulster not now different from the rest of Ireland.

Valuation based upon value of certain articles of agricultural produce. Since making the valuation, growing of wheat practically ceased.

Valuation of land in Ireland. Landlords' and tenants' interests in, considered.

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3457. The landlord's interest is  $x$  minus the tenant's interest?—Yes.

3458. The rent is  $x$  plus the 15 or 20 per cent.?—Yes.

3459. So that for an interest represented by something less than  $x$ , a tenant is paying a rent of 15 or 20 per cent. over  $x$ ?—In some cases in the north it would have that effect, but those are exceptional cases.

3460. In what part of Ireland would you say that generally prevails more than in any other?—I think that there are very few cases in Ulster where that prevails. That, of course, assumes that the valuation is correct. Griffith's valuation did not include those two interests as they now are.

3461. I think you would maintain that probably the valuation is nearer the standard of justice than the rent?—That I would not give an opinion on.

3462. Would you tell us, if you can, what has been the expense of this valuation of Ireland?—Do you mean the original valuation which was made by Sir Richard Griffith?

3463. Yes. The reason I ask is this: we are concerned with two or three different systems of valuation, one prevails here, another prevails in Scotland, and the third prevails in Ireland. It may occur to some that to have a central system of valuation, one for the whole country, as you have in Ireland, is better than the system which prevails here. I want to ask you what do you think has been the expense of establishing your valuation in Ireland?—I can tell you what the expense of the original valuation was. It must be remembered that this valuation was done in a very expensive and unsatisfactory way.

3464. I know; with all its blunders what did it cost?—I can give you exactly what it cost. The first valuation, that is the Townland valuation cost 159,900*l.* The second two valuations, that is the 1846 and the 1852 (Griffith's) valuations cost 325,133*l.* 11*s.* 11*d.*

3465. It was something under half a million altogether?—Yes.

3466. What is the annual expense of the maintenance of the valuation?—It is given in paragraph 32 as about 21,000*l.*

3467. How much do you receive from the local authorities towards the annual expenditure?—We receive 8,000*l.* from the counties.

3468. About one-third?—Yes; and then fees are paid to us from the public amounting to from 1,000*l.* to 1,200*l.*

3469. So that the cost stands the Exchequer in, for the whole country, something under 20,000*l.*?—The Exchequer has to find about 12,500*l.* or something like that.

3470. The valuation business is run for about 12,000*l.* a year at the central expense?—Yes, that is it.

3471. I suppose you consider that the system of one central valuing authority for the country, is better than a sub-division over different areas with different authorities?—I think it is, because there is more confidence, the people, I think, have more confidence in it.

3472. There is something more of a standard about it?—Yes. You see, if the local authorities in Ireland have to do their own valuation they would have to employ valuers, and outside my office there are no men who could do such valuations as railways, canals, and hereditaments of a similar nature.

3473. I understood you to say that the valuation of land which now exists is practically obsolete as a fair standard?—Yes.

3474. And that the valuation ought to be repeated, say every 20 years?—I think so; that is my opinion.

3475. What do you think would be the cost of a fresh valuation if you took it in hand at once?—I estimated it the other day for Mr. Gerald Balfour at from 200,000*l.* to 250,000*l.* I would re-value the country in five years for that sum.

3476. So much as that?—I think it would cost that amount. I should like to explain in regard to that, that one of the most important things that a re-valuation would insure would be a correct tenement map of the whole of Ireland. Our maps show all the tenements in Ireland. But the boundaries of these tenements are only revised when the necessity for revision is brought

before us by the local authorities, therefore there are a great number of cases that have escaped revision. I think it would be of the greatest benefit to Ireland and to the Government to have one set of correct maps of the whole of Ireland. To do that it would be necessary for us to perambulate, practically, all the boundaries.

3477. Did you include the cost of that in your quarter of a million?—Exactly.

3478. How much did you put that down at?—I could not say offhand how much I would charge to that.

3479. Would it be half the expense?—No, I do not think it would be half, but it would be a considerable portion. You see, the men doing that would also do the other work to a certain extent at the same time. It is rather hard to divide it.

3480. Can you tell us anything about the rates in Ireland?—It is not exactly in my department.

3481. Do you know whether local taxation in Ireland has increased or diminished?—I know it has increased.

3482. It has increased?—Yes, I know it has.

3483. Since Griffith's valuation began?—It is increasing every year, I think, but I could not give you the exact figures.

3484. Would you say it has doubled?—I am afraid I do not remember what it was when Griffith's valuation was made.

3485. (Mr. Wharton.) As I understand it, you have one assessment for the whole of Ireland, not as in England, where we have perhaps four or five different assessments of the same area?—Yes, we have one valuation for the whole of Ireland on which poor rate, county cess and municipal rates are levied.

3486. Then with regard to railways, you have told us that the system of rating your railways is upon train mileage, and not upon the running mileage?—The dividing of the valuation is done in that way.

3487. Not by the lineal mileage as in Scotland?—No.

3488. That would, no doubt, be particularly good in the cases where you have part of a railway on which there are a great number of trains running, say, between two main towns, as compared with a long piece of railway where there are only a few trains in the day?—Yes.

3489. By using the train mileage system you equalise that and make it more equitable than you would if you were to take the lineal method?—That was my idea to get nearer the English system.

3490. The English system is, that it is left to each local authority to value that particular portion of the railway?—That is what the English system is intended to be, if I may put it in that way.

3491. I hope it is what the English system may be. With regard to another matter, with regard to public-house licences proper, has there been a large increase of late in the assessed value of public-houses?—Yes, there has been a considerable increase. Of course few of the towns in Ireland are growing very considerably; but Belfast is growing very rapidly, and there are a very large number of new public-houses.

3492. Has there been a very large increase in the value of the public-houses?—Not very large.

3493. In England we hear it has nearly doubled in the last 10 years, but I did not know what it might have been in Ireland?—It has not done that.

3494. (Mr. Smith.) I want to ask you to make quite clear what you meant by tenant's profits. When Mr. Robinson was here, at Question 1092, he is asked by Mr. Elliott: "What did you mean by tenant's profit?" and the answer is "What I wish to convey in that answer was that Griffith, in making his valuation for assessment purposes, took into consideration the valuation of produce and the profit which a tenant would make out of it." Do you agree with that answer?—No, I do not.

3495. What I understand you to mean is this, that in valuing property you take the rent paid to the landlord and a certain interest on the tenant right?—Yes.

3496. And that those two together amount to what you call the letting value to a solvent tenant?—Yes, I would practically put it in this way, that if the land was in the landlord's hands and he wanted to let it, it would be the sum that he would get from a solvent tenant.

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Rates in  
Ireland,  
increase of.

Valuation,  
only one  
in Ireland.

Railways  
in Ireland.  
Systems of  
valuation  
in Eng-  
land, Scot-  
land, and  
Ireland  
compared.

Licensed  
houses.  
Increase  
in the  
assessed  
value of.

Valuation  
of land in  
Ireland is  
based upon  
rental  
value to a  
solvent  
tenant,  
which  
would in-  
clude in-  
terest on  
sum paid  
for tenant  
right, if  
any.

Cost of the  
valuation  
made in  
Ireland.

Annual  
cost of  
mainten-  
ance of the  
valuation  
in Ireland.

Valuation  
by central  
authority  
is satisfac-  
tory.

Revaluation  
of land  
in Ireland  
should be  
made peri-  
odically.  
Cost of.

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3497. Exactly, but you do not take into account at all the profit that the solvent tenant has to make for his maintenance?—No.

3498. I think we have cleared up that point. Mr. Robinson's answer was evidently given under a misapprehension. Your system, in fact, is very similar to that which obtains in England in valuing property?—It is intended to be the same I fancy.

3499. Where there are divided interests?—Yes.

3500. If you take a house in London the ground rent of which is 50l.; 4,000l. having been spent by the lessee, and 1,000l. premium; adding these up together at 5 per cent. they would come to 300l. a year?—Yes, exactly.

3501. But you take no regard to the individual interests?—No.

3502. Except that for certain purposes you water it down to an assumed Griffith's valuation?—Yes.

3503. Because your valuation of land in Ireland is a fixed amount?—Yes, the valuation of land and houses that have not been re-valued.

3504. I suppose there are no common charges between the three divisions of the kingdom based upon the valuation, are there?—Not except the Income Tax.

3505. If there were any common charges based upon such a valuation, it would be unfair to the other countries?—It would.

3506. (Mr. Elliott.) I understood from what you said with regard to the method adopted by Sir Richard Griffith that the first thing that was done was to ascertain the aggregate value of the produce according to a certain fixed scale of prices?—Yes.

3507. And then from that aggregate value a deduction was made in respect of the cost of production?—Yes.

3508. What items went to make up that cost of production?—I should say the cost of the seed, the labour, the interest on whatever tools the tenant might require for the production—of course it would vary in different farms.

3509. Would a deduction be made for repairs?—Do you mean the repairs of his house?

3510. Repairs to farm buildings for instance—I am speaking now of agricultural land?—Yes, certainly.

3511. And for insurance?—Yes.

3512. And for tenant's profits?—Yes.

3513. And for tenant's rates and taxes?—The principle of valuation is the rent a tenant would give, he paying all taxes.

3514. In the case of Ulster, having obtained that valuation, would anything be added for interest on tenant right?—I do not quite understand you. The tenant right is included in it.

3515. I wanted to see precisely what was the difference in procedure between the course taken by Sir Richard Griffith in Ulster, and the course taken by him in the other provinces?—I do not think there was any difference really because he arrived at the valuation in exactly the same way for each, and in exactly the same way as one would arrive at it now if one valued on the produce, and the cost of producing it; but if you value on the rent, you then bring in the question of tenant right.

3516. Do you think that the difference between Ulster and the other provinces is due to the measurement of the tenant's profits?—When you say the difference between Ulster and the other provinces, what do you mean?

3517. I mean to say the difference of system adopted in Ulster by Sir Richard Griffith, as compared with the system adopted by him in the other provinces?—I do not think there was any difference—I did not mean to convey that there was any difference.

3518. I understood you to suggest with respect to tenant right that there was some difference, but I may have misunderstood you?—I am afraid I did not put it very clearly. What I intended to say was that the tenant right did not exist in any part of Ireland except in Ulster when he made the valuation.

3519. So that in making his valuation he took no notice of tenant right?—He took no notice of it because he valued it in a way in which the tenant right would not form an element in arriving at the fair letting value.

3520. Are you impressed at all by the fact that Ulster is the only province in which the judicial rents are below the valuation?—Except in exceptional cases.

3521. I am speaking generally, of course?—Yes, generally it is so.

3522. Are you impressed by that fact, does it suggest to your mind that there was any difference of system in Ulster?—No, I think it was the general rise in prices all over the country more than anything else. Of course that is only supposition. I find no mention of tenant right in any of the valuer's books in Ulster, and therefore I assume that they did not directly take it into account.

3523. What is your explanation of the fact that in Ulster the judicial rents fixed are on an average something like 9 per cent. below Griffith's valuation, whereas in all the other provinces they are above Griffith's valuation?—One reason is the one I have just stated, that I think prices had gone up very much.

3524. Had prices gone up in Ulster as compared with the other provinces?—They had gone up when the valuation was made in Ulster. That is one reason. I think another reason that very strongly influenced it, was that the prices in this schedule for grass lands are very much lower than the prices for tillage lands, and Ulster being all tillage was naturally more highly valued than the South.

3525. I gathered from what you said that taking the country as a whole the judicial rents have proved to be something like 1½ per cent. above the valuation?—Yes, I think that is it as a whole, but of course that figure has not very much value.

3526. Is it based on a very great number of cases?—Yes, I can give you the number. It is based on 288,000 cases.

3527. Do you think that that percentage may fairly be applied to agricultural land as a whole in Ireland?—You see that is an average. I think you ought to take the averages that I gave you for each of the different provinces in order to arrive at it more fairly.

3528. But at any rate in three of the provinces the judicial rents have been fixed at a sum substantially above the valuation?—Yes, the judicial rents are above the valuation in three of the provinces.

3529. Would the judicial rents take into account any interest on the cost of the tenant's improvements?—No.

3530. Would you say the judicial rents in Ireland would be lower or higher than rents in England?—I would not like to give an opinion on that subject.

3531. We have before us statements in which the rateable values of the three countries are put in juxtaposition, and I want to get from you how far we are entitled to regard those figures as comparable. I understand that the valuations are in some provinces as much as 12 per cent. below the judicial rents, but I put it to you that the judicial rents in Ireland would be much less than the rateable value of the land if it were in England?—You see the rents in England have been enormously reduced in the last few years.

3532. The rents in England would include the profit that would be derived from the whole of the improvements, would they not?—Yes, I suppose they would.

3533. The rent would include a rent for the buildings and for the improvements which are the property of the landlord?—Yes.

3534. But a judicial rent in Ireland would not include that?—No.

3535. Therefore, judicial rent in Ireland can hardly be compared with the rateable value of agricultural land in this country?—It would be very hard to make a comparison between them.

3536. You think any comparison would be dangerous?—I think so. I should not like to lay down any particular figure.

3537. With regard to houses, you mentioned that a certain deduction is made in order to bring the assessment into line with Griffith's valuation; could you put any figure to that statement?—Certainly, I can give you a figure for every district in Ireland.

3538. Would you do so?—I have no objection at all to give that figure. Each union has a separate

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Valuation in Ulster now above the judicial rents, and in other parts of Ireland below them. Reasons for this.

Judicial rents in Ireland not comparable with rental value of land in England.

Valuation of new houses. Percentage of reductions made to arrive at the basis upon which houses were valued by Sir R. Griffith.

Present valuation in England, Scotland, and Ireland, would be an unfair basis for charges common to the three countries. Valuation of land in Ireland. Steps taken to arrive at the valuation explained.

Method of valuing land by Griffith included interest on tenant right in Ulster, where it at that time alone existed.

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an engine that runs along with a couple of empty trucks and a van should count the same in train miles as an engine that goes with 40 trucks loaded with merchandise?—No. When the railway company supply us with the train mileage, they supply us with it in this form—so many train miles of goods and so many train miles of passengers. We do not take into account any

such trains as you spoke of; I do not think they would appear in either one or the other.

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3610. I put it rather too high perhaps, but can you distinguish between a train mile of two loaded trucks and one of 40?—We do not at present, although, to go into it accurately, I think you are quite right, and that the distinction ought to be made.

The witness withdrew.

Mr. W.  
Munro.

Mr. WILLIAM MUNRO called and examined.

Memorandum prepared by Assessor of Railways and Canals.

3611. (Chairman.) We know that you are the Assessor of Railways and Canals for Scotland, and I understand that for the years from 1858 until 1877 you were Government Assessor of lands and heritages for the First District of the County of Lanark, and that after being a short time in the office of Inspector of Stamps and Taxes you succeeded in 1879 to the office which you now hold, and you have held that office continuously from that time to the present?—Yes.

3612. You have been good enough to prepare for us this memorandum which I hold in my hand in response to a request from the Commission?—Yes.

Valuation of railways in Scotland. System of. Amount of deduction made for working expenses and tenants' allowances.

3613. As you have heard Mr. Barton describe his Irish system of valuing railways, perhaps you would just shortly describe to us the system which you go through to get at the value of a railway in Scotland?—First I take the gross revenue of the company from the half-yearly accounts, and deduct from it the working expenses and tenants' allowances, which include 25 per cent. on working stock and plant, 25 per cent. on locomotive machinery, station furniture, &c., 10 per cent. on stores, 5 per cent. on floating capital and 18 per cent. on the plant employed in working small lines.

3614. As you are aware, there have been some complaints about the amount of these deductions, and I shall put them to you in a few moments. I want to get first the more general results of your system. Having gone through this process you then have to divide the value which has to be put upon stations, and the value which has to be put upon the running line?—Yes.

Valuation of stations and the running line. How allocated to the different rating areas. If running line is a quadruple one, a double allowance is given, but a double line treated as a single one. Objection to this system. Suggested reform.

3615. The value which is allocated to the stations goes to the rating area in which the station is situated?—Yes.

3616. And the value of the running line is divided equally according to the mileage through all the different rating areas which the railway traverses?—It is so.

3617. And no difference is made, as I understand it, in respect of there being more traffic upon one part of the line than upon another?—None.

3618. For example, if the North British Railway runs through the City of Glasgow at one end and the parish of Fort William at the other, the mileage is the same for a parish in Glasgow as for a parish in Inverness-shire?—It is so wherever the North British Railway is situated.

3619. Do you make any difference as between single, double, and quadruple lines?—Latterly where there have been quadruple lines, and there are only very few miles of quadruple lines in Scotland, we have given a double allowance. I have taken it upon my own responsibility to give double allowance when the line is quadruple. There is no difference whatever made between a single line and a double line.

3620. The practice of making no difference between thinly populated and populous districts has led to some complaints and some anomalies, has it not?—It certainly has. It is one of the faults of our system, I consider.

3621. You do not think that is a part of the system which is in the abstract fair or defensible?—I do not think that part of our system is.

3622. What would you suggest?—I have suggested frequently on different occasions that the lines should be reduced to single lines, and that where there is a double line it should be treated as twice its length; that the rate be ascertained in the usual way, and then be applied twice as much where there is a double line as where there is a single line.

3623. That would not make the same effort to distinguish between lines full of traffic and lines which

are not so as is made in what you have heard of the Irish system?—No, it would not. That is, I believe, the English system also. Of course that is an entirely different system, but in the abstract it would appear to be the more perfect system. It would, however, be very expensive to carry out, and very troublesome, and upon the whole, the system we have, if we could reduce the lines to single lines, would appear to be nearly as perfect as anything of the kind could be.

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3624. I have been very much interested in Table II. of your memorandum. They are all, I think, compiled upon the same basis, so if I put questions as to the first one, which deals with the Caledonian Railway, the questions I put will apply to all the other tables, will they not?—Yes, I have no doubt they would.

Decrease in value of lines on Caledonian Railway attributable, to a great extent, to increase in number of and addition to railway stations.

3625. The first thing that must strike one is the curious alterations in the value per mile of the Caledonian Railway which have taken place during the last 20 years?—Yes, no doubt that would be so.

3626. Take one question first. Does it not strike you as requiring explanation that the percentage of value which is attributed to stations should have grown so greatly as compared with the percentage of total value?—Stations, of course, have enormously increased in value. The amount of money spent by the Caledonian Railway Company in building stations has been very large, and by statute the allowance or the proportion we must give to the stations is fixed, that is to say, it is 5 per cent. on the cost.

3627. That is a fixed charge, do you say?—Yes.

3628. By statute, or as interpreted, judicially?—Originally by the Act of 1854 the percentage was 3 per cent., but that was changed by the Act of 1867 (this is all narrated in paragraphs 5 and 6 of my memorandum) to 5 per cent. Since that time the sum spent upon railway stations has been very large, and it has made this 5 per cent. bring out a result that shows what many think is an excessive allowance for stations as compared with what remains for lines.

3629. If the process were to go on in the future as it has done in the past, the stations would by-and-by swallow up the whole valuation, would they not?—They might, and there have been cases even of that.

3630. Is that defensible?—It does not appear to me to be so.

3631. Have you any suggestion to make to us?—I have given it at length in paragraph 11 of my memorandum. I have already mentioned that the Act of 1854 directed that the valuation of stations should be ascertained by taking 3 per cent., and that the Act of 1867 raised that to 5 per cent.; for a period of years after 1867, railway traffics were large and increasing, and the proportion of the *cumulo* value allocated to the stations did not appear to be excessive. From about that time, and for many years subsequently, many new stations were built, and others re-constructed at great cost, all of which tended to diminish very materially the proportion of the *cumulo* value to be allocated to the lines of railway, and to increase the proportion for the stations. It has all along seemed to me that 5 per cent. was excessive as a percentage on cost, for the value of stations. More especially did it appear to be excessive as regards the *solum*, or sites of stations for which at any period the original 3 per cent. was in my opinion sufficient. The value of land in such a town as Glasgow where the stations are built upon is very large, in fact, the value of the erections alone is nothing compared with the value of the *solum* when you take ground at 25l. a yard as some portions of it are.

3632. I understand you to suggest that it was an error to raise that percentage from 3 to 5?—It has always appeared to me to have been an error.

3633. Do you think 3 per cent. is the proper percentage to take?—Yes, I think it is sufficient.

Railway stations, statutory allowance of 5 per cent. given to stations is too high.

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Decrease in value of lines per mile attributable to a certain extent to increase in value of plant.

Caledonian Railway. Value per mile fluctuated very much during last 20 years. Reasons for this.

Deduction of 25 per cent. for working stock and plant, how made up.

Deduction of 5 per cent. for interest is too much.

Deductions not likely to increase so as to greatly reduce the valuation.

3634. It is not the only cause I think which has contributed to reduce so largely the value per mile of the Scottish railways as shown in Table II. ?—The value has been reduced chiefly by more than one cause, one being the enormous increase of plant added almost every year by the railway companies. That, of course, was necessary to earn the enormously increased traffics; the traffics have been always increasing, but to earn that increased traffic the companies have had to build an immense number of new carriages, and not only a greater number, but very much more expensive carriages. Altogether that made up a very large sum for each company, and as the allowances were 25 per cent. upon this enormously increased sum, that brought out a very large reduction.

3635. Apart from the percentages contributed to stations, and the percentages contributed to lines, I observe that in the two last columns of the table namely, those which give the extent and value per mile, the value per mile of the Caledonian Railway fluctuated very much apart from the fact that it has been reduced in the last 20 years?—It fluctuates yearly with the traffics. If the traffic receipts are large the valuation will be large. That to me seems to justify our system so far. As the valuation is made up yearly, if the traffics are good and large, and paying, the railway is worth that much more.

3636. In other words, the hypothetical tenant would give more for it in that particular year?—Yes. The last year 1896-7 was a very low year indeed, but this current year, 1897-8 it has quite recovered. I have prepared an additional memorandum in connexion with the returns of revenue,\* from which it appears that, taking the cases of the three largest railways, while the percentages of the total traffics to total receipts, and to net receipts respectively are considerably lower now than they were in the exceptionally good years of 1876 and 1877 these percentages have all along been subject to great fluctuations owing to dull trade or the reverse. Over the whole period of 22 years covered by these tables the average percentages of total value to total receipts as compared with the percentages for 1897-98 were as follows:—the Caledonian Company average for 22 years, 22.4, and for 1897-98, 22.0; so with that Company it is pretty much the same, taking the percentages over a period of 22 years. There is no great falling off, only a very trifling falling off; but while that is the case, on the other hand, they should really have been greater, one would fancy, because the traffics are so much greater. I do not know that I need just now give the averages for the other companies.\*

3637. You have referred once or twice already to the deductions which you set out in paragraph 4 of your memorandum, the first of them being the 25 per cent. for working-stock and plant?—Yes.

3638. That is made up in the first place of 12 per cent. for tenants' profits?—Yes.

3639. You next go on to 5 per cent. for depreciation, then 5 per cent. for interest, and then 3 per cent. for accidents and incidents, making up a total of 25 per cent. ?—Yes.

3640. Do you think there is any foundation for the complaint which is not infrequently made, that these deductions are excessive?—May I give you the same answer I gave to the Royal Commission on Agriculture, or at least begin with that, which was that if 5 per cent. was the proper deduction for depreciation or for interest 40 years ago, now with the enormously changed value in money when companies can borrow money so much more readily, that consideration alone appears to me to make it somewhat excessive now.

3641. And that, I gather, is your own opinion—it is too high?—It is.

3642. Again, these deductions are open to this argument, are they not, that if they go on growing in the future as they have in the past, they will swallow up the valuation altogether?—I am aware that that statement is made, but I do not quite agree with that. I think the fact that the valuations of the current year are returning to quite the average, shows that there is not much risk of that. The year before last when we had the great coal strike and a frost for 13 weeks, which practically bound up the whole country and injured trade exceedingly, that was quite enough to account for the exceptionally low valuation.

3643. Do you think it was under the influence of that exceptional year that many of the recent complaints have been made?—I think that brought the complaints to a point. There had been a good deal of grumbling before, but those low valuations which were caused by that exceptional year brought it to a point.

3644. Can a deduction of 12 per cent. for tenants' profits be defended in these days?—That seems a very large deduction.

3645. Has that ever been the subject of judicial decision?—It has.

3646. Are you bound by that decision?—I consider I am. I am bound in more ways than one. One way being that the judges on two successive occasions have declared that they did not see their way to alter the decision of a judge, as one of them termed it, of co-ordinate jurisdiction.

3647. Was the case upon which that was first decided the case of a large and important company?—I think it was a case where the result was to be agreed to by all the companies jointly. It was argued by several judges and counsel, but there is no direct decision upon it; it was just agreed to. The question was raised in 1875-76 before Lord Ormidale, and in 1884-85 before Lord Kinnear.

3648. Does not the system amount to this, that whereas the tenants' profits, or in other words I think we may say in the case of a railway, the rent, is by your system fixed first of all at the very large amount of 12 per cent., the railway gets the benefit whether it earns it or not?—Yes, it does.

3649. Is that a just criticism?—The same argument would apply to any fixed percentage, I presume.

3650. Ought it to be fixed at so high a sum as 12 per cent. under those circumstances?—I have no very fixed opinion upon it, because a railway is a very hazardous undertaking, and subject to enormous losses, accidents, and so on. It certainly does appear to me to be a very large percentage for tenants' profits.

3651. I understand you never do make any alteration?—I never do; I never attempt it; I always avoid raising questions unless there is some ground for believing that I might succeed.

3652. I need hardly ask this, for I suppose your answer is sure to be in the negative; in making these deductions you make no calculations as to the net railway receipts?—The net railway receipts are really the dividend; the amount paid for dividend shows that.

3653. Whether they pay a dividend or not, they get the 12 per cent. as far as the rating is concerned?—They do if there is enough to allow it.

3654. With regard to the 5 per cent. for depreciation, is that a reasonable percentage?—In addition to that the railway companies get the whole of their repairs and renewals.

3655. The repairs and renewals are done out of revenue, are they not?—Yes.

3656. If you allow them, first of all, deductions for repairs and renewals out of revenue, and then give them 5 per cent. for depreciation, you are practically taking the same thing twice over, are you not?—That has been very strongly argued, but in the last case that was tried no alteration was made by the judge. The parish of Govan raised that question.

3657. Did the judge say he was bound by previous decisions?—He either said it, or implied it.

3658. The 5 per cent. for interest would seem to be a high charge according to the rate of interest to be got in these days with good security?—To me it certainly does appear to be so. Of course it is not quite the case of the railway company as owners borrowing the money, because it is the hypothetical tenant who is borrowing, and it is quite possible that he may have to pay a higher rate than a man borrowing money with the credit of a great railway at his back.

3659. On the other hand the tenant is a very hypothetical person, and the railway company is in existence and actually working the line?—It is so. But I think the objection to that is not quite so strong as it is to the 5 per cent. for depreciation. Here are Lord Kinnear's remarks upon this point in the Govan case, the county

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Deduction of 12 per cent. for tenants' profits is a large one, but the assessor is bound by a legal decision.

Deduction of 5 per cent. for depreciation given in addition to allowance for repairs and renewals which are done out of revenue.

Deduction of 5 per cent. for interest is a high one.

Deduction of 5 per cent. for depreciation. Lord Kinnear's observations.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 229 to 203.

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of Lanark were parties to it; I must say that it was not pushed as well as I thought they were going to do it:—"The assessor has included in the deduction of 25 per cent. on the assumed value of plant an allowance of 5 per cent. for deterioration of plant, and has also allowed the sums entered for repair and renewal in the company's account. But this does not necessarily involve a double allowance, since it is assumed that the expenditure upon repairs and renewals will only bring up the plant to 75 per cent. of its original value, and the percentage of 5 per cent. is in like manner calculated upon 75 per cent. of the prime cost. The assessor therefore, following the established practice, has held that one or other of these allowances alone would not be sufficient. I express no opinion on the question whether the method which has long been followed of estimating the allowance which should be made for depreciation is correct in principle, or whether the amount allowed is reasonable. The principle upon which the calculation proceeds has not been challenged except in so far as it is supposed to involve a double allowance, and no grounds have been stated to justify my interfering with the assessor's judgement in the question of amount."

3660. Were you a party in that case?—I was a consenting party to it.

Legal proceedings.  
Locus standi of assessor of railways in courts of law.

3661. Have you any power yourself in your capacity as assessor to state your own case, or to employ counsel, or otherwise to contest except when a local authority chooses to do it?—On that very occasion I think I read a paper which Lord Kinnear listened to, but against me I had many of the first gentlemen at the bar.

3662. Then you were present on that occasion?—I was present.

3663. In what capacity?—As assessor.

3664. Have you the right to address the court as assessor?—I think I have; the judge allowed that.

3665. Do you cross-examine witnesses on such an occasion as that?—I have done so to a very slight extent, but I really feel I am unequal for the combat.

3666. If the assessor does not cross-examine, and the railway companies do, it is not altogether improbable, or in any way casting a slur upon the assessor, if I say that he is put at a disadvantage in defending?—It is a very great disadvantage—the greatest possible.

3667. I suppose there would be a difficulty, having regard to the source from which your office is remunerated, in suggesting that you should be supplied with funds from the same source, to contest the railway companies?—There is a great difficulty there, I quite see, but I believe that the railway companies would really not object—I have heard several of them say so.

Deduction of 3 per cent. for accidents, &c., is a high one.

3668. Then to take another item, out of this 25 per cent., which is an allowance of 3 per cent. for accidents, incidents, and tenants' proportion of law charges and parliamentary expenses; do you know whether that was ever settled upon any intelligible statement, or whether it was simply added on to the other 22 per cent. for the sake of making 25 per cent.?—I think it was added on to meet the risks of accidents and the losses by accidents. I think my predecessor once said that he would include any case of snow-blocks as an incident. Snow-blocks are quite common on some of our railways. But taking the whole of these risks together, including the highest year any Scotch railway had for accidents, which, I think, was the Caledonian in the year of the Pennylee accident, it would never amount to anything approaching the 3 per cent.

3669. It is stated in Mr. W. Alston Dyke's pamphlet, that if you take 3 per cent. in the case of the North British it would come to something over 140,000*l.* a year?—I have no doubt it would.

3670. Do you think the payment for accidents, incidents, Parliamentary expenses, and law charges, and giving you the benefit of the snow-blocks, would come to anything like 140,000*l.* a year?—No, it would never come to that.

3671. Therefore the 3 per cent. is too high?—It appears to be too high unless you include anything for the risk of the undertaking and managing such a difficult and hazardous concern as a railway; but that is said to be covered by the 12 per cent. for tenants'

profits. Every percentage that might be taken from that 25 per cent. would mean a difference of about 50,000*l.* a year either to the Caledonian or to the North British, so while the gross valuation of the Caledonian this year is 800,000*l.*, if 5 per cent. were taken off, it would mean an addition of 250,000*l.* to the 800,000*l.*; it mounts up very rapidly.

3672. Taking it broadly, you think there is a case for re-examining the basis upon which these deductions, as a whole, have been estimated in the past?—Yes, I cannot help believing that there is. I state it very much upon the fact that the change of value in money is so notorious and apparently is so fixed now.

3673. Are you in favour of further provisions for appeals in valuation cases?—Very much so. I think the present court is insufficient for the magnitude of the interests involved.

3674. The present court, I understand, is the Junior Lord Ordinary for the time being?—Yes, and hitherto the time allotted for these cases has always been during the vacation time.

3675. Then is it the Junior Lord Ordinary or the Lord Ordinary on the Bills?—The Lord Ordinary on the Bills I should say, one of the juniors, not the junior.

3676. Is there any appeal from his decision?—None whatever.

3677. Is that by statute?—Yes, it is by statute. It has to be done within a very short time. Formerly he had to decide the cases by the 30th September, and very often he only commenced within two or three days of the 30th, and the proceedings were necessarily hurried.

3678. Then would you say there is absolutely no continuity in the tribunal, and yet there is no appeal?—There is no appeal, and in fact the cases are not reported in the ordinary way. They are reported now in the "Poor Law Magazine," because at my office we take care to have them reported in that and send them to the editor of this paper, or they never would be reported at all. As your Lordship may be aware, the Committee of 1888 recommended that there should be a certain change in the tribunal.

3679. A calculation has been made for me, I do not know whether you will be able to check it, but if not I will give you the calculation, and you shall state in your proof when revising your evidence, if you will be good enough to do so, whether I am accurate. I rather think a copy of it has been supplied to you. I find that the net receipts of English railways in 1894 are stated in the Statistical Abstract, page 195, to be 31,271,507*l.* The proportion of net receipts to gross rental in England in the same year was about 31 to 17, and of rateable value 31 to 13; are you able to say whether you have had an opportunity of checking those figures?—I have had no opportunity of checking them, in fact, I only got them this morning.

3680. I will put another question, and I will ask you to be kind enough to check it when you get your proof, it is only fair that you should have time to do it. The Scottish net receipts for the same year are 4,279,957*l.*, and the railway valuation 1,800,000*l.* The proportion in the calculation for Scotland being 42 to 18 as compared with 31 to 13 in England?—That is nearly the same.\*

3681. What I want to ask you is whether you think this is an accidental coincidence in which the totally different English and Scottish systems have brought about very similar results, or whether you think that although arrived at by different methods, the results in the two countries are practically the same?—I cannot think that. These calculations, I think, apply, not perhaps to our worst year, but to several years back, and I presume the coincidence must be just accidental.

3682. I suppose that you are aware that when one is comparing English with Scottish railways it is necessary to bear in mind that the mileage of some of the Scottish railways is actually in England?—Yes.

3683. Therefore, when you are comparing rates paid between England and Scotland you must add something

\* The witness subsequently stated that he had checked the figures referred to and found them to be correct. He also forwarded a table showing, for the railways in Scotland, the total valuations, net receipts, and total rates paid. (See Pt. I. of Appendix to Vol. I. of Minutes of Evidence, p. 309.)

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Deductions.  
Revision of amounts desirable.  
Appeals in valuation cases.  
A change in the present tribunal advisable.

Proportion of net receipts to rateable value on English and Scotch railways.

Valuation of Scottish railways partly situated in England. Method adopted.



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to the payments that are made by Scottish railways in order to get a fair comparison with the payments that are made by the English railways?—Yes, certainly.

3684. *Per contra* when you are calculating the amount paid as compared with the capital expenditure of the railways you must take off something from the Scottish capital expenditure, because the capital expenditure for the mileage of the Scotch railways in England is shown in the accounts of the Scottish companies?—It is, including in one case one half of the cost of the very large and expensive station at Carlisle.

3685. Is it still impossible to get at the proper abatement which should be allowed in respect of traders' wagons?—Circumstances are still exactly the same as then. I do not think it would make a very large difference even if it were got at. The railway companies almost declined to do it. They said it would involve an immense amount of work and labour on their staff, and they would require to engage new clerks and so on.

3686. I have great sympathy with that view, but I felt bound to put the question to you. I take your answer to be that you do not think the difference that would result is worth the labour that would be involved in getting it?—Quite so; that is my opinion.

3687. There are, I think, only four canals in Scotland?—Yes, two of them, the Caledonian and the Crinan being Government property.

3688. Have any complaints reached you as to the method of the valuation of canals?—We have had several appeals from the Crinan Canal. The County Council of Argyll have appealed several times. It being all in one county they think they should have the privilege of the case being tried before the Sheriff of Argyll; but now the Supreme Court—and this curiously enough is the only case we ever were able to get to the Supreme Court in Scotland—have decided that the Caledonian and Crinan were one and the same property and must be valued continuously.

3689. As a matter of fact, excepting that case there have been no difficulties about canals?—None.

3690. And it is not a question upon which we need expend much time considering here, I think, is it?—Probably not. Of course, there is this point, that the Forth and Clyde Canal get the same mileage rate as the railway does. They are just part of the system, just the same as a non-paying line of railway.

3691. Have you anything to say as to the system of valuation of tramways in Scotland?—No.

3692. What is the method which you adopt?—It is practically the same as with the railways.

3693. Surely the circumstances of a tramway are different from a railway?—Of course they are.

3694. What process do you go through to get the valuation of a tramway?—We take the receipts from the published accounts, and follow the same system as regards deductions.

3695. What deductions do you allow?—The same as for railways.

3696. Do you allow 3 per cent. for accidents?—We do. At one time there was a great risk of tramways escaping the valuation altogether, but the judge held that tramways are practically the same as railways, and that brought them under my office.

3697. You value all systems of tramways in Scotland, wherever situated, do you not?—Yes, I do. There might be a short one within one county or within one parish even, but I would still value it.

3698. You also value the waterworks?—Yes; that we have had a great deal of discussion over.

3699. You have gone so fully into that question, and it takes up so much of your memorandum, that I do not think I have any questions to ask upon it; is there anything you would like to add? Perhaps your experience may indicate some weak spot in the practice?—The practice was completely changed by a decision of one of our judges. Previously we valued them in a different way, according to a system which is followed in England.

3700. Which decision do you refer to?—It is mentioned in paragraph 32 of my memorandum. It is the *Queen v. the Churchwardens and Overseers of Mile End Old Town*.

3701. That is an English decision?—Yes. We had valued the Scotch waterworks according to the findings of the English judges, which I still think is the best system, but the Judge of the Court of Session who tried the case, said that it did not apply to Scotland.

3702. Which case was it that was tried in Scotland?—The Dundee case.

3703. Was that tried in 1883?—There was a joint appeal by Glasgow, Edinburgh, Dundee, Aberdeen, and Dunfermline to the Lord Ordinary—

3704. I think, before you go to the appeal, it was decided, was it not, in 1883?—Yes, and again in 1884.

3705. Was that decision appealed from?—No, there was no appeal from that.

3706. I want you to explain it to me—I am sure you know; that decision was surely a decision of two judges, was it not?—That was the Dundee case, and it is a curious fact that cases brought up on appeal against one of the local assessors are tried before two judges, but that a case from the Railway Assessor, where the interests are ten times larger, is tried before one judge; that is statutory.

3707. How are those two judges selected?—They are selected by the court.

3708. That, I suppose, you would agree with me, is a better system than the system of railway appeals?—It is better, but the system of having two judges is not always satisfactory, because not infrequently they differ, and then there is no result at all.

3709. What happens then?—The assessor's valuation holds.

3710. I understand from what you say that you would have liked to have had upon that and upon other questions the decision of the Supreme Court of Appeal in the respect that although the individual interests involved in the one case might be relatively small, the effect that flows from the decision to the country at large is of supreme importance?—Yes.

3711. That is your view, is it?—It is my very strong view that there should be an appeal from these judges. If there were three judges, as was recommended by the Committee of 1888, it would be a much stronger court.

3712. Put it in this way: a decision in the case of waterworks of a small burgh of 5,000 or 10,000 inhabitants might change the whole system of large undertakings like those of Glasgow, Edinburgh, or Dundee?—Yes, it certainly might.

3713. Do you value gasworks and electric lighting works?—Yes.

3714. Even although they are purely local?—If required to do so, only. In the case of railways and canals it is necessary, but in regard to the others they must make application according to section 23 of the Act of 1854.

3715. I understand that the total value of the property valued by you in the present year was 2,625,000?—Yes.

3716. That is the whole, is it?—That is the whole.

3717. Is it the case that you did that at a cost of under 2,200 a year?—Yes.

3718. That is the whole cost?—Yes.

3719. Do the railways pay the whole cost of your office, or is it paid also in proportion by waterworks and gasworks?—By waterworks and gasworks also, by any subject valued by me.

3720. They pay their share?—Yes.

3721. There is no charge upon the Imperial funds for your office at all I understand?—None whatever.

3722. And there is no recoupment on the part of the local authorities, is there?—No.

3723. I suppose some recent Acts of Parliament subdividing districts for special purposes, such as water districts and drainage districts and special areas of that kind which are more or less fictitiously made have not diminished the work of your office?—They have considerably increased it.

3724. I think you sometimes think that Parliament takes a pride in putting conundrums of that kind to you?—I think if it were possible to make those districts into one district for all purposes, it would be a great

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Appeal from local assessor and appeal from railway assessor. Difference in tribunals. A change desirable.

Gas and electric light works. Valuation of.

Value of property valued by the Assessor of Railways and Canals. Cost of valuation and by whom paid.

The Assessor's work has increased owing to recent Acts of Parliament subdividing districts for special purposes.

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advantage. At present we have one district for drainage, another for water, another for lighting, and another for something else; that complicates the work very much, and makes it very difficult.

3725. And those districts are often varying very slightly?—Yes. I do not know whether your Lordship would take the trouble to look at these plans of districts which I have brought with me (*producing plans*).

3726. I have seen those plans in your office. I need not look at them again, but the other members of the Commission might like to see them. Is there any point, not included in your memorandum, which is really very full and exhaustive, and which must have given you a great deal of trouble, which has not been covered in my questions, but on which you would like to say anything?—There are one or two points. One thing that I should strongly urge is that the word "undertaking" as used in the Act of 1854 should be defined. That was mentioned by me before the Committee of 1888, and it was recommended in their Report,\* but nothing has ever been done. This is my proposed definition:—"The word 'undertaking' used in the Act 17 & 18 Vict. c. 91, and Acts amending the same, in relation to the valuation of railways and canals in Scotland, shall mean all lands and heritages belonging to, or leased by, each railway or canal company, including the permanent way as defined by section 2 of the Valuation Act, 30 & 31 Vict. c. 80, canals, ferries and all erections used as stations, offices, waiting rooms, hotels, platforms, loading banks, sheds, stores, stables, workshops, gasworks, wharves, docks, basins, depôts, railway sidings, and all other houses, erections, works and places of business used for the traffic purposes of such company, or in connection with the management, working, or maintenance of the railway or canal, or any part thereof, and all lands, buildings, privileges, and others within, or adjoining to, or abutting upon any of the works herein-before mentioned, let to or used by or for the convenience of persons using the railway or canal, including such erections as may be placed thereon by occupiers; the following subjects amongst others being held to come under this interpretation, namely, hotels sanctioned by statute as station hotels, refreshment rooms, bookstalls, cabstands, advertising spaces, depot ground, warehouses, stores, sheds, offices, stables, and the slopes or banks of canals or railways; but declaring that the said word 'undertaking' shall not include any dwelling-house or garden, or other accommodation occupied in connection therewith; nor shall it include offices or places of business leased and occupied by railway or canal companies, as separate subjects, and used as booking or goods or parcel receiving offices, or as stables, or for any like purpose, where such are not situated within or adjoining to the undertaking as herein-before defined." I have also prepared a statement giving a comparison between English and Scotch valuation, and rating; it is long and rather complicated (*handing in statement*).†

3727. (*Viscount Emlay*.) In the deductions you quoted you seemed to think that the change in the value of money and other reasons, showed you that some of the deductions were unreasonable; would those be variations that would periodically occur according to the value of money?—I suppose you are liable to that, but of late, and for a great many years back, the experience has been that money has been getting cheaper and cheaper, and at present apparently there is no reason why that should change.

3728. If you fix the deductions by statute, will you not always be liable to get into that position that there may be changes in the value of money and so forth, which it would require statutory enactments to put right?—I presume so, if they are fixed by statute. Of course these deductions of 12 per cent., five per cent., five per cent., and three per cent. are not statutory, they are only practice.

3729. There would be an objection, would there not, to making fixed statutory deductions to certain percentages?—Of course if it had been statutory it might involve hardship at a future period.

3730. Would you prefer that they should be settled by a court of appeal from time to time, or that they should be left to decision on each case?—Left to decision by whom?

3731. By the authority which has to decide each case—by the Court of Appeal if you establish a Court of Appeal?—I think that would be sufficient.

3732. To take each case on its merits?—Do you mean each railway by itself?

3733. Yes?—I think that would be for the court to say; I would not propose that.

3734. How would you fix the deductions?—By a percentage upon the value of the rolling stock—the tenant's stock.

3735. Fixed by whom?—Just as it was done before now—fixed by the assessor; and if he fixed too much or too little, let there be an appeal, and let it be settled by the court.

3736. Does the assessor fix it generally for all railways?—There has been no change for 40 years.

3737. How was that originally settled 40 years ago? Did the deductions fixed by the assessor apply to all railways?—There was a conference of railways and it was debated before the court. As I understand it was an arrangement, but there is really no correct report, or no sufficient report of what took place. That, however, was the result.

3738. Would it not be better to have some authority who could fix, at all events for a time, until they changed their decision, exactly what the deductions should be?—Do you mean a court?

3739. A court like the Court of Appeal, or the Railway Commission in England?—I do not know really what the Railway Commissioners are; they are not railway men, are they?

3740. At all events, you would want some authority that could fix the deduction, and could vary the deduction from time to time?—Yes, I should think so. I think the first division of the Court of Session would be enough for that.

3741. I understand with regard to the lines that the division, the apportionment rather to parishes, is now done according to the line of railway running through the parish whether it is a single line, whether it is a double line, or whether it is a quadruple line—it is just the same?—We have only a very few miles of quadruple lines, and of late years I have doubled the valuation of those quadruple lines with the consent of the railway companies, and of the assessing bodies too.

3742. How have you treated the double lines?—I have treated them in the same way as single lines.

3743. Do you think that is the right way to treat them?—No, I do not.

3744. How would you treat them?—I should reduce the whole to a single line.

3745. And then?—And then apportion, that is to say, if there were a hundred miles of double line, I would call it 200, and then if there is another hundred miles of single line, it would get just one half of what the hundred miles of double line got.

3746. What you are speaking of now are running lines?—Yes.

3747. Turn again to sidings; I understand your view as to sidings is that they should also be treated much in the same way as running lines, is that so?—Yes, I think so. I think that would be a very good solution of a great difficulty. At present they are treated as stations, and that throws an immense deal more valuation into the large towns. If they were treated as running lines, it would certainly tend to lessen the valuation in large towns.

3748. Would that be so in a large goods yard?—I think it would.

3749. Would treating a very large area of sidings in a goods yard as running lines tend to diminish the amount that a large town would get?—I think it would, because the value of the *solum* in the large towns is so enormous. If you value ground rents, worth about 5*l.* a yard cost price, and take 5 per cent. upon that, it makes an enormous sum. In Glasgow, where our largest stations are, the great bulk of the valuations of stations is for the *solum*, not for the buildings.

3750. In the case of your treating sidings in a large goods yard as running lines, would you eliminate the question of the cost of land?—I should entirely eliminate that, as we do at present on the running lines.

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Deductions should be fixed and varied by a legal tribunal.

Method of valuation of quadruple lines.

Valuation of single and double lines. Method is identical, but double lines should be treated as if twice the length of single ones.

Sidings should be treated as running lines instead of being treated as stations. This would diminish the valuation in the large towns, as the question of the value of the land would be eliminated.

"Undertaking" used in 17 & 18 Vict. c. 91, should be defined. Definition suggested by the assessor.

Deductions, change in the value of money has made it desirable to have some alteration.

\* House of Commons Paper, No. 335 of 1890.

† Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 296 to 298.

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3751. Would the value of that land not be taken into account at all?—It would be represented just the same as the land upon which the lines are.

3752. But it would not be valued according to its actual value?—In regard to its actual value, of course, the part of the line which runs into the large towns is just in the same position.

3753. Then if you still hold on to the value of the *solum*, as far as the sidings are concerned, and you are treating them as running lines, would you not be increasing the value of the large goods station?—No, I would not hold on to the value of the *solum*; I should strike it out entirely. I should treat those lines simply as at so much a yard, or so much a mile, leaving out of account entirely the question of the value of the *solum*.

3754. Then a portion of a large goods yard in a town would not be dealt with at all so far as the value of the *solum* was concerned?—In what respect?

3755. Assuming you have got a very large proportion of sidings in a large town which you are going to treat as running lines, and in respect of which you are not going to consider the value of the *solum*, then I say a large proportion of the value of the land in the goods yard would be dropped out of all assessment?—They would get their share of the mileage rate undoubtedly.

3756. That is so, but that is not an equivalent, as I understand, in your view to the value of the soil?—No, the value of the soil in many cases—in most cases—would be much greater.

3757. Do you think that the value of a siding in an ordinary goods yard can be treated just in the same way as far as its value is concerned as the value of a part of a running line on a system of railway?—It would appear certainly that the running line is more valuable—one would imagine so; but in formulating a system I suppose we must just give and take, so to speak, as we do in the case of valuing these running lines in distant parts at the same rate as those entering large towns.

3758. Do you think that that is the fairest way of valuing the running lines—valuing them just the same in the country parishes as in the large towns without any reference to what passes over them?—I may be prejudiced in favour of it because we have had no other in Scotland for the last 40 years, and therefore of course during the 20 years I have had to do with it.

3759. Eliminating your experience of Scotland, as a matter of principle should you think it a fair thing?—I do not know much except by report, and by reading about the system in England, but I venture to say that if anyone chooses to look closely into it he will find the Scotch system the better of the two in one respect particularly—that is very like what a north countryman would say I daresay. In England, I understand, that the large towns grab at all they can get, and have a great deal more than they should get, and the country gets a great deal too little.

3760. That is in England?—In England.

3761. Do they not complain in Scotland that the Scotch system has had very much the same effect, and that while you secure to the large towns and large stations a fixed amount, in times of bad trade, and bad traffic the country parishes get next to nothing and your large towns still hold on to what they have got?—They are getting too much I consider; I have all along considered that the large towns are getting an undue proportion. If our railways were worth double or treble or four times what they are worth the towns might not be getting too much. I have prepared a scale giving to the towns certain per-centages according to the value of the running line.

3762. Without reference to the stations?—If the value of the railway generally were a thousand pounds per mile I should give them five per cent. as well; if the value of the railway is not above 100*l.* per mile, I think it is one per cent. that I would propose counting. I would value the whole system and give it—country and town—something which would be as near as possible a fair proportion. Of course it is in the towns that an immense deal of the traffic is collected which is spread out; but for the railways, the towns would be very different to what they are.

3763. And the country districts too, would they not, some of them?—I think the railways have destroyed the country districts to a very large extent. What

would be the price of grain but for railways and steam-boats?

3764. It has been stated, has it not, that the result of the present practice in Scotland is that you are really assuring to the towns the full amount they can get without much variation according to what the traffic may be?—Yes.

3765. And that the whole brunt of the fluctuations of the traffic falls upon country parishes?—Yes, certainly that is the case.

3766. Is that not rather hard upon the country parishes?—I think so; that is mainly why I wish to reduce the amount given to the large towns.

3767. (Mr. Balfour.) Of course, according to the present system when 5 per cent. or as it used to be 3 per cent. is taken upon the stations, that is quite a fixed quantity not dependent in any degree upon the success of the trading enterprise?—Quite so.

3768. Whereas, on the other hand, the valuation of the running line depends exclusively and entirely upon the success of the mercantile enterprise?—Entirely.

3769. So that two quite different methods are applied in the two cases?—Yes.

3770. I understand that you are now making a suggestion that the stations should so far be put into the position of following the trading fortunes of the undertaking, that is your idea, is it not?—Yes.

3771. If a scheme could be devised by which the stations could so far follow the trading fortunes of the undertaking, the objections which you have mentioned would be met, would they not?—I think so.

3772. While it is quite true that in unprosperous times 5 per cent. is all that the stations get, they never can be more?—They never can be more.

3773. The running line, on the contrary, in times of great prosperity may get a great deal more?—It might.

3774. Still, all the risks of loss and the possibilities of profit go to the running line at present?—They do.

3775. But you think you see your way to making all follow the fortunes so far of the enterprise?—I think that would be desirable and fair.

3776. In 1868 you told us, as you have told us now, that there should, in your view, be a reduction to 5 per cent. What you have referred to as the continuous fall in the interest of money appears to sustain that view?—Yes.

3777. That it should be reduced to 3 per cent.?—I think so.

3778. Is it the case that the railway companies have not provided station accommodation in excess of what they feel to be necessary for the success of their undertakings?—I think they never build a station but what it turns out to be too small.

3779. You do not suggest that the railway companies are spending more upon their stations than is necessary for the prosperity of their undertakings?—Apparently not. They have built a very large and costly station at Glasgow, and it certainly has turned out to be too small, and they are adding to it now.

3780. So that I understand you would be quite prepared in one form or another to give the stations a full and fair share of the enterprise?—Certainly.

3781. Although you object to their getting a stereotyped amount irrespective of the trade, that is your real objection?—That is. May I add that at the time the Act was passed in 1854, the railway stations were mere wooden sheds or little better, most of them, but not all of them, and people never contemplated that costly stations would be necessary.

3782. No doubt it was thought that they would be relatively a smaller part of the property of the undertaking?—No doubt.

3783. And you think the point might be met in somewhat the same way as you have mentioned?—I think it might in some way be desirable.

3784. I think the next thing you dealt with was the reduction of the prime cost of the plant to 75 per cent.?—Yes.

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6 May '97

Valuation of stations is fixed, whereas valuation of running line depends upon the success of the enterprise. Scheme suggested to make stations share the trading fortunes of the enterprise.

Deductions, change in the value of money and rate of interest.

Railway stations are not too large for the necessities of the traffic.

Valuation of railway stations should depend on the success of the enterprise.

Standing stock of railway company.

Mr. W.  
Munro.

6 May '97

Reduction  
of 25 per  
cent. from  
prime  
stock.

3785. Was that not done upon the idea, that taking the plant of a railway company as a standing plant all over, making allowance for what was new out of the shop, and what was old enough to be thrown out, the standing stock was not in excess of 75 per cent. of prime cost?—I imagine that was the idea.

3786. Is it not the fact that it was upon that idea that the 75 per cent. was struck?—Of course, that 75 per cent. was struck about the year 1855 or so, so I could not speak positively to that.

3787. Do you not think that is quite just; apart from division altogether, do you not think it is in accordance with the fact that the standing stock of a railway company is of about a fourth less value than if it was all new out of the shop?—It is a very difficult question to answer.

3788. I am not now on the per-centage?—I think it fluctuates.

3789. It would, no doubt; but what I am putting to you is this: taking the whole stock as a standing stock—some new, some old—do you not think that 75 per cent. is a moderate overhead value as against new stock?—I really could not offer an opinion.

3790. Is that not the way it was fixed—right or wrong?—That is fixed, right or wrong; but it always seemed to me very arbitrary.

3791. It may be arbitrary, but would you ever say that the stock of any railway company overhead is worth anything like cent. per cent. of its new price?—That would be whether it would bring that in the market?

3792. Yes, or whether it is worth it to the person owning it?—A great deal of it is not, but a great deal of it is better.

3793. It will not grow better by running, surely?—No. I engine on the Caledonian railway may be worth three times what it was.

3794. You will observe that the consideration I am putting to you now is a consideration quite apart from a reduction of 12 per cent. for tenants' profits, you see that?—Yes.

3795. Are you quite sure that you are correct in saying in your memorandum that this 12 per cent. deduction for tenants' profits enters into that calculation—that is into the reduction of the standing stock of a railway to 75 per cent.; is it not something rather different?—Of course, if they get these deductions upon the full value they would be much larger.

3796. The view I was putting to you had nothing to do with the question of deduction for tenants' profits; it was that a standing stock of hundreds of carriages and waggons was overhead not worth more than about 75 per cent. of what it was when it was all new?—I think the value of the stock will fluctuate according to different authorities to the extent of 25 per cent.

3797. That is hardly an answer to my question, but that is your answer?—I think it is.

3798. If it was to be dealt with as a tenants' profit of course the profit of a hypothetical tenant of a railway is a trading profit?—It is.

3799. Entirely; is that not so?—It is.

3800. Do you think that any hypothetical tenant could be expected to take a line equipped with stations and supply it with plant and run all the hazards of the undertaking for less than a good commercial profit?—No. I think any company or any prudent man would require the prospect of a good profit.

3801. The profit of that would be very different from the rent of agricultural land?—Very; there are such risks in the case of railways.

3802. Do you think that, looking to the risks incident to a railway business, and assuming that the hypothetical tenant would equip it with plant, he would be content with less than a tenants' profit of 12 per cent.?—I really do not feel justified in offering a very strong opinion upon it.

3803. I thought you said that 12 per cent. looked a big rent?—Yes, so it does.

3804. Viewing it as rent, I quite agree with you, but I am suggesting to you that although it is called rent, it is really the expectation of the profits of a trade, and

of a very hazardous trade?—Yes, but we see hazardous trades every day turned into limited companies, and greedily swallowed at less than 12 per cent.

3805. I know you are as frank and fair as possible, and I will put it once more; do you not think that the 12 per cent. for what you call tenants' profits when the subject of the tenancy is a railway line which on the hypothesis has to be equipped with plant, and a trade carried on upon it, is moderate?—I think it is high.

3806. What would you make it?—It would depend upon other things.

3807. No man would do it for the mere interest of the money invested?—No, but they have got interest over and above that; they have 17 per cent.

3808. That is another matter; your next item is depreciation?—Yes; that has always seemed to me the most difficult item of the whole.

3809. I want to know your view upon that. Even when you have reduced what I call the standing stock to 75 per cent. of original cost, is there not always a kind of depreciation going on which is not quite met by renewals?—As a matter of fact I should doubt whether there is much of that in the railway companies because every engine and every carriage renewed is a better engine and carriage than it was originally.

3810. Then it is an addition to the plant, if it is a better carriage?—It is done out of the revenue. The Caledonian have got No. 1 and No. 10 engines which are supposed to be the same engines as when they started.

3811. The next item is 5 per cent. for interest; do you think that a higher rate should be allowed upon money embarked in a trade, or borrowed to be embarked in a trade, than say upon a heritable security?—Certainly, you would require a higher rate.

3812. Even supposing the ordinary rate of Consols had gone down when you are dealing with a trading concern, would not the supposition as to interest be that you would require to borrow it—I presume it would be so.

3813. Do you think that for that kind of interest five per cent. is excessive?—I believe as a matter of fact at the present moment and for years past the railway companies have been borrowing at much less.

3814. If a trader had to borrow for current purposes, for floating capital, do you think he would get the money for much less one year with another than 5 per cent.?—It would depend entirely upon the trader's credit.

3815. Then, turning to your 3 per cent. for accidents and incidents, I do not think you said much against that, did you?—No, but I believe it is much more than the sum actually ever expended for these purposes.

3815a. Still there might be a big accident, you know?—There might be, but we have never had any accident cost anything like so much as 150,000.

3816. What would you suggest about that?—One suggestion would be to give the actual sums expended every year.

3817. To make that a matter of ascertainment?—Yes, for all these different things, including snow blocks which are very heavy on the Highland railways.

3818. Why? Would not clearing away the snow blocks enter into working expenses?—Yes, but then there is loss of traffic.

3819. However, I understand your view is that you would rather take that upon the actual figures?—Of course, it would make an immense difference to the railway companies supposing any of these deductions were shortened by that much. It would make an immense difference to the valuation of the Scotch railways if even that one 5 per cent. were knocked off.

3820. Do you propose to knock it off altogether and leave them without floating capital?—That is what many of those who are writing on the subject do.

3821. You would not propose to knock off all allowance for interest for traders' capital, would you?—No, certainly not, but I spoke of the 5 per cent. for depreciation.

3822. I will not recur to that. The next thing I think you dealt with was the question of the effect of

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Munro.

6 May '97

Depreciation, how far met by renewals.

Deduction of 5 per cent. for interest. How far fair.

Deduction of 3 per cent. for accidents and incidents. How far a fair deduction.

Deduction of 12 per cent. for tenants' profits. How far a fair deduction.

Towns get too large a share of valuation owing to increase in value of stations.

Mr. W. Munro.  
6 May '97  
Lines and stations should both be treated on basis of profits earned. Value of plant of railway companies has increased and character improved.

Valuation of a railway line should be based on lettable value to a hypothetical tenant.

Mr. W. Munro.  
6 May '97.  
Value of stations and lines should both be treated on basis of profits earned. Canals. System of valuation. Waterworks. System of valuation.

Traders' wagons. Allowances to traders in respect of their supplying their own wagons.

Valuation of stations. A proportion should be attributed to the lines.

Valuation of waterworks. Country districts obtain a larger share of the valuation than the towns which pay for the works.

raising the valuations in towns by so much being put upon the stations and, therefore, leaving very little value to attribute to the running line?—Yes.

3823. That would be met, would it not, by some such scheme as you have suggested of treating both kinds of real estate, with some relation to the profits earned?—Yes.

3824. That would be a remedy anyhow, would it not?—Yes, it would.

3825. Before passing from the stock, you said that there has been a very great increase in the value and character of the plant with which railway companies equip their lines?—The accounts show that.

3826. And it is true?—Yes.

3827. You do not suggest, do you, that they have been too luxurious or too lavish in equipping their lines? Was it not necessary to keep up their custom and compete with others?—Yes, and I think some of their expenses were forced upon them, such as the block signalling, which was a very heavy expense.

3828. That is quite fair, that was by legislation, was it not?—Yes.

3829. Has not the stress of competition compelled the great railway companies to run more trains and to provide better carriages?—Undoubtedly, and undoubtedly also it has induced greater travelling.

3830. You do not suggest that they should not get fair credit for that which was necessary to their business under modern conditions?—No, certainly not.

3831. I think it has been put, as almost an absurdity, that the running line should get very little value. Do you think that it is likely, even under the present law, that the running line should be left with no value?—It has happened.

3832. That was through bad trade, was it not?—It was a bad line, I suppose; there was the Girvan and Portpatrick, and others also.

3833. Is it at all an unprecedented thing that people carrying on a trading and speculative enterprise are sometimes left without profit?—It is quite common, I fancy.

3834. Cannot you conceive that there might be a line for which, owing to its local situation or condition, the hypothetical tenant would hardly give any rent for to be allowed to equip it with plant, and that any profit that was made in the working of the line might be made out of the plant put upon it by him?—I suppose any profit must be made by the working of the plant.

3835. Therefore, is there any reason for insuring a certain payment in respect of the running line irrespective of a similar provision for the expenditure upon stations and plant; are they not all equally necessary?—The one is as necessary as the other— even more so.

3836. Accordingly, cannot you conceive that if you had a line to let it might, merely viewed as a line, hardly bring any rent in some cases?—A line to let?

3837. A line to let to a tenant invited to take it and equip it with plant, and with stations, is it not quite conceivable that a subject so circumstanced would have very little rental value?—It is quite conceivable a line might be made which would not pay working expenses. There are plenty of them.

3838. Do you not think that after all it comes to this, that if part of the line, that is a hereditament, is allowed to follow the fortunes of the trading undertaking, that is all that it can expect?—It is the fate of all property in other cases.

3839. Would you not assent to the view that it might be quite conceivable that a line to let, if the tenant had to equip it would bring very little?—Certain lines I have already said.

3840. Some lines would; some lines might bring more?—Yes, some lines, such as the Girvan and Portpatrick, even when equipped, would have brought little or no rent, while worked as an independent undertaking, as was the case with this line a few years ago.

3841. Can you conceive any fairer way of ascertaining the lettable value of a line than the one, subject to the criticisms you have made as to the deductions, of seeing, after you have provided for equipping and working it, what is left as a rent—is there any fairer way than that?—That is taking the receipts as a basis.

3842. Yes?—Certainly; there is no other sound view, I think.

3843. If the same principle could be applied to stations, on the one hand not insuring them 5 per cent., and on the other hand letting them get more if there was more to attribute to them; that would meet your difficulty, would it not?—That is really what I have always desired.

3844. And that would meet the objections that have been taken to the present system?—I do not say it would meet them altogether, but it would meet them to a certain extent.

3845. I think you said that canals are just like railways?—Yes.

3846. There was a great waterworks question that at one time arose; would you tell us whether since 1888 the question of valuing waterworks has been advanced in any way?—No, they are really waiting for legislation. Glasgow and Dundee, who always stir up these questions in Scotland, are always expecting and hoping for some further enlightenment and assistance based upon that report.

3847. But it remains very much where it was, I think?—Yes.

3848. I did not observe that you said anything about floating capital?—I have said something.

3849. But you have no particular criticism on that?—No.

3850. I think you were asked a question about traders' wagons; are you aware that under recent legislation there is provision for the allowances that are to be made to traders in respect of their supplying their own wagons, being ascertained by statutory arbitration?—It has not come up before me in reference to the valuation.

3851. You do not object, do you, in this instance to an allowance being made to a trader because he supplies the wagons?—A payment?

3852. An abatement of his rates?—Certainly not, he otherwise would have no object in supplying the wagons.

3853. Perhaps you know that some traders think they do not get enough?—I am sure they do not.

3854. (Mr. Smith.) You think that the stations and sidings in towns, of railways, should be thrown as it were into hotchpot with the railway and valued accordingly, is that so?—I do not quite understand.

3855. I was using a term of English law "hotchpot." I mean mixing them with the earnings of the line and then rating them proportionately—that is your idea, is it?—My idea is that they should get a certain share of the valuation.

3856. Do you not rather leave out of calculation the fact that these stations and sidings occupy often the most valuable land in the towns—in the very centre of the town very often?—I do not leave it out of account because I have often considered it, but I think that much of the value of the surrounding ground in the towns arises from the fact that there is a railway station there.

3857. You think that, do you?—I do.

3858. Might it not in some cases be a detriment?—To residential property it might.

3859. It depends very much upon the situation of the railway station, I think?—The value of the land does as far as my experience has gone.

3860. Still you admit that they do occupy land that would otherwise be of high rateable value?—It might be so.

3861. Whatever be the case with regard to the railways, the towns get a good deal the worst of it as regards waterworks, do they not?—Yes.

3862. The boot is quite on the other leg there?—Quite.

3863. The decision in Scotland which appears to be still law has made a most material alteration. I understand, in the advantage which a town gets from the rating of its own waterworks?—Yes. I always thought that the locality in which the rates were collected should get a greater advantage.

3864. It happens also to be the district generally that has found the money to construct the waterworks, does it not?—Yes.

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3865. I think paragraph 41 of your memorandum shows that the result of that decision was to give, in the case of the Glasgow Waterworks, to the counties 73·9 per cent. of the total value, and to Glasgow itself only 26·1 per cent. ?—Yes.

3866. Whereas the proportion used to be 41·6 to 58·4 per cent. ?—Yes.

3867. And there was a somewhat similar result in Edinburgh ?—I resisted that as long as I could.

3868. It is some set off to the railways that the corporations owning waterworks are really paying the rates of many country parishes ?—They really are.

3869. In paragraph 64 of your memorandum there is a suggestion which gives me a grain of comfort. You suggest that "owners of property built on ground " let on perpetual or long leases, or 'feued,' might have " authority to deduct a proportion of local rates the " same way as is now done with the property tax ; " have you considered the question of ground landlords in England ?—I am not sufficiently acquainted with it to be able to give a definite opinion.

3870. They are in a somewhat similar position, are they not ?—I think they are.

3871. How would you deal with the cases of existing contracts ?—That would apply to all.

3872. You would apply it to all, would you ?—There is no other way of doing it.

3873. Supposing, as is the case in England, land is let upon a certain rent which is to be paid free of all deduction except the property tax, would it be fair, do you think, to impose upon the landlord the deduction of local taxes ?—I do not think it would be any harder upon the landlord than to impose new rates upon other classes of property.

3874. You would deal with them by new legislation to which all people might be subject ?—Yes. That is the only way, and it certainly does appear that the owners of such very valuable property should in justice pay at least a share.

3875. In the shape of a new Parliamentary charge, you think it might be fairly applied, even to existing contracts ?—There is no other way of levying it.

3876. (Mr. Elliott.) I observe in Table I. of your memorandum that the net revenue of the Caledonian Railway Company in 1876-7 was 1,710,000*l.*, and that in the year 1897-8 the net revenue was 2,100,000*l.* ?—Yes.

3877. That is an increase in the net revenue of about 25 per cent., is it not ?—I have no doubt it is.

3878. Taking the same years the rateable value has fallen from 889,000*l.* in 1876-77, to 800,000*l.* in 1897-98 that is a diminution in the rateable value of about 10 per cent., is it not ?—Yes, or 9 per cent.

3879. So that while the net revenue of the Caledonian Railway Company has increased by nearly 25 per cent., the rateable value has diminished by between 9 and 10 per cent. ?—Yes, that is the result.

3880. Are you aware of any other class of undertaking in which a large increase of profit has taken place accompanied by a diminution in rateable value ?—A large increase of profit do you say—it is not exactly profit, it is receipts.

3881. I am speaking of net revenue, a large increase of net revenue has taken place accompanied by a substantial diminution in the rateable value ?—An increased revenue may be derived at an immense additional expense.

3882. I am speaking now of net revenue which, of course, is arrived at by deducting the working expenses from the total receipts ?—Of course, large additional tenants' plant was necessary to earn that revenue.

3883. Do you think that the hypothetical tenant would be unwilling now to pay so large a rent for this particular undertaking as he would have been in 1876-77 ?—That he would be as willing to pay as large a rent ?

3884. Would he not be willing to pay a larger rent to-day as compared with 20 years ago ?—I should think he would, it is a larger undertaking altogether.

3885. Therefore, does it not follow that the system adopted in order to arrive at the rent which the hypothetical tenant would give, is proved by those figures to be unsatisfactory ?—It tends in that direction, or

else! the profits are to be smaller, and people are not content with smaller profits, which is the fact in many cases, is it not ?

3886. Does it not seem inequitable that simultaneously with a steady increase in the profits there should be what is almost a steady diminution in the proportion of rateable value to profits ?—It does seem remarkable, certainly it is very striking. But of course we have against that the fact that in the present year, 1897-98, it is much higher than it was in the previous year.

3887. Yes, but taking the previous years you have very much the same result ; you have not so large an increase of net revenue, but you have a very much larger diminution in the rateable value ?—Have we ? That was one of the exceptional causes which I have explained.

3888. Then, adopting the criterion Mr. Balfour has submitted to you, that the value of the hereditament should follow the fortunes of the undertaking, would you say that under the present system that has been secured ?—I would say not.

3889. And for the reason given in your memorandum ?—Yes, that the one is a fixed charge.

3890. With regard to these deductions, is it quite fair to look upon a railway as in any sense a hazardous undertaking ?—I think it is to a certain extent. It is a more hazardous undertaking than the average hazardous undertakings, I should think.

3891. Having regard to the position which a railway company occupies in regard to Parliament, and the fact that it enjoys a certain measure of freedom from competition, would you not say that the hypothetical tenant would be quite content with a smaller profit than this 25 per cent. ?—It is 12 per cent.

3892. But in addition to that 12 per cent. there is 5 per cent. for interest, is there not ?—There is, and that makes it 17.

3893. I understood from paragraph 4 of your memorandum that in addition to the 12 per cent. which it is assumed that the tenant would require to have for profit a deduction of 5 per cent. is also allowed in respect of the interest on tenants' capital ?—Yes.

3894. So that the aggregate profit is 17 per cent., is it not ?—Yes.

3895. Does that not strike you as being an excessive profit to assume, having regard to the risks involved in the particular case of a railway company ?—It seems a very liberal profit, there is no doubt of that. I think that in arriving at the valuation in this way you could not cut down the supposed profits under the ordinary limit. Trade profits are often much larger than that, and very much oftener still less.

3896. What I wanted to elicit from you is this : it is suggested by you, is it not, that, seeing that the rateable value of the Caledonian Railway Company and of the Highland Railway Company have fallen simultaneously with the increase of their net revenue, this system is therefore deficient ?—I do not know that I suggest that, but I admit it.

3897. And the principal direction in which the present arrangement is unsatisfactory is in respect of these allowances ?—And the division.

3898. I am not speaking of the division now, I am speaking of the rateable value *in cumulo* ?—That is, of course, the only thing that could be suggested for altering ; you cannot increase the traffics beyond their proper sum, and you cannot lessen the working expenses ; the only other deduction then must be in regard to these per-centages.

3899. Then I may take it that it is your opinion that the revision of these per-centages might be so effected as to bring about a closer relationship between the rateable value of these undertakings and their net revenue ?—In other words to lessen the deductions.

3900. Yes ?—Yes, I have already said that. I think 25 per cent. is scarcely the right figure.

3901. Would it be possible for you to give us somewhat similar information to that which you have given in the case of railway companies with regard to the other companies falling within your jurisdiction ? These figures as to the proportion of rateable value to net profit are, of course, of great interest ; could you give us similar particulars with regard to canals, tramways, waterworks, and gasworks ?—The canals

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Deduction of 12 per cent. for profit and 5 per cent. for interest. How far fair deductions.

Ground landlords. Suggestion that they should pay part of local rates.

Caledonian Railway. Net revenue increased and the rateable value has decreased, comparing 1876-77 with 1897-98. Value of hereditament has not followed the fortunes of the undertaking.

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belong to the railway companies and are mixed up with the railway companies; I do not think they could be separated.

3902. Could you get similar information with regard to tramways, waterworks, and gasworks?—The waterworks we value belong to corporations, therefore they get no tenants' profits.

3903. With regard to the tramways and gasworks, perhaps you could give us the figures?—Gasworks are also the property of corporations.\*

Deduction of 5 per cent. for interest on floating capital not excessive.

3904. (Mr. Balfour.) Does the question of the allowance for interest on capital, relate to anything more than what is termed floating capital?—Is that part of the 25 per cent.?

3905. Are you aware that the question of floating capital was brought into the Scotch valuation as the result of an English decision?—Yes, and I think that is stated in paragraph 4 of my memorandum.

3906. It is not upon the capital of the company?—No; it is floating capital, loose money in hand for carrying on the business.

3907. Does not floating capital mean such an amount of the capital of the company as may not at the moment be profit-yielding; what is necessary to keep the

business going, but upon which an actual return is not being got at the moment?—Yes, I should say so.

3908. Is it not quite right that an allowance should be made for that, whatever its amount may be?—That is in addition to the 5 per cent. included in 25 per cent. on value of plant.

3909. I give you the instance of outstanding accounts and the like, as things in respect of which an allowance must be made, must it not, as part of the cost of the business?—Yes.

3910. And is it not the assumption that a railway company has to borrow, or, in the case of any trader in stating his accounts, is it not the assumption that he has to borrow the money, or find it somehow?—He must find it, unless he has the capital.

3911. Do you think 5 per cent. is excessive for that?—No; I never said that I thought on this 100,000l. that 5 per cent. was excessive.

3912. (Mr. Elliott.) I distinctly understand from your memorandum that, in addition to that deduction of 5 per cent. on floating capital, there is an allowance of 5 per cent. on 75 per cent. of the value of the working stock?—Yes; but they are two different things.

3913. They are two different 5 per cents.?—Yes.

3914. (Viscount Emlyn.) Is there anything else that you want to add?—No, I do not think so.

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Deduction of 5 per cent. for interest on working stock and plant, and also of 5 per cent. for interest on floating capital.

The witness withdrew.

Adjourned till to-morrow at 2 o'clock.

ELEVENTH DAY.

Friday, 7th May 1897.

At 16, Victoria Street, S.W.

PRESENT :

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The VISCOUNT EMLYN.  
The Right Hon. J. B. BALFOUR, Q.C., M.P.  
Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
C. A. CRIPPS, Esq., Q.C., M.P.,

T. H. ELLIOTT, Esq.  
E. O. SMITH, Esq.  
J. L. WHARTON, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. HARRIS P. CLEAVER called and examined.

Mr. H. P. Cleaver.  
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3915. (*Chairman.*) I think you are the clerk to the West Derby Union of the city of Liverpool?—I am.

3916. How long have you held that office?—For 18 years.

3917. You have received from us a printed schedule† of questions which briefly indicated the points upon which this Commission thought you might be able to help us?—I have.

3918. As regards the first of those questions which had to do with the system adopted in making up the valuation list for each parish in the union, the Commission would be glad to give you an opportunity of making any observations that you would wish to put before us?—The overseers of the separate parishes, with the assistance of a paid valuer, provide the assessment committee with a valuation list; that valuation list forms the basis for the new rate, and it is deposited with the assessment committee for one month. In the West Derby Union we have a new valuation list for every township in the union every year. We do not adopt the system of having a supplemental list. The alterations were so numerous that the assessment committee came to the resolution to call upon the overseers to provide new lists every year, and this they do. The

overseers were provided by the assessment committee with rules for their guidance in the year 1872.

3919. Was it in 1872 that your union came to this decision to have an annual valuation?—No; it came to that decision in 1882, three years after my appointment. Previous to that they had supplemental valuation lists continually pouring in upon them, and they thought that it would be to the advantage of the union to have fresh valuation lists every year—that was in 1882 or 1883.

3920. I think I understand what you mean by a fresh valuation list; you mean a fresh list altogether, but not necessarily a complete re-valuation?—That is so; not necessarily a complete re-valuation.

3921. But every entry, I presume, is gone over to see whether, in the opinion of those who are making up the roll, there is any case for alteration?—Yes. By that means it brought the assessments more clearly under their notice than by only having supplemental lists.

3922. Are you of opinion that that has been a wise course of procedure on the part of your union?—I think it has been a very wise course of procedure.

3923. Has it been carried out with much difficulty?—I think at first the overseers hardly liked the idea of making the new lists out, but I have not heard of any grumbling for very many years.

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New valuation list has been made annually in West Derby Union since 1882. Advantages of system.

\* Pt. I. of Appendix to Vol. I. of Minutes of Evidence, pp. 310 to 325.  
† Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 382.

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3924. Has it been an expensive process?—It has in this way, that the overseers have had at different times to employ paid valuers, and they have employed them oftener than they did when there were only supplemental valuations made.

3925. May I take it that your assessment committee would not under any circumstances willingly go back to the old system?—I am certain they would not do so.

3926. Your practice is universal throughout the union, is it not?—It is.

Rules provided for guidance of overseers in West Derby Union in 1872 and 1892, to secure uniformity. Application of definite principles in valuing.

3927. Is there any other matter in regard to that particular branch of the questions that we put to you on which you would like to add anything?—I would wish your permission add this, that previous to the assessment committee calling upon the overseers to make lists, they did in the year 1872 provide them with rules for their guidance as to how they would wish that list to be made out. Those rules are contained in the following letter:—"14, Clayton Square, Liverpool, 13th March, 1872.—Gentlemen, "I am directed by the Assessment Committee of the "West Derby Union to forward to you, for your "guidance in making out the valuation lists for your "township, a table showing the deductions which they "have resolved shall be made from the gross rental "of the several descriptions of property to produce "rateable value, viz. :—

	£	
" Land - - - - -	5	per cent.
" House and buildings - - - - -	15	"
" Cottages not exceeding 10l. } annual rent - - - - -	20	"
" Corn mills - - - - -	20	"

" In cases where the parochial and local rates (for "which the tenants are liable) are, under express "agreement, paid by the owners, a further deduction "must be made from the gross rental to cover the "amount of such rates; and in the townships of "Everton and Kirkdale, and in that portion of West "Derby which is comprised within the borough of "Liverpool, the Assessment Committee have, as a "general principle, sanctioned a reduction of 15l. per "cent. on account thereof, and with respect to houses, "the gross rental of which is 19l. 10s. and the rates "paid by the owners, the Committee direct that the "rateable value be reduced to 13l. As regards the "value of clay for making bricks the Committee have "subject to variation in special cases) adopted the "charge of 66l. gross and 56l. rateable value per stool "of 500,000 bricks. The Assessment Committee "request that no fractional parts of a pound be "entered in the valuation list. I am further directed "to remind you that in all cases wherein the com- "mittee are required to sanction original or supple- "mentary valuation lists, or to hear and determine "objections made to such lists, they rely upon the "attendance of at least one honorary overseer in "addition to the assistant overseer.—I am, gentlemen, "your obedient servant, W. Cleave, Clerk to the "Assessment Committee. To the overseers of the "poor of [

3928. That letter is dated 1872?—Yes, and then in 1892 certain rules were adopted for the guidance of the overseers, and also as an assistance to the assessment committee, a print of which I put in (*handing in print of rules*).\* Then in the year 1893 I wrote a small book upon parochial assessments, which was published for the guidance of the overseers, a copy of which I also put in (*handing in book*).†

3929. Then, I suppose, those rules contain practically the principles which have been adopted by your assessment committee in dealing with the valuation lists?—That is so, to ensure uniformity.

3930. I suppose your effort has been to put out a sort of schedule of fixed calculations for determining the gross estimated rental and the rateable value of the different classes of property?—That is so.

3931. So as to secure as much uniformity between owner and owner and occupier and occupier as possible?—That is so.

3932. I suppose I need hardly say that as a matter of justice you attach very great importance to this process being done upon definite and well-ascertained principles?—Yes, I would wish to supplement what I have said by saying that the Assessment Committee, while putting those rules as the basis upon which they

wish the valuation list to be formed, do not preclude individual objectors from having their case gone into separately upon possibly other lines if they wish.

3933. Of course, that is a matter of elementary justice?—Quite so.

3934. But at the same time while there may be a variation in the application of principles, you regard it as of extreme importance that the principles should be known beforehand, and applied equitably over the whole?—That is so.

3935. Has the result been that in your different parishes you have secured a fair amount of uniformity?—Not as thorough as I think is to be wished, but to a very great extent better than it ever was before the issue of the rules. We have tried to carry them out as nearly as possible, but in some cases, we find it difficult to do so.

3936. What have you found to be the chief obstacles in your way?—Principally with regard to the agricultural land and farms. We find a difficulty in ascertaining the rentals of the farms, in this way, if I might explain. Possibly I must take an individual case to prove what I mean; we are surrounded in West Derby by farms owned by Lord Sefton and Lord Derby; for every farm that is to be let there are a great number of applicants, but it has been the rule there to hand down a farm from one generation to another, very often not at the highest rental that might be obtained. According to my rules, rental is looked upon as a basis, and it is not so in every case; I would like to put that.

3937. But human nature being what it is, rental is about the best you can get if you can ascertain it accurately, taking the country all over, is it not?—That is so, unless relationship comes into the matter.

3938. Have you been confronted with any difficulty of getting definite information from either owner or occupier of lands or houses, as to the rent actually paid?—As you are aware, there is no compulsory power, and, in my opinion, it would be a very good thing if there were. If there were some power by which owners could be compelled to make a return of the real rentals received by them, it would be an invaluable assistance. We have in our valuation list, I think, what you will not find in many valuation lists in the country, a column for the weekly rental. It is the duty of the collector to go round and find out what the weekly rentals of these different hereditaments are, but I may say I have found two rent books in existence upon more than one occasion.

3939. Do you think that if everybody was put under the same obligation there is any hardship in requiring for public purposes of this kind accurate information to be supplied?—Not the slightest.

3940. Do you think it would be resisted?—I think it would be objected to for the simple reason that I have already spoken to two or three owners requesting them to give what information they could, and they did not seem very willing to do so; I do not know for what reason.

3941. Do you think it amounts to more than this, that nobody likes to give information which is not exacted from other people, but if information were exacted under statutory powers from everybody, do you think there would be the same opposition?—I think there would not; I think there would be no opposition.

3942. Have you anything to say as to the method of levying and collecting the rates in a union?—They are levied by the overseers and collected by the collectors, in some cases by the assistant overseers, and in a great many cases they are paid at the overseers' offices situated in the different parishes, in fact, a great amount of the rates is paid in there.

3943. What I wanted to draw from you, without leading you, was as to any system of compounding or of deductions and other things which make a difference in the valuation upon which the rates are actually calculated and the valuation as it would seem to appear to anybody who simply summed up the columns of your book?—I am afraid I cannot quite follow.

3944. Do you give in Liverpool any deductions, for example, for prompt payment, or do you give deductions to an owner who pays the rates of his tenants?—We do.

3945. I want you to kindly explain that to me?—In several townships the Poor Rate Assessment and Collection Act, 1869, has been adopted. By that the owners receive a reduction of 15 per cent.; the 15 per cent. is

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Agricultural land. Rent not necessarily the lettable value.

Rent. Owners should be compelled by statute to make return of actual rent received.

Levying and collection of rates. Method of.

Compounding and deductions in West Derby Union.

Compounding. Amounts allowed to owners.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 86 to 88.  
† "Parochial Assessment Rules" (Haddon, Best, & Co., West Harding Street, E.C.1).



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allowed to the owners provided they, and not the tenants, pay the rates. Then, in the event of the owners willingly agreeing to pay the rates whether the property is full or empty they have another 15 per cent. allowed them. They could have a greater amount granted them for composition under section 3 of the Poor Rate Assessment and Collection Act, 1869, but in the West Derby Union that has been considered to be a fair reduction.

3946. You used the expression "township" just now; I think I understand about unions and about parishes, but I am not quite certain whether I understand what the exact meaning of "township" is?—I would like to amend that by calling them parishes instead of townships. At the time I was speaking I was thinking of the Toxteth Park township.

3947. Are you in favour of these—shall I call them allowances or deductions?—I am certainly in favour of compounding in certain parishes. I cannot say that I am in favour of granting the second allowance to owners for paying whether empty or full. I would like to separate the two cases altogether, meaning the system allowed by section 3, as distinguished from that allowed by section 4 of the Act of 1869. I think, in the first place, that it is distinctly to the advantage of some of the parishes to allow a compound for the property, but as far as the extra allowance that is made upon an application by the landlord to pay whether the property is empty or full under section 4, sub-section 2, of the Act of 1869, I cannot say that I am in favour of that.

3948. Why should not the rates be paid on the gross valuation as it appears in the roll?—I am not prepared to answer.

3949. Do you see any objection?—I am afraid I have not considered that point in a manner to allow me to answer.

3950. Is there any other point in connection with the method of levying or collecting the rates that you would like to speak upon?—I think not.

3951. How many demand notes go round in your union to each individual ratepayer?—Including the water rates?

3952. I would rather confine myself to rates levied by public authorities—you will have, of course, the borough and union rates?—There would be the poor rate demand note.

3953. What else is there?—There is the city rate demand note, there is the inhabited house duty—

3954. That is an imperial tax, of course?—Then we have the water rate.

3955. Of course you are not so unfavourably situated as they are in some places, but I suppose you would agree that if it could be managed that each ratepayer should have only one demand note from the union and city authorities alike, and one collector, it would be an advantage to everybody concerned?—I am strongly in favour of having one rate levied, one demand note, one collector to collect it, and one basis for all valuations, if possible, imperial as well as local.

3956. You say "if possible"; do you think it a counsel of perfection, or do you think it can be carried out?—I think it can be carried out. At the present time, instead of having only one basis, we have four. We have first the poor rate basis, then we have the corporation basis, fixed upon the year before's poor rate; then we have the inhabited house duty, fixed to a certain extent upon the poor rate when it suits them, when it does not, their own valuation; and then we have the county basis, which is fixed upon five years before in many cases.

3957. What would you make the authority for settling the basis?—At present there is the basis settled by the city authority, and one by the union authority so far as local bodies are concerned?—I am strongly in favour of retaining the local knowledge of overseers. I think that overseers, as a rule, know far more about the requirements and the letting value of the union than any paid valuer can do. Of course, that does not mean to say for one moment that paid valuers would not be required.

3958. Those overseers and valuers act, of course, under the directions of the assessment committee, do they not?—Subject to certain rules.

3959. On that assessment committee the city authorities are not represented?—They are not. There is, as you are aware, a means by which if the guardians of a

union, wholly situated within one borough, apply to the corporation, stating the number of members upon their committee and asking the corporation to place members upon it, they can do so.

3960. But that is of limited application?—It is.

3961. Would you or would you not concur in this—that if, taking the country as a whole, there is to be one basis for the assessment and levying of local rates, that would have to be a body on which all the authorities which are interested in the levying of rates would have to have a representation of some kind or another would it not?—I quite agree with that. I should like to see the surveyor of taxes upon the assessment committee.

3962. You would go further then and give the imperial authorities a *locus standi* as well?—I would.

3963. Are there any disadvantages in having a union in two or more administrative counties?—I know of none. I have carefully thought the matter over but I cannot point to any.

3964. But it would complicate the making up of this basis for the assessment, would it not?—I cannot see any way in which it would.

3965. Would it not? It would require the representation of a larger number of authorities upon the assessment committee?—But those parishes within a particular county would be represented upon that body whatever it might be.

3966. Is there not an interest diverse from the parishes namely that of the union or the administrative county, as the case may be, as a union and as a county?—I see no difficulty.

3967. I understand from the answer you have sent in to the sixth question that you are in favour of assessing by means of a paid professional valuer?—As far as possible—together with the local assistance of the overseers.

3968. How far would you have it in the hands of the overseers, and how far in the hands of the paid professional valuer?—The paid professional valuer would be under the direction of the overseers and he would to all intents and purposes go over the whole of the property assisted in many cases by ascertaining from the overseers the real letting value of the smaller property—houses between 20*l.* and 50*l.* a year.

3969. Is there any other point that we have omitted in our questions on which you would like to speak?—I would like to make a strong point of this; it would be a very great thing for unions if some power could be brought to bear upon owners to provide the assessment committee with a list of the rents they receive.

3970. (Mr. Elliott.) In the instructions which you have issued to valuers have you laid down a scale of deductions in order to arrive at the net value?—I would like to point out that these are not instructions to valuers; they are only instructions to overseers and assistant overseers. Perhaps the valuers would not act upon them possibly as fully as overseers except where it suited them.

3971. But you have laid down a scale of deductions, have you not?—We have.

3972. Can you tell me what the principal items of that scale are?—Repairs.

3973. And for other charges?—Upon household property, 15 per cent.

3974. And upon factories and industrial property of that description?—In some cases; it varies; we rate machinery.

3975. What is the class of property upon which the highest deduction is made in order to arrive at the rateable value?—I consider that is the compound property, certainly.

3976. Leaving out the question of composition, what description of property?—Can I answer it in this way—which property do I think suffers the most from taxation?

3977. No, I want to get from you the fact as to what class of property it is in respect of which you allow the greatest rate of deduction in order to arrive at the rateable value?—I would say common house property.

3978. Not manufactories?—No.

3979. Nor mills?—No.

Mr. H. P. Cleaver. May '97

Assessment committee. Representation of all authorities desirable.

Union in more than one administrative county. No disadvantages.

Overseers. Local knowledge very valuable. They should assist paid valuers.

Rent. Owners should be compelled to make return of rents actually received.

Deductions. Scale laid down in instructions to overseers.

Compounding. Objection to owners getting additional 15 per cent. if they run the risk of paying for empties.

Demand notes, number of in the West Derby Union.

Desirable to have one basis of valuation instead of four for local and imperial purposes; one rate levied, one demand note, and one collector.

Overseers. Their local knowledge very valuable. They should assist paid valuers. Power of guardians to invite a corporation to place members upon assessment committee.

*Mr. H. P. Cleaver.* 3980. Nor any industrial property?—No, leaving machinery entirely out of the question.

*7 May '97*  
Rating on gross valuation, effect of.  
3981. You found some difficulty in replying to a question of the Chairman's as to the reason why the rate should not be levied on the gross valuation. Having regard to these different rates of deduction would not the effect of the adoption of the gross valuation as the basis of assessment be to charge more highly the properties from which a high rate of deduction is allowed at the expense of the properties from which a low rate of deduction is allowed?—That would be so.

3982. Do you not see in that a reason for not taking the gross assessment?—I would rather not answer that question.

*Parishes in the West Derby Union.*  
3983. (*Mr. Smith.*) I understand that the West Derby Union contains only one parish, is that so?—No. Litherland is a parish.

3984. It contains how many parishes?—I think three—I think Waterloo is also a parish, but I am not very certain of that at the moment.

3985. The townships you have described, are they parishes under the last Local Government Act, or are they merely district areas for rating?—They are district areas for rating.

3986. But not parishes in the sense of having a separate poor rate or a separate overseer?—They have a separate poor rate.

3987. Is that not the definition of a civil parish?—It is.

3988. Then are they not parishes?—Yes. West Derby, Waterloo, and Litherland.

3989. There are only those three?—Only those three.

3990. I beg your pardon. I thought there was a small outlying township. However, when you use the term "township" it means the same thing as parish?—Yes. There are in all 25 parishes or townships forming the union, each having a separate poor rate.

*Deductions. Uniformity desirable.*  
3991. You are strongly in favour, I understand, of uniformity of allowances?—I am.

3992. As you have laid that down in your instructions?—Yes.

3993. You must remember several valuation bills being introduced into Parliament having that object, do you not?—I do.

3994. You think it would be an extremely good thing if Parliament could find time to pass one?—I have long thought so.

*Compounding in Liverpool. A 15l. limit.*  
3995. I think with regard to compounding in Liverpool you have some special limit, have you not, higher than the rest of the country?—The same as Birmingham—15l.

3996. No, it is not the same as Birmingham; you are superior people to Birmingham; ours is only 10l.?—Yes, in Liverpool and Manchester it is 15l.; Birmingham I think is 10l.; and London 20l.

3997. I thought one of them was 12l.; however, it is immaterial. You can go up as high as 15l.?—Yes.\*

*Compounding, to what extent desirable and undesirable in West Derby Union.*  
3998. I gather from your observations that you think it is desirable in the interests of the parish that compounding should continue, but you hesitate about the amount of the allowance?—I do.

3999. What would be the use of compounding if the owner did not pay whether the property was occupied or not; would there be any advantage in compounding unless you had that provision?—There is an absolute impossibility in a great number of cases of obtaining payment of the rates from the tenants.

4000. You do not quite understand my point; you say that you disapprove of the second allowance of 15 per cent. which is allowed to a landlord who pays, whether the property is occupied or not?—Yes.

4001. But there is a previous 15 per cent. allowed him, which I presume is the 15 per cent. allowed on houses and buildings?—Yes.

4002. So that the first 15 per cent. he enjoys in common with the other owners of house property, is that so?—No; he gets another 15 per cent.

\* The witness subsequently wrote, "That is to say, 15l. 'gross estimated rental,' 10l. 'rateable value' within the city of Liverpool, and 5l. 'gross estimated rental,' 5l. 'rateable value' elsewhere throughout the Union. I find Manchester as well as Birmingham is 10l. 'rateable value.'"

*Mr. H. P. Cleaver.*  
7 May '97  
4003. I want to get at that; I want to know exactly what he gets that for. He gets 15 per cent., of course, which is your ordinary allowance on houses and buildings?—Yes.

4004. Then he gets another 15 per cent. because he is within the compound?—Yes.

4005. And if he undertakes to pay whether the property is let or not, he gets another 15 per cent.?—Yes.

4006. So that he gets 45 per cent.?—He does.\*

4007. What is the use of compounding unless you do secure the rate whether the property is occupied or not? Would there be any advantage in making the extra second allowance of 15 per cent. if you do not have the guarantee that you would get the rate in any case whether the place was void or full?—I think not. The second 15 per cent., if I may call it so, that is allowed by the overseers to the owner paying instead of the tenant is what I was speaking about just now. There may be 20 tenants in one year, as there are in many cases.

4008. He really gets it because he gives you a better security for the rate?—That is so.

4009. He gets 15 per cent. as an ordinary owner of house property?—That is so.

4010. Fifteen per cent. for his credit?—That is so.

4011. Fifteen per cent. for compounding whether occupied or not?—Yes.

4012. Have you any cases where the rate is collected from the man where he is only allowed the two fifteens; that is to say, the 30 per cent. and not the 45 per cent.—where he does not give the guarantee?—A great number.

4013. What proportion would there be of those who guarantee the whole amount of the rate—would there be a large proportion who get the 45 per cent.?—I should say the larger proportion.

4014. The larger?—I should say so, but I must say that with reserve, because I really do not recollect.

4015. For convenience of collection that is no doubt an advantage?—It is.

4016. Although it is a very heavy loss on the rate?—Yes.

4017. You do not know, I suppose, what the effect of that has been upon the compound voter with regard to his views as to expenditure?—I find—at least I have heard, and it is only hearsay evidence—that the people in compound property turn up more than any other class of person at the vestry meetings.

4018. You do not, probably, speak with municipal experience?—No.

4019. Do you know whether as a rule they are in favour or opposed to expenditure, useful or otherwise—perhaps you have not considered the question?—I cannot say.

4020. It is quite clear that they do not, at all events, directly pay any rates?—They do in their rent.

4021. In their rent, yes, but I said "directly"?—No.

4022. If the rates were materially raised would the rent be raised, do you think?—If the rates go up the property is in compound; if the rates go down in many cases we find that the property comes out of compound.

4023. How are the city rates collected in Liverpool? Do you collect any portion of the rates for the Corporation?—The watch rate and the library and museum rates.

4024. Are they the only ones?—I am not quite certain about the school board rate.

4025. That is collected primarily with the borough rate, and it would probably follow the borough rate,

\* The witness subsequently wrote, "I should like to explain that the first 15 per cent. is not an abatement of rates; it is the deduction from the gross estimated rental to find the 'rateable value,' which is allowed on all houses and buildings whether the owner pays the rates or not, to cover the cost of repairs, insurance, &c.

"The second 15 per cent. is in a sense 'hard cash' returned to the owner, because he is compelled to pay the rates, and is, in fact, a payment for collection (section 4, sub-section 1, of the Act of 1869).

"The third 15 per cent. is also hard cash, and is the maximum allowance returned to the owner when he agrees to pay rates, whether the houses are occupied or not, and is, in fact, a payment to secure the community against loss, owing to the well-known difficulties connected with the collection of rates from the occupiers of this class of property."

*Mr. H. P. Cleaver.*  
7 May '97

*Compounding. Effect of system with regard to voters' attitude in local affairs.*

*Compounding, how far influenced by rise or fall in rates.*

*Collection of rates by West Derby Union, and by the Corporation of Liverpool.*

**Mr. H. P. Cleaver.** whether collected with the poor rate or not. You do not collect what we call the borough rate, and what you call the city rate?—No.

**7 May '97** 4026. The Corporation collect that, and they have their own staff?—They have.

4027. And their own assessment?—They take the poor rate assessment for the year before.

4028. But they have a separate roll and a separate assessment committee, have they not?—No.

4029. They collect it by virtue of a private statute?—Yes.

4030. It is not strictly in your vocation, but can you tell me whether the city rate in Liverpool includes what is done under the improvement and general district rate; is it one consolidated rate as it is in Manchester?—I think it is one rate, but on the demand note the purposes for which that rate is levied are shown.

4031. And to the extent that it is a general district rate under the Public Health Act, there are separate allowances?—I think so; in fact there are.

4032. What is the water rate; do you collect that, or do the city authorities do so?—The city authorities do so.

4033. That is a general rate for public watering, I suppose?—That is so.

4034. Independently of that, there are water rents, I presume, which are charges for water?—Yes, and form a separate rate; we call them rents.

4035. I eliminate them from the category of rates, because they are nothing more than goods sold and delivered, are they not?—Yes, the price of the water.

4036. But there is independently a rate for water for public purposes?—That is so.

**Deductions. Uniformity desirable.** 4037. You have told me that you are strongly in favour of a Valuation Act, which shall prescribe, as far as possible, uniformity of allowances?—That is so.

**Desirable to have one rate and one demand note, showing purposes for which raised.** 4038. You think that it would be not impossible to devise one rate?—I think it would be quite possible. I should like to add that it would be most desirable to have upon the demand note a statement setting forth how that rate was made up, showing each individual item, so much for the poor rate, so much for the city rate, and so on.

4039. That could, obviously, be done, if the rate was inclusive of everything?—That is so.

4040. But it is not very important when the rates are separately collected?—No.

**Assessment committee. Representation of all authorities desirable.** 4041. You think that there might be one assessment committee or one assessing body?—I will not exactly use the term "assessment committee"?—For the whole union?

4042. Yes; you have pledged yourself to a consolidated rate for all purposes?—Yes.

4043. Now, are you prepared to say there shall be one assessing body for all purposes?—I think the assessment committee should remain as they are.

4044. Not quite as they are, do you, because there must be representatives?—In the townships comprised within the union, the appeals would be made from the rating authority to the assessment committee.

4045. As the Chairman pointed out to you, if you are to take one rate for all purposes, including city rates, county rates, and poor rates, it is obvious that the county and the city would require representation?—There would be no difficulty in that, as far as I can see.

4046. That is what I put to you?—I thought you meant taking, for instance, the three unions in Liverpool, and saying that one assessment committee would meet to decide.—

4047. I want to get you out of Poor Law for the moment and to treat the thing as a whole—to look at the whole question of local taxation. You said you would retain the assessment committees just as they are—I mean with further representation?—Yes.

**Union in more than one administrative county. No disadvantages.** 4048. And you do not think that there would be any great difficulty?—I do not.

4049. As a matter of fact, are you in more than one administrative county?—I am in three.

4050. And from your point of view you have not found that a disadvantage?—I know of no disadvantage.

I have thought it carefully over, and I do not know of any disadvantage.

4051. You are probably aware that the object of the Local Government Board of late years has been, as far as possible, to make the union areas conterminous with other local government areas, so as to have one governing body?—The Local Government Board have varied their rules very much, so I would answer—in some places, yes; in some places, no.

4052. They are endeavouring, surely, to make the union and county conterminous?—In some cases.

4053. There are very much fewer unions that cut the boundaries of counties now than there used to be, are there not?—I think so.

4054. And that is the object of modern legislation?—It may be.

4055. It may be possible that there may be disadvantages which have not occurred to you, but which the county or the county borough may have felt from having a union extending into more than one area?—I have spoken to the clerk of one of the large counties, and I think he agrees with me, that there is no difficulty.

4056. He does not say there is no difficulty?—He does not know of any difficulty; I asked him just before coming up.

4057. Just one question about machinery. How do you rate machinery in Liverpool?—It is rated by the surveyor; we have a surveyor for no other purpose; he is appointed by the Assessment Committee, and kept by the Assessment Committee for the duty of assessment.

**Mr. H. P. Cleaver.**

**7 May '97**

4058. Of course, you are governed by the law as to the rating of machinery, and you only rate such machinery as is fixed to the freehold?—That is so.

4059. Do you in any case rate movable machines?—In mills?

4060. What about the shafting?—I think it is rated in some cases where it is attached—sometimes, you know, a shaft must be attached.

4061. But not isolated machines?—No.

4062. You are governed by the decisions on that which I have, no doubt, you have incorporated in your book?—That is so.

4063. (Sir E. W. Hamilton.) What is about the average burden of rates in your district?—Taking the whole of the rates?

4064. Yes; do you know what they come to?—They vary; I put them at 8s. in the £; I have the amounts here—collected by the overseers, 3s.; by the corporation, 5s.

4065. 8s. in all?—Yes; of course, it varies in the other counties; I am now speaking of the county of Liverpool. In the county of Lancaster the highest amount paid is 6s., and then in the rural districts the highest amount paid is 5s. 4d.

4066. In the locality with which you are specially connected is the burden of rates felt very heavily, do you think?—Since the extension of Liverpool I think it has been felt. Why I say so is this: that so many people are leaving Liverpool to go to the other side of the water where the rates are less.

4067. Has the increase been very material of recent years?—There has been a considerable increase. I cannot say what it is, but it is a very considerable increase for improvements.

4068. I think you said that a part of the union is agricultural?—It is.

4069. I suppose all the town property is held on ordinary building leases?—Yes, that is so.

4070. Do you know whether the question has been mooted at all in your part of the world—it has very often been mooted in other parts of the world—about the division of rates between owner and occupier?—It has been.

4071. Are you yourself in favour of such division?—I have not considered the matter, and I would rather not give an opinion.

4072. (Mr. Murray.) Has that increase of the rate in the £ produced any other effect besides driving the people across the water; has it lowered rents at all?—In some districts it certainly has.

**Machinery fixed to freehold. Rating of in West Derby Union.**

**Rates in the £ in Lancashire and Liverpool.**

**Rates in West Derby Union. Burden of rates felt owing to the extension of Liverpool.**

**Increase of rates in the West Derby Union has caused people to leave the district, and has also lowered rents.**

**Mr. H. P. Cleaver.** 4073. Speaking generally?—I may say that undoubtedly rents have decreased in value and have gone down.

4074. That, of course, will increase the rate in the £ because the valuation will fall off?—That is so; the less the assessment, of course the higher the rate.

4075. You really have noticed an appreciable effect of that kind?—Yes.

**Compounding in the West Derby Union is more beneficial to the owner who compounds than to the local authority.** 4076. As regards your compounding arrangement, who do you think has the best of it now—the compounder or the local authority?—I think the compounder, undoubtedly.

4077. You would get more if there was no composition, in fact?—I think the amount allowed is too great. I am in favour of compounding to a certain extent, but I am not in favour of such a very large reduction being made. I think it would be perfectly impossible in some cases to obtain the rates from the people. I would like to say, if I might in answer to you, something about a sliding scale. It has been mooted several times that there should be a sliding scale for property—that old property should have a greater deduction made than new property. I wish to say that, as far as the West Derby Union is concerned, it would not be advisable at all, because there are thousands of people who make it a sort of point of duty to themselves to go into every new house they see and dirty it and leave it, and the cost of maintaining and keeping it up, papering and repairing, is quite as great in the new property as in the old; in fact, old established property in the union I represent lets better than the new property. They will flock to the new property to-day, but they will be gone next week or the week after it, having soiled the house.

**Local taxation presses the most heavily upon small shop-keepers whose rentals are up to 40% a year.** 4078. Would you like to see compounding extended any further—to a higher class of houses, for instance?—Perhaps I might answer that question in this way—that the persons who are hit the hardest in taxation at the present time are those people just out of compound, the small shop-keepers up to 40% a year. I think if something could be done to assist them it would be an advantage. I could not suggest compounding, but I think that is where the shoe pinches at the present time with regard to taxation.

**Professional valuer is the officer of the assessment committee.** 4079. What would be the functions of the paid professional valuer that you propose; would he merely advise the assessment committee?—He does. He sits with the assessment committee to hear all objections having previously gone round. When the objections are received the professional valuer goes round, views the property, makes his own valuation upon it, then comes before the assessment committee. When the appellant is there he states his case, and the professional valuer states his. I can say that the opinion of the professional valuer is not always taken by the assessment committee. The professional valuer leaves the room when the appellants leave the room, and the cases are treated, I think, as fairly as it is possible.

4080. But he is the officer of the assessment committee?—He is.

4081. How is he paid—by salary?—By a fixed salary per annum.

**System of employing professional valuers for valuing docks, railways, tramways, &c., should be extended.** 4082. You suggest that the system should be extended, I think?—Yes, I think it should be universal. I do not see how it is possible for overseers or for any other men not professional men to value the large works that we have—docks, railways, overhead railways, tramways, and all those exceptional properties if they are men who have not made rating a study; indeed, I think it is practically impossible for them to render a proper account of it in their valuation lists.

4083. He does not devote his whole time to the Assessment Committee and their business, of course?—He does, the whole of his time.

4084. Does he?—I would have him do so. In the case of the West Derby Union he is also the architect to the Union, but if we are not building he devotes the whole of his time to the West Derby Union, and as the West Derby Union is practically built, I may say that now he has absolutely nothing else to do but his rating.

4085. He has no private practice of any kind?—No, he is not allowed to practice. Of course he has given evidence for the Corporation and for the other unions, and he meets the valuers of the other unions in consultation. The docks, for instance, go through Toxteth,

Liverpool, and West Derby, and to arrive at one uniform assessment upon the docks it is necessary for him to place himself in communication with the rating surveyors of those townships, the same with the tramways, the same with the railways; so that really they do meet together and arrive at a proper basis upon which to fix their valuations.

4086. (Viscount Emlyn.) Can you tell us what proportion of the houses in Liverpool are compounded for; is it a large proportion?—I am afraid I cannot say. I will add that afterwards.\*

4087. Is it largely carried out?—It is.

4088. There is a large amount of compounding and you are anxious that that should be maintained?—Yes, to a certain extent.

4089. But not to the extent it is at present?—Not to the extent it is at present.

4090. Why, might I ask?—I think 8s. weekly rent, the owner paying rates, will barely bring them into compound, but the assessment committee have rather strained a point to allow them into compound; that is not my wish if I might put it that way. I think there was a penny difference in it, and a penny took them out of compound and a penny brought them in. I think the Assessment Committee gave them the benefit. Of course that might mean that 1,000 houses might be brought into compound which in my opinion should not be.

4091. That is your reason, is it, for thinking that the reductions allowed should be diminished?—That is so.

4092. (Chairman.) You said and Mr. Murray subsequently put a question or two upon it, that the rise in rates in Liverpool had driven some of your occupants over to the other side of the water?—Yes.

4093. That is Birkenhead, I suppose?—Hoylake, West Kirby, and New Brighton.

4094. Hoylake, you say?—Yes.

4095. I have heard that there are other attractions there besides low rates?—Golf; I live at Hoylake myself.

4096. Do you think golf has had anything to do with taking people there?—I think it is the oldest golf ground in England with the exception of one I believe, and within five years—or I will say within two years—Hoylake has trebled or quadrupled its size, so it cannot have been for golf.

4097. Are you quite sure, because I think golf has been increasing very much in the last four or five years?—To a great extent it has, but still at the same time I do not think that that has been the means of sending people there.

4098. Could you put into figures for me what a man of the class that you say is hardest hit, and as we all know is hardest hit by rates, saves by going from Liverpool to either Birkenhead or Hoylake?—I will take my own case if I might.

4099. If you please, but I should be sorry to think you are one of those who are hardest hit?—I do not wish to suggest that.

4100. However I will take your case?—I lived in Liverpool, and in the district in which I lived the rates were 8s. in the £, but in the district in which I now live they are 3s.

4101. Of course I do not want to pry into your private affairs, but I want to know what it means in money, say upon a house of 50l. or 100l.?—I should say it roughly means 5s. in the £.

4102. Is that in the case of a man who has to come every day from Hoylake to Liverpool to business?—Of course it all depends upon the class he travels.

4103. I want, if I can, to go through the arithmetical calculation which the gentleman, who goes from Liverpool to Hoylake, would have to go through before he made the change; I want to see how much he saves upon it?—He will save, roughly speaking, 5s. in the £ in his rates, minus the extra cost incurred by reason of the distance that he has to travel.

\* The witness subsequently wrote: "In the large parishes of the union which are within the city, the greater proportion of the rateable hereditaments are dwelling-houses, and they are all or nearly all compounded for."

"In the other parishes of the union including Bootle, which is a county borough, the proportion of dwelling-houses suitable for compounding is not so great, and the number is further limited because composition is limited by the Act of 1889 to houses of a rateable value of 5s. and under."

**Mr. H. P. Cleaver.**

7 May '97

System of compounding in West Derby Union exists large extent. Not desirable that it should exist to this extent.

Increase of rates in the West Derby Union has caused people to leave the district. Amount saved in rates by those who leave the district and live further from Liverpool.

Mr. H. P. Cleaver.  
7 May '97

4104. You have exactly got the point that I want to make out, but I want to have it put, if I can, into figures, to see whether the inducement is enough presumably to make him go?—That is taking for granted that he spends nothing in cabs or omnibuses when living in Liverpool, because you must remember that the distances are great in Liverpool as well. I would roughly say that he would save at any rate upon a 60l. house 5l. a year. That is saying that he never spends a penny in any other means of conveyance on the Liverpool side.

4105. You think the saving of 5l. a year is enough to make him transfer his residence from one side to the other?—I cannot say that is so; he may, of course, take into account other advantages, but I adhere to my former statement, that by reason of the rates being so high, it has put it into the heads of a great number of people to go to the other side of the water, and that they have done so.

4106. The rents will be cheaper on the other side of the water too, will they not?—I am sorry to say that in some of the districts the demand is so great, that the supply has not been able to meet it, and consequently they are getting rather high rents at the present time.

4107. It is a common feature of the conditions of modern life that people are now, from every town, going further afield to live than they used to do before, are they not?—It may be so.

4108. Is there any point which those of us who have questioned you have missed that you would like to say anything about?—I think not.

The witness withdrew.

Adjourned till Thursday next at 12 o'clock.

**TWELFTH DAY.**

Thursday, 13th May 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. SIR J. T. HIBBERT, *in the Chair.*

Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
H. E. CLARE, Esq.

T. H. ELLIOTT, Esq.  
E. O. SMITH, Esq.  
J. L. WHARTON, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. GEORGE HUMPHREYS-DAVIES called and examined.

Mr. G. Humphreys-Davies.  
13 May '97

4116. (*Sir John Hibbert.*) I believe you have been, for upwards of 30 years, a surveyor and valuer in London and Manchester?—Yes; in all parts of England.

4117. And also you have held several public appointments, such as arbitrator under the Board of Trade?—Yes.

4118. I suppose you appear here to-day to represent the Machinery Users' Association, do you not?—Yes, only I am anxious to avoid appearing as a partisan. I am rather anxious that I should give the Commission any assistance that I can, and, as far as possible, in an impartial way.

4119. At the head of your memorandum are placed the words, "The Machinery Users' Association," and I thought you were deputed by them to give evidence?—That is so.

4120. You have had great experience with regard to the law of assessment, I presume?—Yes, I have.

4121. In all parts of the country?—In all parts of England and Wales.

4122. Have you had any experience with respect to the working of the Valuation (Metropolis) Act in London?—Yes, I have had considerable experience of that.

4123. I believe you wish to make some statements with respect to the amendment of the law of assessment, do you not?—In regard to the metropolis?

4109. (*Mr. Smith.*) You are one of those who have taken advantage of the amenities of Hoylake and left Liverpool?—Yes.

4110. There must be many small tradesmen who you have told us are hard hit, who could not adopt that process because of their business?—I have in my mind at the present time a small grocer who lives in Hoylake, and who goes into Liverpool every day to his business.

4111. Then he does not live over his shop?—He does not.

4112. But in the case of the man who lives at his shop, of course he cannot avail himself of that advantage?—No.

4113. (*Mr. Elliott.*) What would be the average income of a man who would live in a 60l. house in Liverpool?—I think if you put a cipher at the end of the rent, that, as a rule, is a very good guide to the income of a man.

4114. Is the man who lives in a 60l. house in Liverpool one of the small occupiers you referred to as being hit hardest?—40l. a year I should wish to go to; it is really out of compound up to 40l. a year. The smaller shopkeepers by reason of their tenements being shops are, of course, rated higher; at least, the rents are higher than for private houses.

4115. Do you think a shopkeeper, whose shop is rated at 60l. would make 600l. a year out of it?—No, I cannot go into what the profits of a trade are, but what I mean to say is, that if a man in business lives in a 60l. house, I should roughly put it that his income was 600l. a year.

Mr. H. P. Cleaver.  
7 May '97

Rental of 60l. a year usually paid by a man with an income of 600l. a year.

Mr. G. Humphreys-Davies.  
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4124. Generally, throughout the country?—So far as the general basis of assessment is concerned, as I understand the law at present, I am satisfied with it.

4125. You are satisfied with it, according to your memorandum, so far as the owners or occupiers of real property are concerned?—Yes.

4126. You think no injustice is done to them?—That is so. I understand that the law has always been that the incidence should fall upon the occupiers of real property, and I think it should be continued in that way.

4127. Have you had any experience of the rating of machinery?—I have had a great deal to do with that question in various parts of the country.

4128. Would you state your objections, if you have any, with respect to the working of the present Assessment Acts?—Speaking outside the metropolis, I think the great cause of complaint, so far as machinery users are concerned, is that in some places, principally in consequence of the judgement in what is known as the Tyne Boiler Case,\* attempts have been made to impose

\* Tyne Boiler Works Co. v. Longbenton (Overseers) (or Tynemouth Union), 53 L.J.

Law with reference to assessment is satisfactory as regards owners and occupiers of real property. MACHINERY rating in respect of. Attempts have been made in some unions to rate persons in respect of a class of machinery which is personal property.

Mr. G.  
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a rate upon machinery which is really personal property.

4129. Is that in reference to any particular union, or is it in reference to attempts generally all over the country?—We know, as a rule, what the unions are in which that attempt is made, or would be made, and I am sorry to say that now and then there are accessions to their number. They are not general all over the country, they are various unions in different parts of the country.

Machinery,  
rating in  
respect of.  
Not rated  
in many  
unions.

4130. You cannot say that attempts have been made to rate machinery in many unions?—No. Of course, it must be remembered that a large number of the unions are not affected to any extent, because they are, perhaps, purely agricultural unions; and then other unions are agricultural and residential.

Tyne  
Boiler  
Case.  
Principle  
laid down  
in this  
case has  
been  
extended  
to other  
sorts of  
machinery  
whether  
fixed or  
movable  
in certain  
unions.

4131. You mentioned the Tyne Boiler Case; what union was that in?—That was in the Tynemouth Union.

4132. Has the principle of that case been extended to other machinery?—Yes.

4133. In that particular union?—Yes, in the Tyne-mouth Union we always find that they claim to rate the whole of the machinery in a works.

4134. Whether fixed or movable?—Yes.

4135. Do they attempt to rate going machinery which is not fixed?—Yes.

4136. Have they succeeded in that?—Yes. I may say that substantially in almost all these cases they have not always rated it to the fullest extent that they wished to rate it; it has very often ended in some sort of a compromise, in which we thought it was better to give up something rather than to go for everything we thought we were entitled to contend for. Substantially, in taking a case like the Tynemouth Union, it may be said that they have rated machinery.

4137. Is that the union in which they have rated shipping?—That is a very old case.

4138. But they continue to do it still, do they not?—I have no knowledge of that, and I do not think that is so.

4139. In the adjoining unions in the north, have they adopted the same principle?—They have on the north-east coast in the South Shields Union, the Gateshead Union, and the Sunderland Union—I am not quite sure for the moment whether that is the correct name, but I am referring to the union in which Sunderland is situated.

4140. Is the amount of rating considerable with respect to that particular kind of property?—Yes; wherever it is carried out it is a very heavy tax upon the manufacturer. In effect, what they claim to do is to put 5 per cent. or 6 per cent. as a rateable value upon the cost of the machinery.

4141. Upon the cost of all the machinery in a mill?—Yes. Putting that into figures, taking the highest rated parish in the kingdom, which I believe is West Ham, it in effect comes to this: There the rates are, I think, nearly 10s. in the £; they are increasing, and, I believe, they have reached almost to that point, but taking them at 10s. in the £, it means a tax of 2½ per cent. upon the machinery in a works.

4142. Have any appeals been made in any of these unions against the principle of the rating of machinery?—Yes. I have been concerned in a great number of appeals. When I speak of appeals, perhaps I ought to point out that there is technically a distinction between what is called an appeal to an assessment committee and an appeal to quarter sessions. We call the proceedings before the assessment committee an objection.

4143. I meant an appeal to the quarter sessions or to a higher court?—There have been a great many appeals to the quarter sessions also.

4144. And to any of the higher courts?—The last case that went to the higher courts was the Chard case.\* I do not think there has been anything since that.

4145. That is in Somersetshire, is it not?—Yes. The manufacturers are most anxious to get a case stated, to get the opinion of the House of Lords upon the question, in order, if possible, to get a clearly defined judgment which all persons could easily understand; but the difficulty is that we cannot get in these cases the other side to agree to a statement of the case which we think raises the question clearly. They shelter themselves behind the words of Lord Escher's judgment

and say: "We have only taken the machinery into consideration," when they are pushed; but they have taken it into consideration by putting a tax of 5 per cent. upon its value. We say that that is not at all the meaning of the judgment, and that that is in effect rating the machinery. But that is not the form of the case which would bring out a clear statement of the law.

4146. What are the words or principles of the Act of Elizabeth upon which they base their right to rate machinery?—The Act of Elizabeth is, of course, I should point out, modified by the Act of 1840; but the Act of Elizabeth speaks of "taxation of every inhabitant, parson, vicar, and other, and of every occupier of lands, houses, tithes impropriate, appropriations of tithes, coal mines or saleable underwoods in the said parish," and so on. Under that Act and those words, it was for many years considered and held to be the law that persons having stocks-in-trade, and even, I believe, in one case, ships, were rateable upon those things; but, of course, I am not able to speak to it from the legal point of view.

4147. There is an Act of Parliament which exempts stock-in-trade from being rated, is there not?—Yes.

4148. Which is renewed from year to year?—That is so. It was found so impossible to carry out the rating of stocks in trade and trade profits, and I believe it will be now even more impossible, that in 1840 an Act was passed, 3 & 4 Vict. c. 89, which enacted that "From and after the passing of this Act it shall not be lawful for the overseers of any parish, township, or village to tax any inhabitant thereof, as such inhabitant, in respect of his ability derived from the profits of stock-in-trade, or any other property, for or towards the relief of the poor." Until 1878, when the Bishopwearmouth case\* was brought forward—that was a case arising in the Sunderland Union—that was absolutely carried out without any question.

4149. It appears that the attempt to rate machinery has been carried out principally in some of the northern counties; has it also been attempted in other parts of the country?—Yes. For instance, in Cardiff, Swansea, and some of the parishes in London.

4150. What kind of machinery beyond collieries would there be at Cardiff and Swansea on which they would attempt to rate?—In Cardiff, for instance, there are a large number of dry docks where they have ship-repairing works and engineering works, and in those shops they have tools, lathes, drills, and things of that sort. Of course there is no such machinery as you find in Lancashire, such as spinning machinery. Then in Swansea, there are also docks and a good many small works. There are a great many industries in Swansea of various kinds.

4151. Have any attempts been made in Lancashire to rate machinery?—In Lancashire there is a case I am concerned in now for the United Alkali Company in the union of Prescott. With the exception, perhaps, of Barrow, which is a parish in which the Union Assessment Committee Acts have never been applied, and Chorlton-upon-Medlock—which is rather a curious instance in connection with another point—generally speaking in Lancashire, I think I may say throughout that county, they adhere now to the principle, that they have always adopted of rating the building and the fixed machinery in the shape of engines and boilers.

4152. That is adhered to in all the Lancashire unions, is it?—I have got here the scale of one of the chief unions, that is Bolton, showing how they do it. The only difference of opinion which arises there between us is as to the value of buildings, and it is always capable of settlement. We scarcely have any difficulty except in the union of Chorlton-upon-Medlock; it is rather curious that there are there two parishes, I think it is, which are under separate Acts of Parliament.

4153. Under local Acts?—Yes. The curious result is that in those parishes they do not attempt to rate machinery, but in the other parishes in the union they do, and you have in consequence (which shows the objection to local Acts affecting the law of assessment) two systems of assessment in force in the same union, creating, of course, inequality in the rates.

4154. Are these two parishes which are under local Acts, to which you have referred, not under the assessment committee of the Chorlton Union?—Yes, they are under the assessment committee. There is the parish of Manchester by itself, which is a small parish.

Mr. G.  
Humphreys  
-Davies

13 May

Rateable  
heredita-  
ments  
under  
43 Eliz.  
c. 2, s. 1.

Rating in  
respect of  
stock-in-  
trade  
abolished  
under  
3 & 4 Vict.  
c. 89.

Rating in  
respect of  
machinery.  
In what  
districts  
attempted

In Lanca-  
shire only  
fixed  
machinery  
is rated.

Chorlton  
union,  
Lanca-  
shire.  
Two  
systems of  
assessment  
in force  
owing to  
local Acts.

\* Gifford, Fox, & Co., v. The Chard Guardians (63 L.T. 249).

\* Laing v. Bishopwearmouth (3 Q.B.D. 299).

Rating in  
respect of  
machinery  
is a heavy  
tax upon  
the manu-  
facturer.

Appeals  
against the  
principle of  
rating in  
respect of  
machinery  
have  
frequently  
been made.

Appeals to  
the High  
Court have  
been few  
because  
of the  
difficulty  
of getting  
a case with  
the real  
issue stated.

Mr. G. Humphreys  
Davies.

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Fixed machinery which is part of the hereditament should be rated.

Bills introduced to amend the law relating to hereditaments containing machinery. Strongest opponents are the small property owners.

Taxation and representation. The people who raise the rates and expend them are not always the people who pay them.

4155. But that has a separate board?—No.

4156. They have a board of overseers?—Yes, but they are in the union of Chorlton-upon-Medlock, and Messrs. Whitworth & Co. have had considerable trouble there. Only two years ago I was concerned in an appeal in which Messrs. Whitworth & Co., feeling the injustice of it, seeing that there were machinery users in other parishes who had not been treated in the same way, objected to the assessment and appealed against it. It ended in a compromise, I think.

4157. Can you state in that particular case of Whitworths' what kind of machinery had been rated?—Yes; the whole of the machinery in their fitting shops and erecting shops.

4158. Both fixed and movable?—Without regard to being fixed.

4159. They came to a compromise, I think you said, with the assessment committee?—Yes, so far as they themselves were concerned. But they never got any relief from that as far as I can recollect.

4160. Did they carry it to any court of quarter sessions?—They did, but the case was not fought out, and the result was that everybody stood as they did before.

4161. Do they pay rates upon the assessment of their machinery?—They do.

4162. Did those attempts to rate machinery in various parts of the country give rise to the introduction of the Bill now before the House of Commons called the Rating of Machinery Bill?—Yes.

4163. That Bill has been before the House for some years, has it not?—I think the first Bill was introduced in 1887. You asked me as to the other unions in which it had been done; one occurs to me—the union in Somersetshire in which the Chard case arose, which was a purely agricultural district.

4164. Is this system more generally carried out in agricultural unions than in unions where there are industries as well as agricultural occupations?—Yes. The attempts were made in what may be termed mixed unions, where, as in Chard, there are a few manufacturers and a large number either of agricultural ratepayers or of small property owners. Both, I suppose, seek and do get large representations upon the assessment committees, and, in order to relieve themselves of the burden as far as possible, or as one means of relieving themselves, they claim to rate machinery. In purely manufacturing unions, such as those in Lancashire, as a rule, the difficulty does not arise.

4165. I suppose there is considerable opposition to this Bill?—Yes. The opposition arises from the causes I have just mentioned. The Bill has always been passed by large majorities of the House, and I think in the session before last it reached its third reading stage, but through an unfortunate accident it was put down for the wrong Wednesday. It was passed without amendment in that session through Committee. It is supported, I may say, by a large number of assessment committees, who, I may almost say, are more qualified to deal with the subject than any others, because they represent manufacturing unions.

4166. What is the exact title of the Bill; because, as I understand, the object of the Bill is not the rating of machinery, but to prevent the rating of machinery?—Yes, that is so. We say, as I said before, that machinery is not now rateable, and I think from the Acts I have referred to, as it is personal property, it is a chattel, and it is not rateable. What is wanted is a clear definition of the law, and really this Bill is a defining Bill. It is called "A Bill to amend the law relating to hereditaments containing machinery." It is really a Bill of one clause, the effective clause providing that in estimating the gross annual rental of any premises used for any trade, business, or manufacturing purposes "any increased value arising from machines, tools, or appliances which are not fixed, or are only so fixed that they can be removed from their place without necessitating the removal of any part of the said hereditament, shall be excluded." But there is a most important proviso in the later Bills which says "that the gross annual value of any such hereditament shall be estimated at not less than the sum at which it might reasonably be expected to let for the purpose for which it is used on a tenancy from year to year void of the machines, tools, and appliances which it might reasonably be expected

"would be supplied by the tenant if the tenant paid all the usual tenants' rates and taxes and tithe rent-charge (if any), and if the landlord undertook to bear the cost of the repairs and insurance, and the other expenses (if any) necessary to maintain the said hereditament in a state to command such rent." That, we think, is an amplification merely of the Act of 1836, but an amplification which makes the object of that Act a little more clear and prevents any confusion.

4167. But the proviso attached to it is in addition to the principle laid down by the Act of 1836, is it not?—We think it only explains that Act more fully, because it is not claimed that machines—if there be such, and of course there are—which are of such a character that they are really a part of the hereditament, should be exempted from rating. If they are of such a character that they have become part of the freehold, like the kitchen range of a house, or a water tank, then they should be rated. Of course there is an enormous variety of machinery, and we have always felt—I, myself, have felt it strongly—that it is impossible to put any schedule of machinery forward which would be useful, or which would not lead to a dispute; for instance, you may have a gas engine which is easily moved, and that would be obviously a tenant's piece of machinery, but you might also have a steam engine, which no tenant would provide. There are many things of that class.

4168. The opponents of this Bill are principally, I presume, from the northern counties and from the agricultural unions?—Yes. I think it may be said that perhaps the strongest opponents are the small property owners' associations. There has been an association formed in the last year or two, improperly formed we think, of rating and assessing authorities, for the purpose of opposing this Bill, and also of opposing manufacturers generally. They have used actually in some cases public funds, raised by the rates, for the purposes of deputations to London and generally of opposing this Bill. In two or three representative cases we know that that expenditure has been objected to before the Government auditor and disallowed—surcharged. But that association was really started, as far as we could tell, by the small property owners, but it was thought a convenient way of getting up an association and an effective opposition by using the name of the rating and assessing authorities.

4169. I suppose they were representatives of the various unions?—In a sense they were.

4170. You do not object to this association; you object to their spending public money, I presume?—Yes. It also points to this: that there are large conflicting interests, and that it is necessary that assessing authorities, whether assessment committees, or overseers, should be merely the authority to initiate the proceedings, the assessment, and so on, and that there should be a full right of appeal to a competent and impartial court against all assessments.

4171. I presume there is, probably, an association on the other side, that is, to promote the Bill, is there not?—Yes.

4172. You cannot object to one association if you approve of the other?—No, except in so far as it is making use of public money. The Machinery Users' Association, of course, have had charge of the Bill.

4173. They spend their own moneys?—They do.

4174. Have you any suggestions to make for the amendment of the law with respect to assessment committees, so as to place them on a more satisfactory footing?—I do not know that, as far as that is concerned, any great amendment is required. I would like to point this out—that the people who raise the rates and have the expenditure of them are not the people who pay them. One case I can give as an instance where there is no representation at all. The South-Eastern Railway in the parish of Merstham pays 73 per cent. of the rates, and they have no voice whatever in the expenditure of the money. That is only a typical case. In most unions the manufacturers, as far as they are concerned, get little or no representation. The rateable value of one of our metropolitan unions, for instance, is three-quarters of a million, and the assessment committee is composed of 12 gentlemen whose total rateable value is 500*l.* The composition of the Committee shows the necessity of some safeguard for large ratepayers.

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4175. Your argument rather tends to go against the principle of representation, because these men are elected as representatives?—That is so. I only want to lay before the Commission the practical effect of the law at present, so as to show how necessary it is—perhaps that is the only thing one can hope for—to have protection by way of appeal against an improper application of the law, and how great is the necessity for requiring by statute that the valuation lists and rates should be carefully and correctly made, and that the money should be spent in accordance with the law, and not improperly applied as we showed it was in the case of the association which is opposing the Bill.

4176. Have you any grievance against that particular union with respect to their mode of assessment?—Yes, they rate machinery.

Appeal successfully maintained by dock company against rating of portable cranes.

4177. Has any appeal been made on the rating of machinery in that union to the London Court of Quarter Sessions?—Yes. There was a dock case which has just been decided, and in which I was engaged. The appeal was forced upon the dock company. The assessment committee claimed there, to rate the whole of the portable cranes, among other things, running on lines round the dock, just the same as a locomotive; the court held that those cranes were tenant's chattels and were not rateable.

4178. So they got relief?—They got to that extent relief, but at a great cost; I believe that appeal will cost something like 10,000.

Companies should have some representation upon assessment committee.

4179. Have you any further proposal to make with respect to the amendment of the assessment committees, or the mode of assessing properties in the country; do you suggest any new plan of doing that?—I am afraid that is a task which is beyond my powers. In view of the legislation of recent years, I think it is desirable to keep to local areas. I think that, on the whole, economy is promoted by that. I think it is more economical to make the incidence of the rate, as far as possible, in a limited local area, because then there is some check upon the expenditure which you could not get if you raised the money by a general rate throughout the country. I think it is desirable that there should be some representation. It used to be the case that an owner of property had a vote which slightly increased, according to the value of the property, up to a certain extent. That is all done away with, and practically now the representation is in the hands of men, some of whom do not pay rates at all in many districts. I think that being so, it would be desirable to give public companies, such as gas companies and railway companies and others, representation in some way upon these bodies—something more than they have got now.

4180. If they had representation for their particular firm or company, would that not make a very unwieldy body?—I do not suggest that the whole of the shareholders should be there.

4181. Even supposing that each company should send only one representative, would that not rather tend to make an unwieldy body?—In effect I think that would hardly be so. The secretary of a railway company at the present time could not possibly attend, but railway companies all have agents to look after these matters, and if the agent in the case of a railway company, or a similar company, had some sort of right to get upon these bodies, it would promote publicity rather more than is now the case, and be some protection, I think.

Sunderland. Rating in respect of machinery is being adopted.

4182. Have you any other point you wish to raise?—Speaking of the attempts to rate machinery, I mentioned Sunderland, and I have got here a copy of a recent letter, dated 18th March 1897, from the clerk of the union, which shows that they are rating machinery at the present time, and increasing the gross estimated rental in consequence of it.\*

\* The following is a copy of the letter referred to:—  
Union Offices, 17, John Street, Sunderland,  
18th March 1897.

DEAR SIR,  
I am desired by the Assessment Committee to forward you the following copy of a resolution which was adopted by them at their meeting held on the 5th instant, viz.:

"That the several assistant overseers be requested in their next supplemental valuation lists to increase the gross estimated rental of all hereditaments containing machinery, by adding one-fourth to the present assessment, so as to make an allowance of 33 per cent., in order to arrive at their respective rateable values as appearing in the valuation lists."

The result sought by the Committee may be arrived at by simply adding one-fourth or 25 per cent. to the amount of the gross estimated rental as at present appearing in the valuation lists.

Any further information you may require I shall be glad to furnish.

Yours truly,  
(Signed) S. S. HOBSON,  
Clerk.

4183. I presume that the resolution contained in this letter includes machinery of all kinds, both fixed and movable?—Yes.

4184. It is intended to do so?—Yes; perhaps I may call your attention to Lord Esher's judgement in the Tyne Boiler Case and to the words of Lord Blackburn in the Lee Gas Case.\* In the first case Lord Esher points out that as far as the taking into consideration of any enhanced value, due to the presence of machinery, is concerned, the word "fixed" is not conclusive. Lord Blackburn in the Lee Gas Case gives some illustrations. Speaking of the difficulty of applying the word "fixed" as a test, he—I am now speaking of Lord Blackburn in the Lee case, which, I think, you will see, Lord Esher said in the Tyne Boiler Case was not over-ruled, so far as any question of law as to the rating of machinery was concerned—pointed out that stones forming dry stone walls, such as they have in Devonshire, for instance, would be rateable as part of the hereditament, but larger stones, even in a builder's yard, would not be rateable, they would be stock-in-trade, although afterwards going to be incorporated in a building. It is the intention which is one of the main things to consider. Then he points to the anchor of a ship, which has to be very firmly fixed in the soil to hold a ship in a gale, but it is not rateable, and nobody would contend that it is; on the other hand the anchor which holds the chain of a suspension bridge, is of course a part of the hereditament, and is rateable. He also illustrates a carpet nailed to the floor, and things like that.

4185. Do you know with respect to this resolution of Sunderland whether any action has been taken against it by the machinery owners?—At the present time none has been taken. We have only got, so far as the machinery users there are concerned, to await the course of events.

4186. It has not yet been brought into operation?—They have rated machinery before.

4187. Yes, but have they under this resolution?—At present I am not aware of anything being done. I am expecting that I shall be called to Sunderland shortly. There is a resolution passed by Poor Law Conferences in the year 1892 which, perhaps, I ought to call attention to.

4188. Which Poor Law Conferences; you see there are a great many throughout the country?—The North-western District comprising 42 unions, the North-Midland District comprising 45 unions, and the Yorkshire District, comprising 61 unions.

4189. Will you just read that resolution?—"That in the opinion of this Conference it is necessary that the law with regard to the rating of hereditaments containing machinery, which is at present in a most conflicting, unsatisfactory, and unsettled state, be amended without delay; that the Government be urged to take the matter up by introducing a Bill next session to clearly define the law on the subject; and that the members of this conference, in their respective unions, be requested to press upon their parliamentary representatives the desirability of immediate legislation on the subject."

4190. I suppose you are aware that it is the fact that at some of these conferences they do represent both agricultural and industrial unions?—Yes, I understand they are, as far as possible, representative bodies. I take it that the object of this resolution was the same as that of the Machinery Users' Association, namely, to get a clear definition of the law which rating authorities could understand, and ratepayers too.

4191. (Mr. Murray.) Do I understand that a company paying rates has no voting power at all?—Practically in the case of a railway company such as I have mentioned, that is so.

4192. Cannot it vote at the election of guardians?—The secretary might have one vote. I am not quite sure.

4193. Is not the company in exactly the same position as any other ratepayer?—Yes, I suppose they would be, but the difficulty is that they cannot get one of their officers elected; he would not be qualified for election.

4194. Election as a guardian, do you mean?—Yes.

4195. He could vote for the election of other guardians?—No, he could not; only the secretary, I take it, would have a vote, even if he did. I do not know where the vote would be.

Mr. G.  
Humphreys  
- Davies.

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Fixed and movable machinery Rating in respect of Judgment in the Tyne Boiler Case (55 L.J.) and Lee Gas Case, (L.R., 1 Q.B.D. 241).

Sunderland. Rating in respect of machinery. No action yet taken by the machinery users there.

Poor Law Conferences. Their opposition to rating in respect of machinery.

Companies have no voting qualification.



Mr. G. Humphreys - Davies.

13 May '97

Rating in respect of, personality not possible.

Real property subject to hereditary burdens, or which has been bought and sold subject to burdens, should not be relieved of them.

Injustice has been caused to owners of real property by the increase of taxation imposed upon them and not upon other people.

Poor rate is raised for purposes both connected and unconnected with the relief of the poor.

4196. When you say that the South-Eastern Railway Company have no vote in the parish. I want to get exactly what you mean by that?—The South-Eastern Railway Company in that case are of course ratepayers. How they could vote I do not know; I know they do not vote, and I understand they cannot vote. The secretary would not be a ratepayer; his name might be on the rate book, even as secretary of the company, but that would not make him a ratepayer; it would be the company that would be the ratepayer.

4197. What is the nature of the injustice which you think would be done to other forms of property if they were rated as well as real property?—They are not rateable now, and it would be transferring the incidence of the rating from something, that has for now 400 years been liable to the rate, on to other shoulders. I think, apart from that question, it would be absolutely impossible to carry out any law which said that personal property was to be rated. It would be impossible in practice. I never heard any suggestion which would be practicable for that purpose, and it was so bad, even in 1840, that it caused the passing of that Act.

4198. It may not be practicable, but why do you think it is unjust?—I think as far as the injustice goes to the extent I pointed out just now, that real property has for 300 or 400 years been bought and sold subject to these charges, and, of course, if in the case of a railway company, for instance, half the rate were removed from this property, that would be increasing its value, for it would be putting that half of the rate into their pockets, and taking it out of somebody else's pocket.

4199. That would apply to almost any new tax that you can think of, would it not?—Yes, but not in quite the same way, because if I have bought my land subject to paying one-fourth or one-fifth, or whatever the proportion may be, to somebody else, and that tax is removed, as I say I am benefited. I get that fifth or fourth in my pocket as an increased value. If a new tax is put upon me for a new purpose altogether, if it is put upon my personal property, as the money has got to be raised somehow, then as long as everybody contributes on a fair basis there is no injustice; but when I have bought property subject to a charge, as an abstract question I do not see why that charge should be removed.

4200. Do you think that any injustice has been caused to the owners of real property in the last 50 years by the gradual increase of taxation which is imposed on them and not on other people?—Yes, to some extent perhaps there is. Whether there is redress to be obtained for that I do not know. Take, as an instance, the school board rate. In West Ham—I think Mr. Howard, who is here, will be able to give you some information about that—there are a large number of dwellings of the labouring class, the occupants of which are employed in London; the land is utilised for their dwellings. They come down and on an acre of land bring a large number of children. I have not got the figures, but I believe they have been got out, showing that the cost of educating those children alone is more than the total rates received out of those houses. The consequence is that those children are educated at the expense of the owners of the other property, such as manufacturers in the borough.

4201. Would you not say, then, that an injustice much of the same sort was created when the school board rate was first imposed?—That is a political question; I am afraid I cannot say that it is against public policy to educate the children. I would not like to go so far as that.

4202. I am not speaking of that, but mainly of the incidence of the tax. If it is an injustice to transfer from real property owners to other property owners, is it not an injustice of the same sort to impose fresh taxation on the owners of real property and not on other people?—Yes; of course it is a matter of argument whether the whole cost of education should not be paid out of the income tax perhaps, but there again I think it is to be remembered that much as is said against the school boards, you get more economy by having a local school board under some sort of local control than if the whole charge were thrown upon the tax-payers at large; at any rate I think that is so.

4203. What are the many purposes unconnected with the relief of the poor, the expenditure on which improves the letting value of real property?—Lighting the streets, scavenging, and so on.

4204. Is that part of the poor rate?—One gets in one's demand note for the poor rate a large number of

things, all of which go to make up a total rate of 4s. in the £, or whatever it may be.

4205. You did not mean poor rate literally, then, of course?—One terms it poor rate. I think it is legally called the poor rate, if I am not mistaken.

4206. (Sir John Hibbert.) There is a poor rate for poor law purposes, and a poor rate for other purposes, which are given in the Local Government Returns always separately?—It is always raised upon one rate and collected under one demand note; only the particulars are given on the demand note as to how the amount is made up—so much for poor, and so on. I have got the Government Return in my hand.

4207. (Mr. Murray.) Are you satisfied with the existing areas for union and assessment purposes?—Yes.

4208. You would not extend them?—No. The Local Government Board, where it is necessary; alter the arrangement of unions, and sometimes take parishes out of a union.

4209. You would not take the county, for instance, as the unit for area?—No, I do not think I should. Of course that is one step towards enlarging the area and perhaps transferring the incidence of local taxation. The agriculturist would then, perhaps, object to being brought in to share the burdens of the urban district.

4210. Why do you draw a distinction between the interest for rating purposes of agricultural property and manufacturing property?—It is merely the interest of transferring the burden from one shoulder to the other. In Chard, for instance, there is no doubt that the litigation in connection with the rating of machinery there arose, because the farmers, who are able to attend and do attend very excellently to their work on the boards of guardians, sought (as they thought, properly, no doubt) to rate machinery so as to increase the rateable value, and so spread the rate over a larger sum by putting a large part of the total rateable value on somebody else, namely, on the manufacturers.

4211. You do not object to the rating of manufacturing property, apart from the question of machinery, do you?—No. I think all real property should be rated upon the basis of the Act of William IV. as far as possible. I think the rating should be simplified. I think that exemptions should be done away with as far as possible. There are a good many exemptions of one sort and another, no doubt, that have arisen in the course of time, and I think they should be done away with.

4212. What class of exemption are you thinking of that should be abolished?—I do not mean churches and chapels, of course, and possibly not ragged schools; but canals are most of them rated at the agricultural value of the adjoining land, while a hospital is rateable as an ordinary house. That seems to me rather a striking illustration of unfairness. It is desirable to assist inter-communication between various parts of the country by canals, but it is equally, of course, desirable to have a hospital. I do not see why there should be a partial exemption in favour of the canal at the expense possibly of a hospital. There are other exemptions which have grown up, and I do not think it is desirable to extend those exemptions; indeed, I think it would be as well to do away with them.

4213. What do you mean in your memorandum by the "insecurity" of the decisions of the Superior Court, particularly that of the Court of Appeal?—It is a mistake, the word should be "uncertainty."

4214. Is the decision in the Tyne Boiler Case uncertain?—Yes; there is the greatest difficulty about it. I can only speak from my experience of contesting it and giving evidence before courts of quarter sessions. It is most difficult to clearly explain it. Very often one has to go before a court of quarter sessions, who, perhaps, have not had a rating appeal involving the assessment of a factory for years. It is a very technical subject, and it has to be threshed out, and it always seems to me that magistrates must find a great difficulty in grasping what the arguments on both sides mean; and where the words are as they are in the judgement of Lord Esher in the Tyne Boiler Case, that being a judgment of the Court of Appeal—it is without long study most difficult to appreciate that "taking into consideration" in the way that Lord Esher pointed out does not mean rating. As a matter of fact, I feel very strongly myself that he could not have meant the rating of machinery, because there are other words in the judgment which show that. Then there is the Act of 1840. It is very difficult for a lay court to understand the underlying principles where

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Areas for union and assessment purposes satisfactory as at present constituted. Objection to enlarging area.

Exemptions and partial exemptions in rating should be abolished.

Tyne Boiler Case. Decision uncertain and difficult to appreciate.

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there have been so many judgments, and where the words of many of these judgments upon differing facts have been so uncertain. This Bill, we think, has that effect. It does not alter the law; it does not remove any obligation which is now upon the manufacturers, but it defines what that obligation is. If a machine which is a piece of personal property is to be rated in the factory, of course it is reasonable for the manufacturer who is rated for it to say, "Well, then, rate everything else of the same nature." As a matter of fact that is not done, and has never been attempted in recent years. To be consistent it must be one way or the other—either the machine which is a chattel in a factory must be treated in the same way as the machine which is a chattel in a dairy or a shop; or the other thing must be treated in the same way as the machine in a factory. As this judgement stands now, it is a judgement of the Court of Appeal, which is the highest court that any case on the subject has ever been to, and it is most difficult for, as I say, a court which perhaps never had a case of this sort before to deal with, to understand.

Valuation  
(Metropo-  
lis) Act.  
Schedule  
limiting  
deductions  
from gross  
value is  
unfair.

4215. What is your experience of the working of the Valuation (Metropolis) Act?—Under the Valuation (Metropolis) Act I have had a great many cases to deal with. The object of the Valuation (Metropolis) Act was not to alter the incidence of the rate; it was simply to alter the procedure. The objection that I have to that is that incidentally they did alter the incidence of the rate, and, as in the case of Oldham, by a local Act, unfairly. I object to the schedule in the Valuation (Metropolis) Act which limits the deductions from gross value, and which has a very unfair effect in many cases.

4216. By the fixing of a maximum deduction?—Yes. I have constantly cases before me in which the cost of repairs and renewals in a factory, or even a warehouse, is much more than is permitted under this Act. I see no object in the schedule. It, no doubt, crept in because it is the custom in many unions to allow a scale of deductions in respect of house property. It is a very good rule of thumb to take off from the ordinary (dwelling-house a fifth or a sixth; but when you get to factories you get such a great divergence; you may have a blast furnace where the cost of maintenance is, one may say, probably 200 per cent. of the rateable value, and you may have another works in which the cost of maintenance is very fairly what is put in this Act, 30 per cent.; and there are many classes of works and factories in between. Therefore it is impossible to lay down any scale. There is Class II in the schedule which includes "rateable hereditaments not included in any of the foregoing classes;" that is very vague, and it has been held not to include any sort of factory. In fact we have had very great difficulty sometimes in getting some kind of factories included in Class 8. There have been many disputes, for instance, as to printing works, whether they are factories or not. I think that schedule could be done away with without any harm resulting; it would not affect the deduction in the case of dwelling-houses, but it would assist justice in the case of properties such as I have mentioned.

4217. (Sir John Hibbert.) Are you aware, upon that question, that in every Assessment Bill which has been brought forward in the last 10 or 20 years there has been a similar schedule?—There has been none passed that I am aware of.

Oldham  
Improvement  
Act,  
1880, is  
unjust to  
mill-  
owners.

4218. I did not say passed, but brought in?—Yes. There are men who go for that. I know men who say that there should be no deduction at all. There is the case of Oldham. They have actually in an improvement Act, which no one had the least idea referred to rating at all—an Act of 260 sections—introduced one section of eight lines which says that after the passing of the Act "section 292 of the Act of 1865 shall be read and have effect as if the word 'gross' were inserted before the words 'annual rent' or 'value' wherever the last-mentioned words occur in the said section." That section was slipped in there, and the Act is called an Act "to alter and extend the Borough of Oldham." There is not a word to suggest that it affects rating. It was slipped in because of the decision in the case of *Dobbs v. Grand Junction Water Company*,\* I think it was, which said that "rateable value" meant something different to what the water companies contended. The effect is that a mill owner is assessed upon the gross value of his mill, which certainly would be, taking the Valuation (Metropolis) Act, two-thirds of its gross value, whereas the occupier of a cottage or a small villa, of course, is assessed on the gross value,

but then the net value would be far larger. The consequence is that all the millowners are suffering in Oldham very considerable injustice.

4219. Is it not the case in Oldham that the assessment committee allows a deduction of 33 per cent. to obtain the rateable value of the mills?—I have just referred to the Act which is in force there.

4220. Not for poor law purposes?—I am speaking of the borough rate now, the general district purposes rate.

4221. The Act does not affect the poor law purposes at all, nor the assessment committee?—As to the poor rate, I have had an appeal there, but I forget for the moment how it is.

4222. I know it is for certain what I have stated?—Thank you. Of course this is an Act promoted by the corporation. The same sort of thing affects the rateable value for the poor rate in the metropolis. The other objection to it is this: that if there is an error in the valuation made at the quinquennial period, nothing can be done to put it right—and that has been decided by the Court of Appeal—until the next quinquennial. It is true that supplemental lists and provisional lists, as they are called under sections 46 and 47, can be made, but all they can do, according to the judgment, is to add to or deduct from the value on that previous 5th of April, according to any increase or diminution in the value of the property in that period. So, as I say, it comes to this, that supposing a house is under-assessed to the extent of 50 per cent., or if it is over-assessed, it goes for five years. I do not think that was the intention of the Act, but that is the effect of it, as it has been decided. I would suggest that an alteration is required, so that what I take to have been the object of the Act may be carried out, namely, that there should be a re-assessment of the whole union, at least every five years, but that—as it is outside the metropolis—it should be open to a ratepayer to object to the assessment of himself or anybody else at any time, if it be wrong, and to show that it be wrong.

4223. (Mr. Murray.) Subject to those two criticisms, do you think that the Valuation (Metropolis) Act could be extended to the country at large?—Yes; so far as the main object of the Act goes, which provides for obtaining an entire re-valuation of the union every five years, I think it would be desirable.

4224. And also it includes a uniform valuation for all purposes within the area, does it not?—Yes, the gross and the rateable values in the metropolis are the same for Imperial taxation and for local taxation.

4225. For all local taxation?—Yes, I think so.

4226. Would that not be a good method, do you think, to introduce for the country at large?—Yes. I find these local Acts, such as the Oldham one, inconvenient when I go into a place to value property for assessment purposes. Of course in an important case a company or a manufacturer has to employ outside assistance as a rule; if I am employed, I have first of all to find out what are all the local Acts, and that is a terrible job sometimes. They may be out of print, and very often cannot be obtained; and only recently in Widnes we found at the last moment that there was a local Act which had a very serious effect upon our right of appeal, but we did just manage to get our notice of appeal in within the right time. I think it is most important to have one uniform system of assessment throughout the country, both as to the basis of assessment, the making of the valuation, the making of the rate, and the levying of the rate; so that there shall be no doubt as to what the meaning of the law is, and what one has got to do to get relief. In the present session I was asked to give evidence in respect of the Bolton Corporation Bill,\* which sought to alter the mode of assessment; the clauses have been withdrawn now, but if they had been retained it would have added to the difficulty. There are other Bills in the present session of Parliament, and they are increasing in frequency, in which some attempt or another is made to alter either the basis of the rate, as in the case of Oldham, or the mode of levying it, and the making of the valuation list.

4227. (Sir Edward Hamilton.) Are we to understand you as claiming that all machinery should be exempted from rating?—No, that has never been claimed as far as I know. All that is asked is that machinery which, as the Bill says, it is reasonable to suppose would be provided by the tenant—in other words, machinery which remains a chattel—and like other personal property should not be rated; but as to things which are really part of the hereditament, it is not

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Valuation  
(Metropo-  
lis) Act.  
Ratepayers  
should  
be able  
to object to  
assessment  
at any time  
within the  
quinquen-  
nial period.

Valuation  
(Metropo-  
lis) Act  
could with  
advantage  
be extend-  
ed to the  
rest of the  
country.

Local Acts  
often  
inconve-  
nient.

Uniformity  
throughout  
the coun-  
try in basis  
and mode  
of valua-  
tion and  
the making  
and levying  
of the  
rate  
desirable.

Tenant  
should not  
be rated in  
respect of  
machinery  
which is a  
chattel.

\* L.R., 9 App. Cas. 49.

\* The Bolton Tramways and Improvement Bill received the Royal Assent on 15th July 1897 (60 & 61 Vict. c. 134.).

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asked that they should be exempted; they are admitted to have been always rateable and there is no question about them.

4228. What rather misled me was that this case which is so often quoted, the judgement of Lord Esher, had reference to a boiler; it is called the Tyne Boiler Case, is it not?—Yes.

4229. But I understand that boilers, as a rule, have been included?—Yes; I think it is merely a short way of referring to the case to call it the Tyne Boiler Case. There was even a grindstone in that case. There is no claim to have a thing like a boiler exempted, and even I myself have never claimed exemption for a steam-hammer such as Armstrong's; there I had to deal with a 30-ton steam-hammer; I am never so unreasonable as to suggest that that is a tenant's chattel.

Bill to amend the law relating to hereditaments containing machinery. Object is to get a definition of what machinery should be rated.

4230. What you want then is a clear definition of what machinery should be rated, and what machinery should not be rated?—Yes.

4231. And that was the object, I suppose, of the Bill which has been more than once introduced into the House of Commons?—Yes, that is the sole object of it. It has been stated that the object of that Bill was to get a factory valued as if it were some other sort of property; there is no desire of that sort, and that proviso which has been inserted in all recent Bills was put in to show that. We are quite ready to have a factory valued at its full letting value for the purposes for which it is best suited. Of course, some factories like Cammell's, at Dronfield near Sheffield, become valueless as factories when all the machinery is pulled out of them, and the building remains, not worth while pulling down—the buildings are remaining there at Dronfield. Of course, in that case the buildings have no rateable value; but as long as the machinery was in them and the works were carried on, they had some rateable value, and there would be no question among manufacturers, as far as I know, of their being rated at that value. That is, as I understand Lord Esher's judgement, what he means by "taking into consideration" the machinery.

4232. As a matter of fact, so far as your personal knowledge goes, have the assessment committees of recent years, since that judgement, brought more machinery into the valuation than they did previously?—Yes.

4233. To any great extent?—Yes, they have done it to a very large extent, in the unions where they have carried it out.

4234. Would that mean in many places, or only in a certain number of cases?—I should think that, possibly, it may be said to be so in 10 per cent. of the unions, but that hardly gives you a fair idea. It is very difficult to put into figures what the extent has been, because of the number of unions which have no concern in the question, and do not trouble about it. For instance, unions which are agricultural will only have a railway, and there is no question about it there, for they have not got to the extent of saying that the steam-engine and coaches are rateable—they are always allowed. They have got practically to that extent in one union where they have attempted to rate cranes which run about on the same class of rails round the docks. But there are many places—and, of course, a very large proportion of the unions—whose only concern with machinery is the locomotive on the railway. As I said earlier, it is the mixed unions that have done it, and I should say, you may take it that there are 10 per cent. out of the whole, which up to the present time, in one form or another, rate machinery under this judgment by putting a percentage upon the cost.

4235. (Sir John Hibbert.) That would be 60 out of 600 unions?—Yes; I do not think it would be more than that at the present time. You see all Lancashire may practically be taken out of it, a great deal of the midlands may be taken out of it; and so, I think, I have given you a very liberal estimate when I say 10 per cent.

4236. (Sir Edward Hamilton.) I see that you say in your memorandum that, in your opinion, the contributions from the Imperial Exchequer tend to extravagant administration; do you make that statement from any personal knowledge, or is it merely from a theoretical point of view?—I have never had any personal experience of practical local government. That is only a pious opinion, formed from my own observation, that where people get a large sum of money out of somebody else's pocket, they are not very careful in spending it. Perhaps I ought not to say that, having regard to the interests of manufacturers, because, no doubt, if there

Rating in respect of machinery since the Tyne Boiler Case. How far the practice has been extended.

Imperial contributions tend to extravagant administration.

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Uniform system of valuation desirable.

were a large subvention of the rates in all the unions in the country, the rates would be reduced and transferred to some other shoulders. But I am only giving you an impartial opinion, as far as I can, upon the subject.

4237. I think you said that you were in favour of one system of valuation all over the country?—Yes.

4238. Have you in your mind a system of valuation to be undertaken by the Government, such as exists in Ireland?—No. I am inclined to think that with a diversified country like England you want a combination of local and special knowledge. There is often much local information I find, when I go down as a valuer into a place, that I have got to learn on the subject; and I doubt whether the employment of a Government valuer therefore would tend to be advantageous. As long as there is a revaluation frequently—every five years or so—and it is fairly carried out, I am not sure that the present system is not the best. You see in many of the unions the overseers make the valuations, and there is no difficulty about it. They make them very economically and very fairly. They have got nothing but house property, and, if I own a house, they can find out what my next-door neighbour is paying as rent, and what the people down the street are paying; and so they can fairly assess me, and they do. As far as that is concerned, I do not think that there need be, as long as it is, as I say, honestly done, and carefully done, much question. The difficulty arises when you get to special classes of property like factories, railways, and docks; and I am afraid that the Government valuer would hardly do there, with all his skill and intelligence.

4239. It is in respect of those special kinds of property that the want of uniformity comes in then mostly?—I am afraid you cannot have any more uniformity than a general direction that property shall be assessed upon the annual letting value, and that the property to be assessed is real property and not personal property. I say that because with the great diversity of factories that there are—and it is extraordinary how varied is the class of things one has to deal with—I do not think it is possible to lay down any more hard-and-fast line than that. I think—and this is what one of the judges has said, I remember—that you must leave it to the common sense of the parties interested and of their advisers.

4240. (Mr. Wharton.) With regard to the rating of machinery, as I take it, your opinion is that machinery which one might call, and which one probably would call a landlord's fixture should continue to be rated?—Yes.

Tenants' machinery should not be subject to rating.

4241. But that other machinery, which should be mere movable machinery which the tenant would bring in, should be exempt from rating?—Yes.

4242. That I think sums up pretty well what your suggestion is as regards the rating of machinery?—Yes, and I think it is the law as it really stands now.

4243. A question or two with regard to the rating of railways; you probably are aware of the different systems in the three countries, England, Scotland, and Ireland?—Yes.

Railways Rating of English, Scottish, and Irish systems. Which is the best system?

4244. In England the railways are assessed by the local rating authority according to the best of their ability in each individual rateable area, without regard to the total value of the line; in Scotland the whole line is rated, and then divided according to the lineal mileage; and in Ireland the whole line is rated and divided according to train mileage?—Yes, I am aware of that.

4245. Which of the three systems do you think is the best?—I have had no personal experience in Ireland or in Scotland, but as far as I am able to judge in theory, I think the English system is best. I have had a great deal of experience of it, and I think it leads to the fairest result. Next to that, I think the train mileage system would come in.

4246. Do you think the train mileage system is better than the lineal mileage system?—Yes. In a case that has just been concluded, a very important case affecting the rating of a parish in London, it was a question whether it should be 19,000*l.* rateable value for about a mile of line or 9,000*l.*; the arbitrator has decided that it is somewhere between. If on that railway the whole line were apportioned according to the mileage—

4247. Lineal mileage do you mean?—Yes; you would first have to apportion between single and double line, I take it; then the parishes on some lines which are hardly worth keeping up—I know a piece of line on that very railway which is in that state and which

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certainly is not worth more than 100*l.* a mile rateable value at the outside—would get a share of the mile of line that I am now speaking of in London which is worth 20,000*l.* a mile. Therefore, you would have this result, that where the money was wanted, presumably, that is, in the densely populated urban district, it would not be paid, but it would be transferred to a local district where it is not wanted and where, as far as I can see, there is no reason it should be paid.

4248. That is the objection to the lineal mileage?—That is one of the objections.

4249. That objection would not obtain in the case of the train mileage system?—Not to the same extent, because although the train mileage system is not a gauge of the true receipts in the parish, it is a better test.

4250. It is a fairer division?—Yes.

Machinery.  
Rating in  
respect of  
in Scot-  
land.

4251. Do you know whether there are many appeals in Scotland against the rating of railways on the Scotch system?—I should not like to say, as I have had no experience in Scotland at all. I might say this, if I may, that there has been a judgement of the Court of Session in Scotland on the question of the rating of machinery, which is entirely in favour of the exemption of machinery from rating.\*

4252. (Mr. Smith.) I rather gather that although the employers of machinery may have suffered occasionally in rural districts and others, they have not suffered materially from the judgement of Lord Esher in urban districts; is that so?—They have suffered more in mixed districts, I think.

4253. Where the manufacturer was the exception, and the small property owner, or the agriculturist, the rule?—Yes. I think that is so. I should like to say this: I think it was the report of the Select Committee of 1887 which directed or suggested that it was desirable that until the Bill was passed or some fresh Act passed there should be no alteration in the basis of assessment; under that I know many unions are simply holding their hands.

4254. That comes to my point, that up to the present time you have not suffered very extensively from Lord Esher's judgement?—No; in some districts, as I say, Lancashire practically not at all, except in Chorlton Union.

4255. Where manufacturing interests are almost supreme, as they are in our large towns, you have not suffered materially?—In some cases in London we have suffered a great deal.

4256. I am coming to London in a moment; take the Midlands, you have not suffered there?—In many places around Birmingham we have, but not in Nottingham.

4257. Has not what is known as the Midland system, to rate upon the horse-power, been in existence for years?—That is a rule in the Birmingham parish alone, but the Birmingham parish is only a small parish as far as area is concerned.

4258. You have not suffered in Birmingham?—Not in Birmingham parish, but then the bulk of the factories which are in what we term Birmingham are really outside the Birmingham parish.

4259. They would be in Aston?—Yes.

4260. Have you suffered in Aston? There was a re-valuation of Aston, as I happen to know, three years ago; have you suffered materially there?—They treated us with great courtesy. We have had a lot of appeals there, and a great many cases were settled without appeal.

4261. I do not want the details; I want to know generally whether you find you are much heavier assessed in Aston than you are in Birmingham in consequence of Lord Esher's judgement?—We are assessed there more than we should have been had it not been for Lord Esher's judgment.

4262. How much more?—I should say that the result of the Chard case is that instead of paying an increase of, I think it was, 250 per cent. in some cases at Chard, we are not paying, perhaps, 25 per cent. more than we think we ought to pay.

4263. To a great extent your fears are for the future?—There are many places now in which we have great trouble, such as those I have mentioned, Gateshead, Sunderland, and so on.

4264. I am afraid your clients, as a rule, do not take much part in local government, do they?—That is so,

\* North British Railway Company v. the Assessor of Railways and Canals. 26th September 1887. 25 S.L.R. 4.

no doubt; manufacturers are very much occupied with their own business, and they cannot give their own time to going on boards of guardians; some of them do, but they are rare cases.

4265. Have you much complaint to make, with the exception of Oldham, against corporations with regard to their rating of machinery?—The rating for the district rate follows the poor law valuation.

4266. Not always?—I think so, under the Public Health Act.

4267. There are a great number of corporations with improvement Acts where the valuation may be distinct and separate?—Yes. I cannot give you any instance here, but although they have got that power, they do not use it.

4268. Some of them do not use it?—I do not remember having any case at the moment.

4269. It was used in Birmingham until I got an Act introduced to stop it. There was a separate valuation?—I beg your pardon; it occurs to me that there is the same thing at Oldham and at some other place I was trying to think of. Two or three years ago I had a question down there, and I was greatly puzzled by finding that I had got two valuations to deal with—two rateable valuations and two gross valuations, both inconsistent.

4270. Of course that was absurd. Your objection to a General Valuation Act is mainly, I think, that you think there should be no maximum allowance placed on manufacturers?—Yes, I think it should be according to the circumstances of each case.

4271. That is a detail, is it not; it is not a sufficient reason for objecting to a General Valuation Act?—No, and I did not intend to say that.

4272. It obviously would be a good thing, would it not, to have a General Valuation Act for the whole country?—Yes; I thought I conveyed that rather.

4273. You do not object to uniformity?—No; I think it is a good thing.

4274. One basis?—Yes.

4275. What you do object to is in the case of the particular interest which you represent, that the maximum allowance is too low?—Yes, in the case of the metropolis; there is no maximum allowance outside.

4276. There is no General Valuation Act unfortunately. Have you any experience yourself of local government?—No.

4277. Then I want to know why you lay such stress in your memorandum upon the point that you think the present system of Government audit of union accounts should be maintained and, if possible, made more strict and extended to municipal accounts; is that based on experience, or is it a pious opinion?—It is based on experience. For instance, the experience of the cases I have mentioned where the rates were used to oppose this Bill.

4278. Yes, I understand that; but what I want to point out to you is that the case where the rates were used to oppose your Bill were the cases of parochial or union authorities who were subject to Government audit?—Yes.

4279. How do you propose to remedy that, by subjecting the municipal accounts to Government audit? You see my point?—Yes.

4280. The people who opposed you, as you think improperly out of the public funds, were people who were subject to the Government audit?—Yes.

4281. You build upon that a theory that the Government audit should be extended to municipal accounts and municipal authorities; but I do not see how you propose to remedy it?—I think it would be much more desirable to have a Government auditor to come down to audit the accounts of a municipality.

4282. You are not answering my question. You have told me that you had no experience, but you base your opinion upon the illustration that you give of a union which you think improperly opposed your Bill out of public funds; but they, as I have pointed out, were subject to Government audit; upon that experience you say that the Government audit should be extended to municipal accounts; I cannot follow the reasoning, and I want you to apply yourself to that point?—It only seems to me that there is an equal necessity for having the same sort of audit.

4283. It did not prevent the misappropriation in the one case, how should it in the other?—It did, because they were surcharged.

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Machinery,  
rating in  
respect of.  
Action of  
corporations.

A General  
Valuation  
Act. Objec-  
tions to and  
advantages  
of.

Audit of  
accounts of  
public  
bodies.  
Reason for  
advocating  
government  
audit of muni-  
cipal  
accounts  
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objections  
to such  
a course.

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4284. Were they surcharged?—Yes; in another case with respect to a railway company, objection was taken to the payment of 800*l.*; they paid it in spite of the objection, and the only remedy was an objection before the Government auditor, and he disallowed it and surcharged.

4285. I suppose it was remitted afterwards?—In that case it was.

4286. You form your opinion, then, with regard to the municipal audit, from that solitary experience?—Yes, but it is hardly solitary.

4287. Have you any complaint to make of improper conduct on the part of municipal authorities?—No.

4288. You must know that the extension of a Government audit to municipal accounts is opening a very large question, an enormous question, is it not?—I do not know that it is.

4289. Every local Act would have to be known by the auditor, and there are often 20 or 30 affecting a single borough?—That is what I have been suggesting.

4290. This is a question which I must ask you: It is not merely that the auditor would have to be a judge of arithmetical accuracy, but he would have almost to be a judge of the High Court to decide the various legal questions connected with boroughs; have you thought of that?—I take it that the auditor who is now employed has that, or ought to have, that knowledge.

4291. Only acting under general statutes?—I mean the existing auditors of the municipal authorities.

4292. You evidently do not know anything about it, because they are elected by the burgesses and they have no power of surcharge; do you know that?—Yes, and that is what I think objectionable. I know of cases in which a most improper man has been the auditor of very large funds in one parish.

4293. Are you speaking of a parish or a borough?—I am speaking of a parish.

4294. Then that does not appeal to me at all?—He is the auditor in that case. He is elected, or was elected—I do not know what it is now—in the usual way by the ratepayers, and I should say that the audit in that case was a mere farce.

4295. Very likely; but I suppose there was a Government audit as well?—In that case I think not.

4296. What were the circumstances?—I know nothing about the circumstances. It struck me that there was practically no check. It seems to me that as a general question it is much more satisfactory to have a trained auditor like a Government auditor, and an absolutely impartial man, than to take the chances of an election in a borough of some one who may or may not be a good man, and who in all probability will not have the special knowledge.

4297. Do you not know that in large boroughs almost every department has its auditor, who is a public accountant?—Yes, I know that that is the case.

4298. You do not think there is any objection to that, do you?—On the question of symmetry I think it would be much better to extend the audit which is now a Government audit, so far as the poor law is concerned, to the municipal accounts.

4299. You think a poor law auditor would be quite competent to deal with all the questions that might arise in a borough?—I think he would be equally competent with those who now do the work, and more competent than some of them. I cannot put it higher than that.

4300. Would you give him power of surcharge?—If he found any improper payment I think I would.

4301. You know the present people have no power of surcharge?—Yes; it seems to me desirable in the interests of the ratepayers that if an improper payment is found, or one that is thought to be improper, there should be some means of surcharging.

4302. Are you not aware that there is a means?—I do not pretend to know.

4303. Is it not the fact that any ratepayer can take any payment by a municipality into the Queen's Bench and have it challenged?—Yes, but that is a very expensive process.

4304. Have you any experience of that?—No.

4305. Then I really take it you have very little experience on this particular point which I am examining you upon?—Very little.

4306. I was obliged to ask you the question because it is in your memorandum. I suppose the case of the metropolitan union you have referred to is very exceptional, is it not?—It is an extreme case, but to a less extent it exists in many other unions.

4307. Perhaps it has a little shaken your faith in representative government?—They have a rateable value of something like three-quarters of a million and an expenditure of over a quarter of a million annually. I should prefer myself to have a body with a different constitution to spend my money if I was concerned in the spending of so large a sum as that.

4308. A good deal of the difficulty arises, does it not, from the neglect of the large ratepayers to take an interest in local affairs?—I hardly think it is so there. Large ratepayers are in the hands entirely of the voters. They may have votes themselves, but the people who have the power to elect are the people who occupy the artisans' dwellings as a rule, and they are under the control, to a very great extent, of the owners of small property.

4309. In some places?—Yes, in some places; in country districts that does not apply.

4310. It does not apply to many of our large towns, where we find some of our best people taking part in local government?—That is so; I do not wish to be thought to be putting an extreme or unfair case from improper motives. I am bound to say that on many assessment committees that I have to meet, I find most excellent men of high standing who do take great care in the transaction of their business and evidently desire to do what is right.

4311. (Mr. Clave.) May I ask whether the occupiers of premises which are fitted with machinery had any cause to complain of the method of assessment prior to the decision in the Tyne boiler case in 1886?—I do not think they had. But I would go a little further back than that. I think you may take it that the trouble began with the Bishopwearmouth case.

4312. I mean that you yourself would be satisfied with the position which existed prior to the decision in that case?—Yes.

4313. The effect of that case is, that in the case of the occupiers of certain classes of premises, their assessment has been increased, because there has been included in the estimate of valuation certain personal chattels which were excluded before?—Yes.

4314. And the effect of that has been, has it not, that as a larger rateable value has been placed upon the owners of mills, and such like, it has relieved to a certain extent the owners of other property in the same rating district?—No doubt.

4315. And probably that has accounted for the opposition of the Association of Small Property Owners to the Bill promoted to place the manufacturer back into the position in which he was prior to 1886?—Yes. I should like, if I may, to add one thing that I think I have omitted; that is that manufacturers as a class feel that they have not only got to contend with the burden which has been transferred to their shoulders improperly, but that the men who to a great extent have done that, escape their fair share of taxation. It is felt very strongly that to give—as in West Ham, I think it is, to take one case, out of many other places—a reduction in the rate itself of sometimes one-third to the owner of compounding property, is a most excessive allowance for any risk that he undertakes and any trouble that he has.

4316. Do I understand that you wish to point out, then, that the practical result of the present system of local government in certain exceptional areas is that those persons who have the power of fixing the assessment of the large ratepayers are the people who would be most interested in increasing their assessable value?—Yes, I do not want to put it offensively, but the men who own the small properties have a very large interest in the question, because they in effect as owners pay the rates. Therefore, if they can transfer a part of the burden, it goes directly into their pockets. Owning small property is as much a business as any other business, and many men do nothing else, and it is a part of their business to get on the assessment committee for the purpose in the first place of looking after their own assessments with one object, and in the second place of looking after the assessments of other people with another object. That being so, they further get the great advantage, that whereas in the case of West Ham

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Assessment committees. Constitution of. How far representative of the various interests.

Present system in certain districts of rating tenants' machinery not adopted before the Bishopwearmouth and the Tyne Boiler Cases.

Compounding. In certain places the deductions allowed are too great.

Assessment committees. Constitution of in certain places not equitable with regard to interests of larger ratepayers.

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Compound-  
ing in certain  
places the  
deductions  
allowed are  
too great.

Compound  
property  
owner. No repre-  
sentation  
or vote for  
representa-  
tion on  
local body.

Railway,  
gas and  
water  
companies  
as trading  
concerns  
have no  
direct  
representa-  
tion on  
local  
bodies.

a manufacturer pays the full rate in the £—10s. or 9s. or whatever it may be—if it is 9s. in the £, the owner of small property contracts to pay the rates, and only pays 6s. in the £; he does not contract if he knows his property is going to be empty. It is a voluntary contract so far as he is concerned, and if he has got a house that is always empty he does not undertake to pay the rates.

4317. Quite so; he does not compound in any case unless he thinks it may pay him?—That is so.

4318. That is somewhat following the principles of human nature, is it not?—Yes. Of course it is quite right that if a man relieves the rating authorities of some of the trouble and expense of collecting the rates and some of the risk of losing the money, he should be compensated for it; but what is said is that where he has got 30 per cent. as in many places—and the law now permits 30 per cent. to be the maximum, I think—he is getting far too large an allowance.

4319. The owner of small property, who is what we would call a compound property owner, has no representation or vote for representation on the local authority as an owner of property?—Yes; in the first place he would be an occupier himself—he would be a ratepayer himself.

4320. I will assume that he is not an occupier. He has no representation or vote as an owner, has he?—No, but he has —

4321. You may take it from me that he has not?—He has a right of appeal in London under the Valuation (Metropolis) Act.

4322. As a matter of fact no one who is not an occupier has a vote for a municipal or local governing body; then if he wants to be elected on the local authority he must appeal to the suffrages of the ratepayers?—Yes.

4323. Who elect him?—Yes.

4324. And if he is successful in inducing the majority of the ratepayers in any particular ward to vote for him he gets returned?—Yes.

4325. In that way he gets this power which you say he sometimes exercises in his own interest?—Yes.

4326. Supposing that a railway company—we will take the case of the South Eastern Railway Company in the parish of Merstham, where I think you said they pay about 70 or 80 per cent. of the rates —?—Yes.

4327. Why should not the officials of that railway company also come forward as candidates to sit on that parish council?—In the first place, of course, all the time of the railway employé's is fully occupied in looking after the business of the company.

4328. Are not many of the people inhabiting the parish of Merstham employed by the railway company?—No; there is only a small station there, employing perhaps altogether not more than five men, if so many, and there would be a signalman on the line in the parish.

4329. How would you propose that the railway company should have a representation, we will say, on that particular parish council? Should they elect themselves?—That is a difficult question which I have not come prepared to suggest an answer to, I am sorry to say. Of course, as compared with a small property owner, it is not their business as it is in the same sense the small property owner's business to be on the council. What they do in the way of looking after rating matters is that all of them employ an agent, and it seems to me that if that agent could in certain cases be given something more than the ordinary right of a ratepayer, it would be desirable where they pay such a large proportion of the rates.

4330. We will just follow that out for a moment. Take the case of Liverpool; by how many would you propose to increase the Liverpool City Council to represent the different interests of railway companies, manufacturers, and so on, who have no vote in their corporate capacity?—Of course, I have not thought out the details of this question, and I had not a case like Liverpool in my mind. I was thinking rather of parishes such as Merstham. I do not think that the railways pay anything like the proportion in Liverpool that they do there.

4331. Supposing that you conceded to a railway company the right of nominating somebody to represent them on the governing body of the district, why, in principle, should you not concede that to every

individual who employs labour and owns assessable property, and yet has not a vote in that district?—I think that there is no difference between a railway company and a gas or water company, or an electric light company. It very often happens that valuable property in a parish is occupied by a railway company.

4332. Why should not a manufacturer who employs 5,000 men and pays 2,000l. or 3,000l. a year in rates have equally a right to nominate someone on the local authority, if a railway has?—I am afraid theoretically at any rate the manufacturer is not in the same position, except it be the case of a limited company, because in an ordinary case he is the ratepayer and occupier, and has a right to go and be elected if he can get elected.

4333. Take the case you quoted of Cammell, Wilson, & Co., at Dronfield; the partners of that firm possibly might have had a vote each for the local authority for Dronfield?—Yes.

4334. The whole place practically depended upon their business?—Yes, it did.

4335. But then they did not nominate the governing authority for the district?—No.

4336. Why should they not have practically nominated the whole governing authority for that district if you are going to concede the right to a railway company to nominate representatives on each of the local authorities through which the railway passes?—Only because there is this difference, that in Cammell's case, whether it is Sheffield or Dronfield, they are ratepayers and on the rate-book, and they have a right to be elected as guardians if they can get the suffrages, whereas in the case of the railway company or a similar company there is no one who can get elected, as I understand.

4337. The stationmaster is on the rate-book?—Yes, as an ordinary ratepayer if he has got a house, but he would not be in respect to the station. He is not rated in respect to the station; the company is rated in respect to the station, and he very likely occupies two rooms there.

4338. But he is entitled to vote?—No, not unless he is rated. If he lives outside the station he would be entitled to a vote, but then he would have to attend to his duties, and he would not have the time to give to these matters, whereas it is the business of the rating agent of the South Eastern Company, for instance, to look into these matters. I did not desire to lay any great stress on it, I only wished to point out what was clear, the somewhat anomalous fact that there is a large contribution to the rates practically without representation.

4339. You said, I think, that the decision of Lord Esher in the Tyne Boiler Case had not been universally followed by unions where premises containing machinery existed?—What I want to convey is that the same view of that decision has not been taken all round.

4340. The effect of that is that a manufacturer in a union where they have followed out very strictly that case may be seriously prejudiced in competition with the manufacturer in another parish where they do not do it?—Yes.

4341. So whether it is right to assess machinery or not, it is clearly desirable in the interests of trade that there should be a consistent system for assessing premises containing machinery?—Yes, and not that you should go across the road and find a man contributing, perhaps, one third less or 50 per cent. less to the rates than, say, another man occupying precisely similar property on this side of the road.

4342. Am I to take this to be your opinion, that the law, as it at present exists, has a tendency to induce the assessing authority in a local area which largely depends upon manufacturing business not to include machinery in the assessment in order to give their manufacturers the advantage over those areas where it is not included?—No, I do not think they do it with that object. In Lancashire, for instance, their view is, I believe, that the other view is not correct, that the meaning of Lord Esher's judgement is not what the people, for instance, in the Tynemouth Union say, and they think that they are carrying out the law. On the other hand, the other people say no, we are carrying out the law; and that Lord Esher's judgement meant that we were to put 5 per cent. on the value of the machinery in the place, and that is "taking it into consideration."

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Machinery,  
rating in  
respect of.  
A uniform  
system  
desirable.

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Rate levied  
on gross  
value  
instead of  
net prejudi-  
cial to manufac-  
turers.  
The case  
of Oldham.

Assess-  
ment com-  
mittee  
should  
represent  
all classes  
of rate-  
payers.  
Borough  
council of  
corporation  
might  
nominate  
overseers  
and a  
certain  
portion of  
assessment  
committee.  
How far  
practicable.  
The Bill of  
Borough of  
Bolton.\*

4343. In the Oldham case that you complain of, I think you said that they obtained an Act that all rates should be levied on the gross instead of on the net?—The Act I was then alluding to is an Act of the Corporation, and has reference to the district rate, the borough rate, but not to the poor rate.

4344. As regards a rate which has to be levied by the Corporation, they levy it on the gross instead of on the net?—Yes.

4345. How does that prejudice the manufacturer?—In this way—if his gross value is 100 per cent., as it may be said to be in some cases, more than the rateable value, that is to say, if his premises are worth 100*l.* a year and cost 50*l.* a year to repair and renew; and there is somebody else contributing to the same rate who has premises which, in proportion have a higher net rateable value, because the expense of repairing and renewing them will only be 25 per cent., then to that extent he is prejudiced.

4346. I see; the effect is that the amount you allow as a deduction from the gross, to arrive at the net annual value in the case of the well-built dwelling-house, would be less per cent. than the amount which you would allow for the maintenance of a manufactory?—Yes.

4347. And in that way, I suppose, you would conclude that the manufacturer is prejudiced by paying on the gross instead of on the net?—Yes, he is considerably.

4348. On the other hand the town as a whole benefits by the larger share it gets in the local taxation account by the increased rateable value?—I am not qualified to express any decided opinion on that; I do not quite know.

4349. It is possible that views in that direction might have had something to do with the passing of the Act?—I take it that the value for contributions would be the rateable value under the poor law valuation.

4350. If the amounts to be paid you are largely in excess of the amounts you have to pay, and both are based upon rateable value, it is obviously in the interest of the locality to have the rateable value put as high as possible instead of as low as possible?—Yes, of course.

4351. I understand you to say as regards the overseers that you do not approve of the present system of appointing overseers?—I do not think I said that.

4352. You say in your memorandum that the assessment committees "should be made more representative of all classes of ratepayers, and not be given, in any sense, the powers of a court of justice" P.—Yes.

4353. Would it not be carrying out the principles you advocate if the power to nominate the overseers, and also the power, we will say, to nominate a certain portion of the assessment committee, were given in the case of a corporation to the borough council?—That is rather a big question and one that would depend upon the circumstances a good deal. Take, for instance, the Bolton Bill,\* which is now before the House; they have withdrawn the clauses there, but, I think, we would have been able to show that the application of the principle in that case would create inequality—the very inequality that I pointed to just now of one factory on the opposite side of the road paying a rate different to that paid by a similar factory on this side of the road. It is rather a complicated question, but there the municipality of Bolton sought in effect to get control of the assessing of the union. It was felt by those outside the borough for reasons which I can hardly go into shortly, that that would create injustice.

4354. If anyone has to nominate a body to make the assessment, would it not be better that it should be nominated by the only really representative body there is in the town, namely, the city council, rather than by the justices?—That is to say, as to the overseers alone?

4355. Yes?—For the parish, as long as they are proper people, I do not think it makes very much difference who they are or who nominates the overseers, as long as the ratepayer has got first of all the assessment committee to go to by way of objection (which is as good a body as can be found), and then a free right of appeal to an impartial court.

4356. To go to another matter, supposing you have a building at the corner of two streets which is called a

\* The Bolton Tramways and Improvement Bill received the Royal Assent on 15th July 1897 (60 & 61 Vict. c. 134).

public-house, how would you assess it?—As a means of arriving at its value?

4357. Yes?—That is a property that has aroused very considerable attention lately, particularly in view of the high values that are given for public-houses. I look upon a public-house as in a sense a monopoly, because it has got a licence to use a piece of land in a way that the man next door cannot use his piece of land, and I fail to see, that being the case, why it should not be treated in the same way as a railway company is treated for the monopoly it has got of using the soil.

4358. Is a public-house of more value than a shop occupying exactly the same area?—I think so.

4359. Why?—For the reason I put just now; because a monopoly is granted to the owner and occupier of that particular piece of soil to do something that the man next door cannot do.

4360. Then as a matter of fact the valuation is increased because of the particular trade that can be carried on in that particular building?—In that particular case, yes; but it is a monopoly.

4361. The licence belongs to the occupier of the house?—It belongs, I think, to the owner of the freehold.

4362. Is not the licence renewed every year by the justices to the occupier of the house?—Yes.

4363. Then the licence is a personal matter attaching to the occupier?—So far as that is concerned, yes.

4364. If that occupier misbehaves himself as the licensee he loses the licence?—Personally, yes.

4365. And if he loses that licence that house then ceases to be a public-house?—No, I think not; in fact in practice it is very seldom the case because the brewers, and most of the brewers now have got the houses—

4366. Pardon me, I will not take the case of a brewer where they transfer before they get a conviction; I will take the case of Brown who is the owner, if you like, and occupier?—I happen to be the owner of a public-house at the present time; indeed, I have bought for the South Eastern Railway Company several for the purpose of widening their line, so I have been through it.

4367. I will take the case where the licensee is the *bona fide* occupier of the house, and not merely the manager of a brewery company; he does something which is an offence against the licensing laws, and he loses his licence; if he loses his licence that house is shut up as a public-house, is it not?—He is convicted, and then when the time comes round for renewing the licence the police object.

4368. We will just assume for the moment that the objection is strong enough to induce the licensing body to refuse to renew the licence; the licence having gone, what is the value of the public-house except for the purposes of ordinary trade?—But the licence has not gone in that case. I do not know whether this is material to it; I do not quite know what point you are going to put to me; but as a freeholder I should go to the magistrates and ask to have that licence given to myself if I were going into it, or if I were not to somebody else, as a rule the magistrates would grant it to a suitable person.

4369. Perhaps your experience differs from mine, but as a rule in Liverpool in no such case would the licence ever be granted again. What I want to point out to you is that as an expert valuer you do attach an additional value to a hereditament by reason of the personal qualification of the occupier, but I want to know why you should do that in the case of a public-house and refuse to do it in the case of machinery in a manufactory?—That is not my position. What I say is that you must not rate the trade profits of the public-house; it is a very difficult thing to divide it, I admit, but to put it into abstract theory you must not rate a public-house at its own value, plus the value of the man's own intelligence and skill, because one man would do well, and another man would do badly in the same house.

4370. I do not ask you to take into consideration his intelligence or skill, but, I think, you admit that you do take into consideration that adjunct which he has, namely, the licence?—Yes.

4371. That is a personal matter to the occupier?—For the time being, yes, and it enables him, a man of ordinary intelligence—I am taking, in both cases, an

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premises,  
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element  
in the  
valuation.

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ordinary business man, an ordinary tradesman—to do something in the house at one corner of the street, where there is a licence, which the other man at the opposite corner cannot do. He is under the Act of William the Fourth for rating purposes, and it is reasonable to suppose that he would pay a higher rent for that piece of ground than for the piece of ground opposite, where there is no licence, because the licence enables him to make a bigger profit.

4372. The reason he pays a higher rent is, is it not, that if he can get his licence it is worth his while to pay a higher rent for that building than it would be if he could obtain no licence?—Yes.

4373. Suppose, then, a man has a mill with machinery specially fitted for a particular purpose, and he wants to let it, would he not let it at a higher value because it is fitted with that machinery than he would do if the machinery were not there?—No; that is a different question altogether. In the one case I am free to go and put a factory where I like; in the other case I am not free to put a public-house where I like. If a man asks me 10,000*l.* a year for a factory, I say, "Well, I will not give you 10,000*l.*, I will give you 5,000*l.*, and if "you will not take 5,000*l.*, I can go and buy a piece of "land across the road and put up a factory which will, "when I have reckoned interest on the outlay, not cost "me more than 5,000*l.* plus the ground rent, therefore, "there is no reason why I should give you 10,000*l.* for "this place," and he has got either to keep his place idle or else to take my 5,000*l.*; but that is not the case with a public-house at all, and in no case; are the publicans' trade fittings and fixtures rated.

4374. Take the case of a mill which is supplied with water-power; is not an enhanced value given to that mill because it has water-power attached to it?—Yes.

4375. Would you not, as a likely occupier, be willing to pay a higher rent because it has water-power attached to it, than you would if it had not?—Water-power, of course, is not worth so much now-a-days as it used to be.

4376. Assume water-power is of value?—On the abstract question, certainly a piece of land with water power on it, whether it is wanted for one purpose or another, is worth more than a piece that has not water power?

4377. If you had a mill exactly the same as the one supplied with water-power, but without water-power, you would pay so much less rent for it?—Assuming that I wanted water-power?

4378. Assuming that you want power to work machinery, if you had a mill supplied with water-power, you would pay a higher rent for it than you would for a mill that had no water-power attached to it?—You must not put the two things on the same basis—you must assume that I want water-power, and that no other power will do.

4379. Assume that you want power—assume that you want 100 horse-power, for instance—it does not matter whether you get it from water or whether you get it from coal, except as regards the question of cost; if you wanted machinery of 100 horse-power inside a mill, would you not pay a higher rent for a mill which had water-power capable of giving 100 horse-power, than you would do for a mill which had not that water-power attached to it?—I do not think I should. I am obliged to say that, not because I want to evade the question, but because it depends on so many other things. For instance, take the River Exe: within the last 15 years, I think there used to be something like 15 paper mills, and other places upon it, but they are all done away with now; there is only the Hansard Mill, I think.

4380. We will take the case of another mill; Arkwright's Mill at Matlock. Do you mean to say that Arkwright's Mill at Matlock is not greater in value by reason of the water-power which it has attached to it, than it would be if it were situated at the bottom of a valley by the side of a dry river?—As long as there is a continual head of water, and it is cheaper to use water than coal, then that will be so, but it is very seldom that that is the case now.

4381. That is not the point: supposing you had not water you would have to use coal, and then clearly it is an advantage to have water?—Certainly.

4382. Then when you put your increased assessment and pay your increased rent for a mill with water-power, the difference between the value of that mill with water-power and its value without it is practically

represented by the value of the power you get?—The power which nature has supplied in the shape of water.

4383. So that you are paying in the shape of rent what in the other case you would pay in the shape of cost of coal to give you the same amount of power?—Yes.

4384. Why, if you pay on an increased assessment for a mill with water power, should you object to pay on an increased assessment for a mill with other mechanical power to give you the same result?—We do not.

4385. In the one case you pay upon the machinery which is capable of producing certain power, in the other case you pay upon the natural product which gives the power itself; that is, in the case of the water-mill, you are paying on the building, the machinery, and what in the case of the other mill represents the cost of coal?—There is no objection raised to that principle; in fact, we should be paying upon more than in the case of the water-mill according to our Bill, because we should be paying and are ready to pay on the value of the boiler and the engine.

4386. (Sir John Hibbert.) Are you aware that under the Act of 1894 power is given to the parish councils to appoint overseers?—Yes.

4387. Are you also at the same time aware that under the same Act town councils and urban authorities generally may apply to the Local Government Board for the same powers?—I was not aware of that power. The only object with which I mentioned the subject in my proof was not to object to the appointment of overseers particularly by anybody, but what we want is to secure that all the forms in connection with the making of valuation lists and rates should be carried out strictly. Of course under the Union Assessment Committee Acts and the other Acts they are required to do that, and we only want that maintained.

4388. (Mr. Elliott.) I gather from your memorandum that, apart from this question of the rating of machinery, you consider that the basis of assessment adopted for the purposes of local taxation is at present satisfactory?—Yes, I do not think it is possible to get any basis which will not only not be better, but will be anything like equal to the basis of annual value.

4389. In arriving at that opinion did you take into account the change made by the Agricultural Rates Act of last session?—No, I do not know that I did.

4390. Do you consider that the present system of rating as settled by the most recent legislation is satisfactory, or that it was satisfactory before the change of 1896 was made?—You are now speaking of the Agricultural Rates Act?

4391. Yes?—I spoke rather before 1896; I would rather not express an opinion about the Agricultural Rating Act.

4392. I was not asking you to express an opinion about the Agricultural Rating Act; what I wanted to get from you was, what was the system that you thought satisfactory?—The system that was in operation certainly up to that time, and laid down by the Acts I have referred to.

4393. What do you regard as the attributes of a satisfactory system?—A clear statement of the law as to the basis upon which the assessment should be made and the manner in which it should be carried into effect and the rate collected.

4394. Would you regard the equitable distribution of the burden as a necessary constituent of any compulsory system?—Yes.

4395. Would you say that some regard ought to be had to the benefits received by the ratepayer?—Yes. Of course at the present time there is some relief given to certain occupiers under the Public Health Act, but it is a very difficult question. Taking the case of West Ham. Manufacturers there get very little themselves for their 9*s.* or 10*s.* in the £; what they are really doing is supporting people who come from somewhere else to live there.

4396. Would you say generally that some account of the benefits received ought to be taken in estimating whether a system of local taxation was equitable or not?—Yes.

4397. Have you made any comparison between the incomes of the various classes of ratepayers?—No. I

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Local Government Act, 1894. 57 & 58 Viet. c. 73. Power given to parish councils to appoint overseers, and to town councils and urban authorities to apply for same power to the Local Government Board.

Law and basis of assessment satisfactory except in respect of machinery.

Local taxation, system of. Benefits received by ratepayers should be taken into consideration.

Mill fitted with machinery or supplied with water power. How far taken into consideration in valuation.



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do not know that it is possible to do that with any degree of accuracy.

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Local taxation, system of. Ability of ratepayers to pay, doctrine of.  
4398. You have not studied the existing system from that point of view?—The point of view of the income tax?

4399. The point of view of the comparative burden of the rates according to the ability of the individual ratepayer?—I have only looked at it from the point of view of the benefits which can be derived from the occupation of the property to be rated.

4400. Not from the point of view of the ability of the ratepayer to bear the burden?—The ability as shown by the value of his occupation only.

4401. Yes, but not as shown by his aggregate income or his aggregate profits?—No, not his trade profits.

4402. Are the views that you express with regard to the system of local taxation generally the views of the Machinery Users' Association, or are they your personal views?—They are my personal views, but I have done this: I have had a synopsis of my memorandum sent to all the leading manufacturers in the country, and the whole of the replies that I have received, which are very numerous, concur in what I have stated there.

4403. But you have made no serious study of the system of local taxation from the point of view of the ability of the ratepayer to bear the burden?—Not as based upon his trade profits nor his income from other sources.

4404. You have never compared, for instance, the respective burdens of a banker and a farmer?—No, nor a barrister in the Temple, perhaps paying 50*l.* a year for his chambers and making 10,000*l.* or 15,000*l.*

Real property subject to hereditary burdens, or which has been bought and sold subject to burdens should not be relieved of them. To what extent can this view be supported.  
4405. You express an opinion with regard to the transfer of local taxation from one class of property to another, and you say that "real property has been bought and sold subject to the liabilities imposed upon it by legislation, and great injustice would be done if real property were now relieved of the burden so imposed, and that burden transferred to other forms of property"?—Yes, I think so.

4406. Supposing that the liabilities imposed upon property were shown to be clearly unjust, would you say that the fact that that property had been bought and sold after those liabilities had been imposed would preclude the removal of the burden?—No. If somebody sold me a piece of land under which there was valuable coal, and did not know it, if I bought it I took my chance and I should take and have the coal. If I bought a piece of property supposed to be liable to some burden, such as ground rent or something of that sort, and I found after I had got it that it was not liable for it, I should certainly refuse to pay it, and I do not know that I should hand over the benefit.

4407. I do not think you quite appreciate the point. That, of course, is a question of adjustment as between purchaser and vendor?—Yes.

4408. But this is a question of the adjustment by the legislature of an injustice, and I gather that you would say that the legislature should feel itself precluded from remedying that injustice, because the property had been purchased burdened with that injustice?—It is open to question if there be an injustice, but my view is there is no injustice.

4409. I am assuming that an injustice is proved?—If it is an unjust thing then, of course, there is no reason why a man should submit to it. But what I put before you was that you have got to remove the charge on to somebody else's shoulders; it is not doing away with the charge altogether; somebody has to pay the money, and I do not see why, if I have got a property which has never been subject to rating, I am to pay for somebody else whose property has always been subject to rating.

4410. But supposing it be shown that you contribute too little to the public burdens of the country, and that the person in possession of rateable property contributes too much, do you see any injustice in the transfer of burden from the one shoulder to the other?—No, if that were shown; but then my view is strongly that that is not shown.

4411. You referred to the question of protective tariffs in foreign countries; you are aware, of course, that there have been, in times past, protective tariffs in this country?—Yes.

4412. Had not land been bought and sold previous to the removal of those protective tariffs in this country?—Yes.

4413. And the removal of those protective tariffs had a serious effect, had it not, upon the value of particular classes of property in this country?—Yes.

4414. Did you see any injustice in the removal of those tariffs?—I was not old enough to form an opinion then.

4415. I know that, but I am asking for an opinion, not for your recollection?—My view is that the nation at large has benefited by free trade.

4416. You are aware, of course, that the owners of agricultural property have felt themselves injured by the removal of those tariffs?—Yes.

4417. Do you think that a tariff should not be removed because of the effect upon agricultural property if it were found on the whole desirable that it should be?—No, but of course many manufacturers suffered equally, the paper trade, the silk trade, and others suffered equally with agriculturists. There is this to be remembered, that if the land suffered in value by that, its rateable value was reduced, and it has also been reduced *pro rata* with the agricultural depression which has arisen from other causes.

4418. You express an opinion that a system of rating personal property would be a failure; you are aware, of course, that under the law as it stands, a considerable contribution to local taxation is made by personal property?—Nothing but the contributions from the consolidated fund.

4419. But these contributions are very substantial, are they not?—Yes, they are. I am not, of course, referring to that. It is one thing to raise money by way of income tax or taxes on tobacco, and so on, but the impossibility that I am referring to is what I conceive to be the entire impossibility of rating the houses in this parish of Westminster according to the personal property and income and profits of the various occupiers.

4420. It is a question of feasibility and not a question of justice or desirability?—I think it would be wrong for three reasons; I think it would be against public policy; I think it would be a burden upon trade, because it would handicap us in competing with foreign countries and stop enterprise; and I think it would be also unfair because it would be imposing a burden upon profits which was never meant; as I said before, it was on real property that the burden was to be put, I think it would be impossible to carry it out in practice.

4421. You are aware, are you not, that very considerable sums are now contributed by means of the probate and estate duties to the relief of local taxation out of personal property?—Yes, and real property.

4422. It is quite clear there is nothing impracticable about that, inasmuch as it is done?—No, but that is an altogether different thing—

4423. May we stop there: it is done, and therefore, it is quite clear that it is not impracticable?—I should not like my answer to stop there, because I do not want to be misunderstood. It is a very different thing to raise money by local rating in local areas to raising money for Imperial taxation by way of property tax and Excise duties.

4424. Yes, but I am not talking about the property tax or the Excise duties; I am putting to you the simple fact that very substantial sums are paid out of the probate duty and estate duties, which are duties on personalty in relief of local taxation?—Yes, that is so.

4425. Do you take any exception to that system?—As I said before, I think the more you increase that system the greater the tendency is to extravagance, because people are spending money which they have not themselves directly contributed to.

4426. Apart from the question of administration and extravagance, do you see any injustice in the contribution which is made by the owners of personal property by means of these contributions out of the estate and probate duties?—I do not know if a large sum were raised from me on my private income from abroad, why I should contribute to relieve the local taxation here that is all.

4427. I leave out the question of the foreign resident; I refer to the ordinary British subject resident in the United Kingdom, who, leaving a personal estate on his death, contributes by means of the estate and probate duties to the local taxation of the country?—I do not like the system. There is this to be remembered

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Personal property, rating directly in respect of not feasible or desirable. Contributions from the Exchequer to local taxation, how far equitable and desirable.

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that a great many of the services which are paid for by local rates are services such as the supply of light for the streets, the scavenging of the streets, and the removal of the snow, which used to be an obligation upon the householder, but is now done by the parish—all those are personal services just as much as the domestic service in the house, and I do not see why I should contribute to them. Many of these charges are in that way.

4428. You are aware, of course, that for those purposes there is no Exchequer grant?—No, I have not gone into that.

4429. You have not studied the question?—(Generally speaking, I have not studied the question in regard to the contributions to the local exchequer.

Machinery,  
rating in  
respect of,  
which  
trades most  
affected by.

4430. With regard to this question of the rating of machinery, can you tell us what are the industries which are mainly affected? I presume that some industries are more affected by the decision in the Tyne Boiler case than others?—Yes, by these attempts to put a peculiar construction upon it. Those that are most affected are the engineering trades and trades like the cloth, the cotton, and other trades employing principally light machinery—not such trades as some of the chemical works, which have a great deal of plant that one could not say was not properly rateable.

4431. Are you able to form any opinion as to whether the profits in the light machine trades, if I may use that expression, are greater or less in proportion to the rateable value than in the heavier machine trades?—There is a very large capital invested, of course. I should say the largest amount of capital is invested in the trades that are most affected, because the whole of Lancashire, if the view of the judgment that we oppose is held to be correct, would be affected.

4432. Might I put a specific case to you; take the case of a chemical manufacturer deriving an income from his factory, exactly equal in amount to that which a woollen manufacturer derived in the same parish;

The witness withdrew.

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Mr. CHARLES H. FOX called and examined.

4438. (Sir John Hibbert.) Are you a manufacturer living in Somersetshire, or in what capacity do you attend here?—I am one of the directors of a Limited Liability Woollen Company.

4439. I understand that you have taken great interest in this question of the rating of machinery?—Naturally.

4440. Are you a guardian in your own district?—I am, and I am a member of the assessment committee.

4441. Would you, as concisely as you can, bring forward the important points which have affected your district of Chard, in Somersetshire, since Lord Esher's judgment?—Before Lord Esher's judgment we always understood that the practice which was common in the west was fixed, namely, that by such judgment as providence has gifted our overseers with, they estimated the lettable value of property, and that, with regard to the factories, included all motive power—which covers water as well as steam—the conveying apparatus, that is to say, the shafting, and any gasworks and other things which were absolutely connected with the hereditament, and which, if the factory had been erected by an independent person with the view of being let, in order to so let it, he would have had to place as they now stand. Up to the time of that judgment, the manufacturers in the west had got on fairly well with their overseers. We had had one or two questions which had been easily settled by the professional advisers, but directly that judgment was given, a well-known firm of factory raters appeared at Chard and advised the assessment committee to act on this judgment. The valuation taken in the usual way of a particular firm in which my brother was interested, and which was the case which first brought me to a sense of the danger we were in, was 297l., but Messrs. Castle & Co. added the "enhanced value," bringing it up to 1,097l.; therefore the enhanced value was 800l. on account of the machinery, and that was based on Lord Esher's judgment that machinery might be "taken into consideration in the assessment." Of course, that was a tremendous blow. The assessment was at once tripled, and the manufacturers, after

would the chemical manufacturer contribute more or less in the shape of rates than the woollen manufacturer?—I cannot answer that question, because you see I should have to consider the size, and many other things.

4433. You have referred to unions where the guardians and the assessment committees represent a small proportion of the rateable value; what was your object in that?—I wanted to show how easily a manufacturer could be attacked. There would be nobody on such assessment committees who would be concerned to defend him.

4434. Do you suggest that a large manufacturer or a large ratepayer would be more likely to take a broad view of questions of expediency than gentlemen occupying premises of comparatively small rateable value?—I think he would.

4435. Would not the personal interest be greater in his case than in theirs?—Yes, but he would not, if he were a man of standing, sit on the committee to deal with his own case; in fact, I have known it constantly happen that a man has got up and said: "I am interested in this, and I cannot stop here."

4436. Do you suggest that the larger the rateable interest the more likely a man is to be a judicial member of an assessment committee?—No, that does not necessarily follow, of course.

4437. In the Metropolis, of course, you have the twofold outside check of the surveyor of taxes and the London County Council; and therefore, if any body of guardians were inclined to take a view of assessments which was not judicial, they would be subject to a close scrutiny and check?—The surveyor of taxes in the Metropolis has the right to sit with the assessment committee and a right of appeal, but I have never known the latter exercised. Of course he constantly sits with the assessment committee, but I do not think in practice that makes very much difference.

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Assessment committees. Constitution of in certain places not equitable with regard to interests of larger ratepayers. In Metropolis surveyor of taxes has right of sitting with assessment committee, and has a right of appeal.

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vainly trying to appeal satisfactorily to their own assessment committee, called upon others to know whether they would assist them in carrying it as a test case further.

4442. Did they carry it to the quarter sessions?—Yes, and then they carried it to the Court of Appeal.

4443. What was the result in the two cases?—The quarter sessions offered a compromise. In the quarter sessions it was reduced from 1,097l. to 895l. net.

4444. Were any reasons given for the reduction?—The Chairman said: "Plainly at first sight it appeared to be rather a stretch of language in a case where the real property might be said to amount to about 300l. a year, and the value of the machinery to about 800l. a year in round figures, to say that they were simply enhancing the value of the real property by adding this 800l. a year. As has been said in ordinary language, it was something like the tail wagging the dog." I think it was considered that Messrs. Castle's figure was somewhat exaggerated, and so it was reduced.

4445. Then a test case was sent to the Court of Appeal?—Yes.

4446. What was the result of that?—The Court of Appeal confirmed the action from a legal point of view of both the assessment committee and the quarter sessions.

4447. And nothing further, I presume, has been done?—Yes. The Chard Assessment Committee, because of the Bill which was brought before Parliament, accepted a compromise which was to last until the Bill was passed. An exactly similar compromise has been accepted in the case of my firm with another assessment committee. The figure at which my brother's case stands is now 695l., which is 400l. above the ordinary value of such property. Therefore the ordinary valuation may be said to be 300l., and the present sum on which they are paying to be 700l.—leaving out the units. This is what my brother says in a letter: "This was a compromise pending a settlement of the question." I had this from his own hand in order to have the figures correct.

4448. I presume the manufacturers of your district have all promoted and supported the Bill now before

Manufacturers desire a clear definition of the class of machinery rateable.

\* Gifford, Fox, & Co. v. The Chard Guardians (63 L.T. 240).

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the House of Commons, which has been brought in for the settlement of this question?—That is true. All we ask for is a clear definition, and we venture to say that the old practice which has existed any number of years—I cannot tell you how many—is the proper basis. It has formed the basis of the present Bill, and it had been the practice, I might almost say, throughout all England, until these questions were raised by assessment committees.

Rating in respect of machinery in Tiverton union, Devonshire. A compromise effected with assessment committee pending the fate of the Bill before the House of Commons dealing with the subject generally.

4449. Have you any other local matter to refer to?—I have. While the Bill was before Parliament—and it had been agreed generally with the assessment committees in the west that nothing should be done until we saw whether the Bill was approved of by the country—while the Bill was still before Parliament the firm with which I am connected received a summons on behalf of a small factory in Devonshire (our principal place is in Somersetshire, but we have a branch factory in Devonshire, in the Tiverton Union). Here the same rating surveyors, Messrs. Castle & Co., were employed to re-assess the factory property of that union. They dealt with our factory with a curious simplicity of figure. As they had at Chard made use of the figure 3, so our previous assessment, multiplied by three, seemed to furnish them with a sufficient basis for a professional valuation. Having been previously rated at 300*l.* gross and 255*l.* rateable, we received a summons to pay on 1,296*l.* gross and 864*l.* rateable; rather more than three times the previous figure.

4450. Did you appeal?—We appealed in the first place to the assessment committee, and received from them an offer of a compromise, that is, they offered instead of 864*l.* rateable to make it 760*l.* We declined, and said we would take it to quarter sessions. We went to the Exeter court of quarter sessions, but the defendants did not appear; I believe that was wholly a mistake. Shortly afterwards we received another charge of 760*l.* rateable, and we again appealed or said we should carry the case again to quarter sessions; on which we received an invitation to attend the assessment committee and discuss a compromise. A compromise was arrived at, fixing 380*l.* as the rateable value, which was to be reduced to the old figure if the Bill passed. On that we have stood ever since, as the Bill has not passed.

Gifford Fox & Co. v. the Guardians of the Chard Union. Since Lord Esher's judgement manufacturers are afraid of further extension of assessing machinery.

4451. You still stand on that?—Yes. Of course it is only a very small addition of 125*l.* on the previous assessment. With regard to our very much larger factories, where we pay on a rateable value of over 3,000*l.* there are several things we think unjust, but we hesitate, and manufacturers all through the west, and possibly all through the country—but I am not acquainted with more than a limited number—hesitate to raise almost any question of justice or injustice for fear of the operation of this last judgment being extended towards us. We live in fear. Our firm are afraid to raise the smallest question with regard to rating, because we know that what we consider would be a great injustice might be forced upon us, and we might be exposed to immense expense in taking the case to a higher court of justice, and probably it would end, because at present I believe it would be perfectly legal to let it so end, in a very large increase of our assessment, having regard to Lord Esher's judgement.

Number of woollen manufacturers greatly decreased in the west of England.

4452. Has every assessment committee in your district where there are manufactories of the same kind acted upon the same principle?—No. There are few manufactories left in the west. Forty-five mills have been closed in the west of England since my grandfather's time. Competition with the north, with Germany, and with other countries is so severe that it is very difficult for any man to keep his standing at all. We have persevered and stand, but 45 have been closed, and there are only two or three places in the west of England where there are any woollen manufactories, and the paper mills are getting fewer and fewer; there used to be a large number of them.

Woollen industry in the west of England would be crippled if the assessment committees had not come to a compromise pending the fate of the Bill before the House of Commons.

4453. Have you anything to say with respect to other parts of the country apart from your own district?—No. I prefer to confine any observations I have to what I perfectly know.

4454. Have you found that this increased rating which has occurred has had any effect in depressing your business?—Of course an increased rating of 125*l.* could not have depressed our business, but had they carried their point, which was only waived by reason of the Bill being before Parliament, and if it had been extended to the whole of our manufacturing interest—because the assessment committee of the Wellington (Somerset) Union, I have no doubt, were only waiting

to see how far the Tiverton Committee had succeeded, and naturally would act in accordance—it would have crippled our industry altogether. We are now paying a very enormous rate; we are paying on over 3,000*l.*, and if that was raised to double the amount it would be a very crippling figure. We now pay more than 800*l.* a year in local rates.

4455. There are woollen manufacturers, are there not, in Scotland and in Ireland?—Yes.

4456. Do you know what is the principle of assessment in those two countries?—I am unacquainted with Ireland; I was interested in hearing about it here, but I must say that previous to coming into this room I was in ignorance as to Ireland. As to Scotland, I can inform you that it is perfectly clear in the sense that we want to make it clear for England. On the 26th of September 1887 a case between the North British Railway Company and the Assessor of Railways\* was brought before Lord Fraser, who gave a perfectly clear judgement upon the matter. He pointed out that the English rating statutes did not contain any express reference to machinery such as occurs in section 42 of the Valuation Act of 1854, and he went on to say, "The enactment is not that all machinery that can be found to be adapted to the particular mill or gas-works or shipbuilding yard shall be deemed heritage to be valued; it must be machinery fixed or attached—fixed, that is to say, in such a manner that it cannot be detached from the building without destruction to the building. It is, moreover, clearly an abuse of language to say that an article, because it is very heavy, is to be held to be fixed or attached to the heritage when it rests there without bolt or screw or attachment of any kind."

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Rating respect of machinery in Scotland, North British Railway Company v. the Assessor of Railways. Lord Fraser's judgement. The principle laid down in this judgement is satisfactory to manufacturers.

4457. You would be satisfied, would you, with a law carrying out that decision?—I believe it would be quite satisfactory. I do not like to pledge the whole association to it, but it appears to me to embody, with somewhat less clearness, the principle of the Bill which was very carefully drawn up for 1894. I think you probably have a copy of that Bill, if not I should be very happy to hand a copy to you.† The Standing Committee on Trade went through the Bill and agreed "to report the same without amendment."

4458. I see that in your memorandum you refer to the law in Germany, Italy, America, France, and Austria: from these references, I presume you would say that if this principle of rating machinery is carried out to its fullest extent it would seriously injure you in competition with other countries?—It would; it is a tremendous struggle now; what with longer hours and lower wages, and the great advantages their commercial travellers have in speaking other languages, while our men confine themselves to one simple language, we find it very difficult to compete with those countries; and, of course, every advantage that is given to them is just so much handicap to us. The greatest advantage is given by Austria-Hungary, and there, I may say, we can do very little indeed. In America there are very considerable facilities, in seven States especially; the great manufacturing States give special exemption from taxation to manufactories. I have no doubt you have got a copy of the Consular Reports, but if not our secretary has got abundance.‡

Competition with foreign countries, advantages given to manufacturers there.

4459. Have you anything to say with respect to the formation of assessment committees, or any objection to make to the present system upon which they are elected?—I have nothing definite enough to give you. I have no great objection to the present system. I think Englishmen generally try to be somewhat fair, but our opinions are somewhat, naturally, coloured by our private interests. I have been a member of an assessment committee the chairman of which is a landowner, nine members being farmers, and three members being townsmen. I can only say that I believe they wish to be fair, on the whole, and to deal fairly. Of course, if such a judgement as this of Lord Esher's gives them legal power to raise large assessments, that is a very strong instrument placed in their hands to do so.

Assessment committees. Town and country interests representation of.

4460. Is there any other point that you wish to refer to?—The only points I argue are two. In the first place we should wish your Commission very carefully to consider a definition which would save us from the danger that is hanging over our heads, that is to say,

\* 25 S.L.R. 4.  
† Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 88.  
‡ Reports from Her Majesty's Consular Officers on Exemptions in Foreign Countries from Rating and Taxation of Manufactories and Machinery used in Manufactories, C. 7030 of 1893.

Mr. C. H. Fox.

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Manufacturers desire a clear definition of the class of machinery rateable. They complain of the possibility of their being rated in respect of movable machinery, particularly in semi-rural districts.

of Lord Escher's judgement being put in action against isolated mills like ours. The danger is especially, as Mr. Humphreys-Davies has said, in these semi-agricultural districts. I want permission to read a letter from a man who has a great knowledge of the condition of affairs. He is a manufacturer in the West of England. This gentleman is the son-in-law of a man who was very highly honoured in the House of Commons, one of the great economists of his time; he is the son-in-law of John Bright. He says, "Dear Mr. Fox,—We have had a note sent us of the evidence you propose to give as to rating of machinery next Thursday, and the points you dwell on seem all very important. "If you have an opportunity to do so under your paragraph (f) you might impress on the Commission what a special injustice the rating of machinery would be to isolated rural industries. Where there are a large number of mills crowded in a city, if all are rated unjustly they to some extent help one another to bear the injustice, but where, as in your case and ours, the rest of the rating is all, or nearly all, on other classes of property, any unfairness has all to be borne by the one business. In the face of the great difficulties and disadvantages attending the carrying on of isolated works, and the woful results of the crowding of industries into our large cities, I think this point should have weight." Only one other point I press upon you, and that is that all industries, having regard to foreign competition, deserve to be somewhat relieved. I fully approve of agriculture being relieved. My point is that all industries should be relieved and more should be placed upon personality as far as possible. I do not hesitate to say that dwelling-houses are the nearest approach to putting it on personality at which you can arrive. Another point is that manufacturers living in their own place are rated at five or six times as much as persons with the same income. That is laid down very excellently by Sir Henry Fowler, and I need not amplify that. I can only say that in my own case I am paying seven times in proportion to my income compared with the amount paid by a private resident having the same local advantages. Whether your Commission think that is an unfairness I leave you to judge. It seems to me something requiring adjustment. Therefore we ask, in the first place, that industry may be relieved to some extent, and the extent we propose is that more shall be taken into consideration of the great cost of maintenance. The ordinary reduction from gross to rateable is 25 per cent.; that has hardly any reference to the cost of maintenance, and we ask that it may be made 33 per cent.; not that it would remedy what we feel to be the full amount of the injustice, but it would go to some extent towards meeting it. Above all, we ask that you should so define the question of chattels and movable machinery that we shall be relieved from the great danger in which we are living.

4461. (Mr. Smith.) Is it part of your compromise that you are always to have a Bill before Parliament?—That is a very amusing way of putting it. We should very much prefer having it embodied in your recommendation.

4462. (Mr. Elliott.) Have you any intimate knowledge of the agricultural conditions in your district?—I hardly know what you mean by intimate; I know something about it.

4463. You have a general knowledge of agricultural conditions. I understand?—Yes.

4464. Do you think that many agriculturists make, including the rent they pay, twice as much as the rateable value of their farms?—That is to say, do they make two rents?

4465. Yes, that is it?—I should not like to express an opinion.

4466. Do you think that a tenant farmer very often makes for himself more than his rent?—Not very often now. I think that on the whole capital a farmer brings into his farm—

4467. May we leave the capital alone?—As you please.

4468. Now proceeding from the case of the agriculturist, who, as you agree, does not very often make twice as much as the rateable value, do you think that can very often be said of the manufacturer?—I gave my answer guardedly, because for the last two or three

years we have had times of great depression. If you had taken it, as manufacturers do, on a period of 10 years, I should have given a different opinion as to agriculture, that is, if you had included the 70's, when very large profits were made. You asked me a question and I gave you an answer not extending back for more than three or four years past—the period of depression. I do not think during that time they have been making more than double rent.

4469. I want to put my question as generally as possible?—Does it mean on an average of how many years?

4470. I will put it in this way, as you have some difficulty in answering. Do you not think that manufacturers' profits usually bear a much larger proportion to the rateable value upon which they pay rates than agriculturists' profits?—Yes; therefore I fully agree with the principle of reduction to half.

4471. You think that prior to the Agricultural Rates Act there was a feeling, which was legitimately founded, of injustice on the part of the agriculturists?—Yes, I do.

4472. With regard to what you said as to the rates on manufactories in rural districts, I take it that the amount of the rates on those manufactories, leaving out of question the rateable value, would be much less than if those manufactories were in towns?—I do not think so. I compared the rateable value that we have accepted on our own factories, with the Lancashire scale taken at its very highest point, and I found that we are paying on—I could give you the figures—many hundreds, in fact nearly 1,000% more.

4473. Do you pay as much in the £?—No; we do not pay as much in the £, but you asked me about the rateable value.

4474. I was asking about the rates?—The rates probably are heavier.

4475. In towns?—Yes.

4476. Therefore the inequality is remedied?—There are so many advantages through being in towns—the mere being near a centre of purchasers, and a centre of information, for instance—that the balance, even with the lower rates, is against the man holding an isolated manufactory in the country.

4477. Do you consider, even assuming that Lord Escher's judgement were to stand, that it could be said that manufacturers in rural districts were, by reason of that fact, handicapped as regards their urban competitors?—I do. They are already handicapped; they are already working at a great disadvantage, and as a general rule, they are submerged by the disadvantages under which they at present suffer.

4478. One question with regard to what you say about your foreign competitors. Do you seriously think that the burden, for public purposes, upon English manufacturers, is greater than the burden upon foreign manufacturers?—It is impossible for me to answer, as I do not know. I have no basis to give an opinion upon. I only know there are special exceptions.

4479. Are you not, in your memorandum, rather drawing a comparison?—Yes, I was doing so.

4480. Are you not suggesting that the British manufacturer is heavily handicapped, and is working in an inferior position as regards public burdens to his foreign competitor?—I am. Until you raised the point, whether we are more or less heavily handicapped, I really had not considered it, because I see that I must take the amount of taxes in each case, which I have not been able to get at. I simply took this from the consular report, and it struck me, certainly, that certain exceptions were given to foreigners, which we had not the privilege of. I think I may say, there is no question, if you look at Austria-Hungary, where they are relieved of almost any form of taxation, and where the railway companies only charge half price for the carriage of their produce, that they have exceptional facilities.

4481. Do you think you could carry on your own particular manufacture in Austria-Hungary better than in this country?—Yes, I do; I have no doubt of it.

4482. I did not expect you to say that?—I could. A great many are taking their manufactories abroad, more perhaps for the sake of protection than anything else; many men are starting in America.

Mr. C. H. Fox.

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Rates paid by manufacturers in the country less than in the towns, but in the towns there are greater facilities for carrying on their business.

Foreign competition. Taxation of manufacturers in foreign countries. A woollen manufactory could be carried on better in Austria-Hungary than in England.

Mr. D.  
Howard.

Mr. DAVID HOWARD called and examined.

Mr. D.  
Howard.

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4483. (Sir John Hibbert.) I believe you are vice-president of the London Chamber of Commerce, vice-chairman of the West Ham Chamber of Commerce, and a chemical manufacturer in Stratford, London?—Yes.

4484. Therefore you are able to speak with some experience on the question of local taxation?—Yes, and I may say that I do so after consultation with a committee of the London Chamber of Commerce, who have considered the matter very carefully, with all the leading members of the West Ham Chamber of Commerce, and with a number of other individuals.

Rating in respect of machinery. Present system and method is uncertain and undefined and imposes a great burden on the manufacturers.

4485. I believe you consider that it would be a great injustice to extend this system of the rating of machinery in mills?—It is not only a question of the rating of machinery, but the special application of it which is often so difficult. The mode of rating, as far as I can understand it in our areas, is exceedingly difficult, because like wise men the rating authorities never give an exact statement of how they arrive at their conclusions for fear of its being a matter of law which we can appeal against. It is admitted that the practice in the neighbourhood of London, namely, to rate on the principle of Lord Esher's judgement, is carried to an extreme extent. It is difficult to see how the figures can be arrived at on that judgement. That amounts to a very serious tax on manufacturers, many of whom are exposed to extreme competition by foreign houses, and from what I know of my foreign competitors the utter uncertainty of the taxation is a thing unknown abroad, and as far as I can judge the taxation is actually less under similar circumstances.

4486. That can only refer to the present state of things; there has not been that great uncertainty in the past years; it is only since Lord Esher's judgment, I presume, of which you have spoken?—It is only since that judgment. In the old days we were rated on an exceedingly low assessment. I am speaking here of our own particular case. As far as I can discover it was on the mere value of the premises, without any question of anything in them. We were afterwards, after a very careful survey by, I think, Fuller and Horsey, but I am not quite certain of it—at any rate by one of the leading firms—rated fully on the value of anything that could be considered to attach to the freehold; indeed they carried the idea of anything that was attached to the freehold, anything that could be considered to belong to the hereditament, to rather the extreme. Lately we were threatened with the doubling of our rating, and I can only say that if anyone will give us the 3,000*l.* a year which was proposed for the term of our lease under the City, we should delightedly surrender all the plant which could possibly be rated under that and go elsewhere.

Chemical works. Method of valuation very unsatisfactory. The plant is usually tenants' fixtures and deteriorates very rapidly.

4487. You consider that the rating of chemical works is not satisfactory, do you not?—It is most unsatisfactory.

4488. Has there been any great change in the law with respect to the rating of chemical works?—There has been no change.

4489. That is, since Lord Esher's decision?—I do not know of any special decision which applies to chemical works in particular.

4490. Then I will go further; have not chemical works generally been assessed as being more or less landlord's fixtures?—Yes, though not to the extent which is now proposed. As a matter of actual fact, in the case of ordinary chemical works, such as ours, at the termination of a lease every particle of plant is taken away by the tenant, or sold.

4491. I suppose that all chemical works deteriorate very rapidly?—With the most extraordinary rapidity.

4492. What is the life of different chemical works?—In the case of certain furnaces it is not six months; certain plant, especially lead plant, which is put to very severe work, may last a great deal less than six months, and, of course, certain apparatus which is used is destroyed every operation.

4493. I suppose that is all taken into account in the assessment of your premises?—We are unable to find out how it is taken into account. As far as I can discover, the idea is to take the value of the plant and make some calculation founded upon it, but, as I say, they carefully avoid telling us how it is done, but they charge us with that.

4494. With a large deduction, I presume?—I cannot see where the deduction can possibly come in.

4495. Then what is your proposal with respect to the chemical works, do you say that they should be exempt from rating?—No, of course, that would be claiming too much. I say, putting them on the same basis as house property, it would require to exempt everything except the mere building. I only put it that that would be the accurate mode of arriving at the same conclusion; but I do not claim that, because I have no doubt that would be claiming too much.

4496. How is the case with respect to other unions than yours; are chemical works assessed in the same manner in other unions at a high rate?—It is very difficult to answer. The complaint of a very great increase of assessment is universal all over London, but it is so difficult to arrive at the method, as they carefully avoid telling us how it is done.

4497. I suppose it takes an expert to do it?—Yes, it does, and then the expert does not explain how he does it, for fear of appeal, I suppose.

4498. Is it a general complaint throughout the country?—It is general as far as I know, except in certain cases where the particular sort of plant may be well known, so that there are some recognised rules for rating it.

4499. There are very large chemical manufactories in Lancashire, for instance; do you know anything of those?—Those are heavy chemicals as we express it, and those I do not know much about. The United Alkali Company's Works would cover those, but I really do not know the details of them, and I had better not say anything about them, as what I could say would be mere hearsay.

4500. Do you object to the present system of the election of assessment committees and overseers?—We do, and I think all those members of the Chamber of Commerce who have considered it object extremely to the system on which they work. To begin with the assessment committee represents almost entirely the small householder. It may be said why is that so? I will say in this way. An owner of small house property has the power of putting the pressure on his tenants which of course it is not right or legal to do, but as a matter of fact it is done and it is notorious that they can get elected if they choose. A manufacturer does not always do his duty as much as he ought, but it is much more difficult for him to get elected. It would be far more likely to be noticed if he put pressure on his workmen, and in many unions a manufacturer is afraid of calling attention to his position and of making enemies among the local authorities.

Assessment committee, constitution of, not equitable with regard to interests of larger ratepayers. Reasons why this is so.

4501. Would you be in favour of the election of a body representing a larger area than the present union so as to avoid the action of local feeling?—It would be an advantage as far as it could go; the difficulty is that it is a representation of one class and only one class of persons.

4502. At present?—At present. The great evil that we see in the system of rating is that these assessment committees are not all quite like the one we have heard of; it certainly is invidious to mention any, but there is a good deal of the same sort of difficulty. They call in some man who is celebrated for putting up rates, or surveyors will come and offer their services, being paid by results. Under those circumstances the manufacturer must either accept an increase of rating or must fight it and fight it at his own expense against the public money, which is spent very freely by vestry clerks and others in defending these ratings, and with the utter uncertainty of what the basis really is. What we would urge is that this system of paying by results should be done away with entirely, and that whoever is employed, whether by the Government as in the income tax assessment, or by the authorities, payment by results should be entirely done away with and that there should be some not expensive appeal allowed in all cases on fact as well as law to an independent and judicial authority. We should prefer that the rating was taken altogether out of the hands of the local authorities.

Payment of valuers and surveyors by assessment committee according to results an undesirable system. Appeals, alteration in system of, desirable.

4503. Then you would be in favour of its being placed in a body representing a much larger area, would you not?—Yes, or a Government rating like the income tax rating. But this point of appeal is a matter which

Valuation by a body representing a large area or by a government official desirable. Appeals, alteration in system of, desirable.

*Mr. D. Howard.*  
13 May '97

is felt very strongly. The appeal is from the overseers, who are, I think, increasingly appointed by the local authority, either the urban district council or the borough council. It is an appeal from them to the assessment committee of the guardians who are an exactly similar body. The appeal from them in the case of a borough is to a special sessions, I think I am right in saying so, in which case the borough magistrates are probably not the best authorities as they are not independent, for they are again the same people.

4504. Then you have the quarter sessions?—Yes, and the quarter sessions in a borough means the recorder, and I think that is not an absolutely impartial tribunal even in the case of a recorder.

4505. (*Mr. Smith.*) You employ a large number of men, I suppose?—I think about 350 men and boys.

4506. Where do they live?—All of them in the borough of West Ham, I should say, but I think, taking the average cost, as far as one can guess, our rating would pay for a great deal more than that, because in the borough of West Ham there is an enormous population belonging to London, and the popular belief is—I think it is a true one—that every acre of ground which is built over with small houses costs hundreds a year beyond the rates it pays.

Many working men employed in London live in West Ham, and the manufacturers there pay rates in respect of their requirements.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

## THIRTEENTH DAY.

Friday, 14th May 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
T. H. ELLIOTT, Esq.

ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. JORN NORTH called and examined.

4513. (*Chairman.*) You are Clerk to the Guardians of the Aston Union, and to the Assessment Committee of the Union?—I am.

4514. You have been good enough to prepare this memorandum which I hold in my hand, for us at our request?—I have.

4515. As you are aware, the main outlines of the information which naturally would occur to a clerk to a board of guardians to give us must be the same in the different parts of the country; and, therefore, I do not intend to take you over the whole of your memorandum in so far as it deals with points which we have already had before us. I think I may ask you this question—generally you see the value of having a uniform system throughout the different parishes in your union?—That is recognised in our union.

4516. Do you have anything of the nature of a re-valuation at stated periods, or what is your system?—There is no stated period. The last one was some three years ago, and the one before that was many years ago.

4517. Would you see any difficulty in having a yearly valuation of all the properties in the union?—I should not think that a yearly one would be necessary; a periodical revision I should think would be very good, but not a yearly one.

*Mr. J. North.*  
14 May '97

Uniformity of system in a union desirable.

Revaluation every five or seven years desirable.

4507. Beyond the rates received from those houses?—Yes. If it was a question of the manufacturers paying for their own men it might be fair or it might not, but that manufacturers should pay for men employed in London seems to me to be quite inequitable.

4508. You have described your works, I think, as light chemical works as compared with heavy chemical works; they are probably not so offensive as the heavy chemical works, are they?—I do not think anyone can say they are offensive.

4509. They do not necessarily pollute the air or occasion special sanitary precautions?—No, we have never had any trouble and we are under careful inspection.

4510. You would agree that where works of an objectionable character are carried on it would perhaps be necessary to have sanitary provisions on a somewhat extensive scale?—Yes, in certain cases.

4511. Providing open spaces and so on for the people?—There is Epping Forest within a very short distance. The beginning of it is within three miles of us.

4512. And you have not injured its vegetation?—It shows no signs of it.

*Mr. D. Howard.*  
13 May '97

Chemical works in West Ham not offensive or destructive to vegetation.

*Mr. J. North.*  
14 May '97

Compulsory powers to ascertain rent paid desirable. Gross estimated rental. Deductions from, in Aston Union.

4518. What period—triennial or quinquennial?—I should think every five or seven years would be frequent enough.

4519. Would you be in favour of giving compulsory powers to the officer who makes up the list to ascertain from the owner or the tenant the rent actually paid?—I think that would be an advantage.

4520. Have you anything to say to us as regards what really is a very important element in the question, namely, the rateable value and the method of arriving at it?—To arrive at the rateable value the following deductions from the gross estimated rental are made in my union:—

Land without buildings	-	5 per cent.
Farms { Houses and buildings	-	10 per cent.
{ Land	-	5 per cent.
Best class of retail shops and offices	-	10 per cent.
Ordinary retail shops, houses, offices, public-houses, and manufactories, without heavy machinery	-	15 per cent.
Theatres, mills, and manufactories, with heavy machinery	-	20-25 per cent.
Weekly tenements where landlords pay rates, according to class and situation of property	-	15-25 per cent.

Mr. J. North.  
14 May '97

4521. Have you any remarks to make upon that system?—I should think that is a very good system, and that it would be well if it were adopted throughout the country. There would be a much greater probability of equality of assessment than if each assessment committee or each parish proceeded on its own lines.

4522. What do you mean by the "best class of retail shops and offices"—who decides which are the best class and which are not?—To a great extent the valuer to the committee; the best are those which require least repairs from being well built, or which are comparatively new.

Collection of rates in the Aston Union. Method of.

4523. Have you anything to say to us as to the method of levying and collecting rates in the union in which you think your system is peculiar, in comparison with any others?—I do not think there is anything peculiar in our union. We have no local Acts relative to the matter, and I should think the system followed is the general one.

4524. How many demand notes are presented to each individual ratepayer in the course of a year in your union?—The number varies in different parishes. There are three in each urban parish, and three or four in each rural one.

4525. Are all your rates collected half-yearly?—No. In three parishes of the union they are collected yearly; in the other six half-yearly.

One demand note presented on behalf of the different authorities in the Union desirable.

4526. In the six that are collected half-yearly from what authorities do the demand notes come?—In urban districts from the overseers and from the urban district council; in the borough of Birmingham all the collections are by the overseers, and in the rural parishes all the collections are by the overseers also.

4527. Would it in your opinion be convenient, and if convenient, would it be possible that all the demands for rates should be made upon one demand note by one collector acting on behalf of all the different authorities?—I think it would be both possible and convenient.

The witness withdrew.

Mr. F. C. Hett.  
Glanford Brigg Union. Description of.

Mr. FRANK CROWDER HETT called and examined.

4540. (Chairman.) You are clerk, I understand, to the Guardians and Assessment Committee of the Glanford Brigg Union, in Lincolnshire?—Yes.

4541. Your population is 42,000, your area 165,000 acres, and you are nearly equally divided between an urban and rural population?—Nearly, not quite; the rural population is about 24,000, and the urban population about 18,000.

4542. You have a large railway system in the union, and some steel works and blast furnaces?—Yes, we have 17 blast furnaces.

4543. And part of the union is agricultural?—Yes.

4544. As far as I understand, from a letter which you have sent to us, the number of acres of arable and pasture land in the union is about 132,000 or 133,000?—Yes; that letter of mine will convey the correct figures.

Agricultural land, fall in value. Rateable value decreased in proportion to letting value.

4545. The average value per acre being about 18s.?—On the 20th July 1896; that was when it was taken off for the purposes of the Agricultural Rates Act.

4546. Is that much of a diminution, can you say, from what it was 10 or 20 years ago?—Yes, very great.

4547. To what extent?—I hardly like to say to what extent; I think I could find it out, but it would take an enormous amount of labour. From my personal knowledge the assessments of the farms and the rents have decreased enormously in the last 20 years—I should say from 30 to 40 per cent.

4548. Have they moved downwards in successive years, or how has the downward movement been brought to your notice?—Do you mean to my notice as clerk to the assessment committee, or as a solicitor in large practice?

4549. As clerk?—It has been brought to my notice under the objections under the Union Assessment Committee Act of 1862. When a tenant gets his rent lowered, he immediately comes to the assessment committee and asks them to lower his assessment in the valuation list, and they do it.

4528. Is there anything which has occurred to you since drawing up your memorandum in respect to the questions which we asked you\* on which you would like to make a representation to the Commission?—I do not think I have any statement to make beyond what is expressed in the memorandum.

4529. (Mr. Smith.) You made a new valuation, I think, three years ago?—That is so.

4530. You have not been in office many years, I think, have you?—About six years.

4531. Could you tell me when the previous re-valuation was made before that?—Not exactly, but I have the impression that it would be well on towards 20 years ago.

4532. Of course you would agree that that was too long an interval to allow to elapse?—I should agree to that.

4533. (Mr. Elliott.) Have you any agricultural land in your union?—Yes, we have five rural parishes in which there is a good proportion of agricultural land.

4534. In valuing agricultural land have you followed generally the principles which you have indicated in your paper with regard to hereditaments?—Yes.

4535. Do you think you have given full effect to the reduction in agricultural values in recent years?—Yes, I should think we have.

4536. How have you dealt with cases in which rent has been reduced?—We have lowered the assessments.

4537. And in cases in which rent has been temporarily remitted what have you done?—I should hardly think those have been taken into consideration.

4538. Do you think that on the whole the valuations are in excess of or about equal to the amount of rent actually received by the landlord?—I should think they are about equal to the rent actually received.

4539. (Chairman.) There is nothing more you want to add—you are quite sure?—I think not.

Mr. J. North.  
14 May '97

Revaluation in Aston Union. Periods at which made.

Agricultural land in Aston Union, how valued. Valuations about equal to the amount of rent actually received by the landlord.

Mr. F. C. Hett.

4550. Do you think that in the case of your union, the rateable value has decreased in accordance with what I might call the value for renting purposes?—Yes, I do.

4551. Is there much land in your union in the owners' own hands?—Not now. A few years ago there was a considerable quantity, but nearly all the land is now re-let.

4552. When the land was in the owner's own hands, had you applications from the owner for a decrease of the rateable value?—No, I think we had not. It is the most difficult part of the work of the assessment committee when land is in an owner's hand to arrive at the value; and unless the owner felt that he was being very much aggrieved he would not come.

4553. What test do you apply?—The average value of the land in the parish, and also the local knowledge which I regard as one of the most essential features in the matter.

4554. Do you think the present system of making up the assessment lists is satisfactory, or would you prefer to have them renewed at stated periods?—I do not see the necessity for renewals at stated periods.

4555. Do you see any objection to it?—There is the objection of expense; I do not know that there is any other.

4556. Would it be a serious expense?—It is a very considerable expense. We have 52 parishes, and so a new assessment does create a very considerable expense. The overseer in every parish has to be paid, and the clerk has to be paid, because it gives him an immense amount of extra work.

4557. I do not know that I quite understand the answer to the question we put as to the principles adopted by the assessment committee in dealing with the valuation list, and in determining the gross estimated rental, and rateable value of different classes of property; perhaps you would just explain to me what you say in reply to that question?—Perhaps I had better hand in our printed instructions to the overseers which set out the system adopted (*handing in prints*).†

Agricultural land in the owner's hands, method of arriving at valuation.

Revaluation entails a great expense.

Gross estimated rental, deductions in the Glanford Brigg Union.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 382.  
† *Ibid.*, pp. 89 to 91.

Mr. F. C.  
Hett.  
14 May '97

4558. Are these, practically, rules of your own making, made by your assessment committee?—Yes.

4559. Are they universally in force throughout your union?—Yes.

4560. Is there any special point in them to which you would like to draw our attention?—They are not absolutely correct at the present time, because, as to the deductions on mills, foundries, gasworks, and other properties of 4s. to 5s. in the £, those are matters for special valuation, and I do not think that the rule of thumb is correct there.

4561. Do you think it would be possible to make the deductions and allowances statutory?—I do not see why it should not be so.

4562. But it would be, would it not, taking a somewhat invidious duty off the shoulders of the local committee?—Yes, it would. The only thing is that, in assessment, hard and fast rules always work hardships in particular cases.

4563. Is there anything special in your method of levying and collecting rates in your union?—No.

4564. I see you make some suggestions as to changing the number of days within which the valuation lists should be deposited, but I do not propose to take you through those. Do you see any difficulty in having a collector who shall collect all the rates of the various local authorities in one demand note from the ratepayer?—Except the expense, which is a matter that the villages resent very much.

4565. I do not think any of us would like to unnecessarily add to the expense, but in what way do you think it would have that effect?—The overseers in the villages collect all the rates now, and if they have a paid collector, of course that adds to the expense. In the towns I think it would be a distinct advantage, and, I may say, that with us the rates are, at present, generally collected by different persons in the towns. Of course in the towns there are two sets of rates; there is the poor rate, and then there is the urban rate as well, which is entirely distinct, although both are based on the same valuation; the rates themselves are levied by entirely different authorities.

4566. I do not know whether you would care to express an opinion upon it, but I will give you the opportunity by asking whether you think it is necessary that the basis on which the urban rate is levied should be different from that on which the union rate is levied, and whether it should be collected by a different authority?—In ordinary cases I do not see why it should be, but there are certain rates where there is land in urban districts, the land pays only a fourth what the houses pay, and, practically, a separate rate is made out for that; there is no reason why the same person should not do it—not the slightest.

4567. I understand from an answer you gave a moment ago, that in some of your rural parishes the rates are still collected by unpaid collectors?—Yes, by the overseers themselves.

4568. Does the same overseer remain in office in successive years?—Not necessarily. Latterly there have been a good many changes since the parish councils appoint them.

4569. Do you find gentlemen in an independent position who will take the trouble of collecting the rates, and giving receipts, and doing all the book-keeping that that entails without remuneration?—They take the responsibility; as a matter of fact they get someone else to do the book-keeping, and the actual collection very often.

4570. Is that individual not paid?—He is paid in some way. I am speaking of what I have not entire knowledge now, but he does get something in some way; I believe one way is in reference to the voters' lists, and things of that sort; there is very frequently a man in the parish who does all these little things; he takes the whole of them, and gets paid for some; but in many villages the overseers do a considerable amount of work without any payment, and a paid collector would mean increased expense.

4571. Who pays him—what authority?—It comes out of the poor rate.

4572. Who pays in reality for the collection of rates—out of what fund does it come?—It comes out of the rates themselves.

4573. Then I do not quite understand why a paid collector, acting over a large area, would add to the expense?—Acting over a large area, it should not be so.

4574. Do you see any objection to obliging the owner or occupant to give information for valuation purposes, as to the actual rent which passes between them?—We do oblige it now; if anyone comes before the committee, we compel him to produce his agreement.

4575. I meant at an anterior stage, why, instead of only getting the information after you have made the guess, and gone to the Committee should not a schedule be sent to each owner, and he fill it up so as to guide you in making up the first list?—I think it would be very inquisitorial, and I do not see the necessity for it. We have the lists as they are, and those lists represent the rent, or something very nearly approaching the rent at the present time.

4576. I suppose you would say this, would you not, that in a rural district, such as in the main you are speaking for in this matter, everybody really knows each other's affairs?—Exactly.

4577. Enough to give them a pretty good guide?—Exactly.

4578. You would not apply your answer necessarily to a district in which that was not the case?—No, I would not.

4579. In the answer to the question we put to you as to suggestions for improving the present system of valuing properties, and otherwise offering suggestions on subjects included in the terms of reference, I understand you to express a strong opinion that taking Schedule A is not a good plan, and produces illusory results?—Yes.

4580. I wish you would explain that to me, for I do not quite understand it?—In many instances where land is mortgaged, the interest is inserted in Schedule A, because it is the owner of the mortgage who has to pay the property tax; the owner of the land is very frequently exempt, and so he returns to the assessor the interest he pays. That is most frequent with us and instead of the value of the land being put in Schedule A, the interest that is paid to the mortgagee is put into Schedule A.

4581. (Mr. Arthur O'Connor.) That is simply wrong?—I should say that that is only information that I have received, but it is correct. I can say that I have known cases where very small properties have not been assessed in Schedule A. It has been ascertained that there has been a small mortgage on them, and they have been assessed at the amount of the interest on that mortgage—I can say that. Supposing I lend a poor man a couple of hundred pounds, and I take the deeds of property, worth 15*l.* or 20*l.* a year, as security, my interest, say, at 4 per cent.—the 8*l.* he pays to me—is liable to property tax, but the rest of the rent is not liable to property tax; he is exempt because he is a poor man.

4582. (Chairman.) Why is he exempt?—Because, under a certain amount, he does not pay Income Tax; he is not liable to it.

4583. You are mixing up the case of a man who has so small an income that he would not be under the schedule of Income Tax?—That is what I meant all the time; there are many cases like that.

4584. But for local rating purposes surely the rent should be inserted in your valuation list?—So it is. I am speaking of Schedule A, at the present time, and why I object to Schedule A, as a basis for the poor rate.

4585. Have you anything to say to us about the rating of personal property?—I can tell you, if it is any interest to the Commission, exactly what the grants-in-aid in our union were last year, and what the poor rate was, to show you what an extremely small contribution there is from personal estate.

4586. That is one of the things which is submitted to us in the reference; we are to consider it for the whole country, and you may give us the facts if you wish?—I have here the statement of our union for the year ending Lady Day, 1896. The total amount of poor rates raised by the overseers was 30,532*l.*, and the total amount of the payments from the exchequer contribution account was 2,324*l.*; that is the poor rate proper. In addition to that there would be the urban district rates levied in the urban districts, the grants-in-aid to urban districts being very small.

4587. (Mr. Smith.) Can you produce the figures?—No, I cannot produce the figures now. I am clerk to

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Compulsory powers to ascertain rent paid not desirable. Local knowledge in a rural district is sufficient guide.

Schedule A. Land mortgaged. Interest inserted in Schedule A.

Treasury subventions in Glaugford Brigg Union. Amounts.

Agricultural Rates Act, 1896. Amount received in Glaugford Brigg Union.

Deductions might be made statutory.

Collection of rates in a Union by one collector on one demand note would entail paying a collector instead of collection by unpaid overseers.



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one of the urban district councils, and I can say that, as a matter of fact, we get, if I recollect aright, half the medical officer's salary and half the inspector's salary: it is a trifling amount. Then, of course, the Exchequer grants are now further augmented by the Agricultural Rates Act to the extent of half the rates on the agricultural land. Under the Agricultural Rates Act this year we shall receive, for poor law purposes, 1,427*l.* 4*s.* 8*d.*; for the rural district council, which includes highways, 3,844*l.* 8*s.* 6*d.*; and for school boards, 119*l.* 4*s.* 1*d.*, making a total of 5,390*l.* 17*s.* 3*d.* If you add to that the 2,324*l.*, because that is a fixed sum, you arrive at what I believe we shall receive in aid during the present year.

Agricultural Rates Act, 1896. Extension of principle advocated.

4588. (*Mr. Arthur O'Connor.*) 7,714*l.*?—Yes. There is another matter I want to mention. At the end of the paragraph in my memorandum where I suggest that the Agricultural Rates Act should be extended to houses, I say: "I have heard it remarked sometimes the county 'pays half so-and-so; but there is always the immediate answer given, 'But the money comes out of our 'pockets all 'the same,' and I believe the same feeling 'prevails with reference to grants from the Imperial 'Exchequer.'" I should like to add these words: "at 'any rate, among the larger spending authorities." I should not like to say that amongst some of the very small spending authorities the fact of the money coming through the Government would have no effect.

4589. (*Chairman.*) I understand you to condemn the principle of the central authority contributing to local expenditure?—On the contrary, that is what I am advocating strongly. I say in my memorandum that I do not believe it would make the expenditure by local bodies lavish; on further consideration, I wish to confine that remark to the larger spending authorities, which are, of course, the important ones, parish councils being limited in what they can spend.

4590. I do not gather what your opinion is as to whether these grants should be continued or whether they should not, or whether any change of circumstances should be made?—I think, certainly, they should be continued, but I think they should be extended to the other real property—buildings and other hereditaments.

4591. Would you impose any conditions at all?—If any conditions could be devised I think it would be desirable.

Tithes, rating of. Tithes deducted from gross estimated rental.

4592. I understand there is an anomaly in the rating of tithes, to which you wish to draw our attention?—Yes. There is an anomaly in the rating of tithes to which I would draw the attention of the Commission—tithes are rent. When the Union Assessment Committee Act was passed in 1862 tithes were payable and leviable upon the tenant, and were treated by that Act as a tenant's tax, yet they are deducted before arriving at the gross estimated rental, because of the tithe owner being separately assessed on the tithe; the effect being that in the case of tithe rent the rates are paid by the owner, and in the case of other rent by the tenant. This is, on the face of it, an inconsistency. The effect is peculiar, and operates very favourably on some tenants and hardly on others. The tenant of Blackacre pays 500*l.* a year rent, and the tenant of Whiteacre pays 500*l.* a year rent. The farms are of exactly equal value. Blackacre is subject to 100*l.* a year tithe rent, which (now) the owner has to pay over to the tithe owner. The gross estimated rental of Blackacre is, therefore, 400*l.* per annum; the gross estimated rental of Whiteacre, 500*l.* per annum. The tenant of Blackacre, therefore, pays rates on whatever the rateable value of 400*l.* gross estimated rental may be, and the tenant of Whiteacre pays on the rateable value of 500*l.* gross estimated rental for a farm of exactly similar value. This works an injustice on the tenant of Whiteacre, because now, that the owner pays the tithe by law, a tenant is not put to any inquiry on the subject, and as a matter of fact, is not, as a rule, aware of the great advantage of taking a farm with a heavy tithe on it. As to whether the owner or occupier should pay rates is a question into which it is unnecessary to enter for the purpose of my argument; but at present the anomaly against the tithe owner and in favour of his tenant, as compared with the owner of the rest of the rent and his tenant, is glaring.

4593. I do not now gather where the injustice to the tenant of Whiteacre comes in?—It is not so much an injustice to the tenant of Whiteacre as an unfair advantage to the tenant of Blackacre. I have a valuation list before me. On one farm in the parish the present tithe is 94*l.* 14*s.*; the rent is 600*l.* a year, and if there was

no tithe on it the gross estimated rental upon which we arrive at the rateable value, would be the 600*l.* a year; but in this actual list which I have before me it is 506*l.* Therefore, the man pays on 94*l.* less than the rent, whereas his neighbour in the same parish, who has no tithe, pays on his full rent.

4594. Of course, each of them, in taking the farm, made the calculation accordingly, and gave a rent in accordance with the altered circumstances of rating?—The landlord now pays the tithe.

4595. Would not the case be as I put it to you?—I think not.

4596. Why not?—Because the landlord now pays the tithe, and the tenant is not put on inquiry about the tithe.

4597. Do you mean to tell me that a tenant in Lincolnshire goes into a bargain with his landlord for the amount of his rent without finding out what his rates are to be?—He finds out that the rates in the parish are so much in the £, but he does not necessarily know that he is going to be rated on a less rateable value than his neighbour, because there is tithe on the farm.

4598. He can find that out, cannot he; that is a matter which he can ask about before he makes his bargain?—He can, but it is only occasionally that it occurs; it is not all over the union; as a matter of fact, I do not believe he does.

4599. (*Mr. Arthur O'Connor.*) Would you tell me what was the date of the valuation before the valuation of 1894?—I think it was in 1888.

4600. Six years before?—Yes.

4601. Will you kindly look at these words in your memorandum—"In consequence of a considerable amount of new property having been added in some of the urban districts by supplemental lists, and the discovery of what were believed to be serious discrepancies in the rating of buildings and other hereditaments in different towns and villages, and a general feeling by the committee that the whole of the lists required revision, it was decided by the committee to have a new list for every parish in the union." How is it that as between 1888 and 1894 such serious discrepancies had arisen and so strong a feeling with regard to the injustice existed?—There had been a considerable amount of building in one or two towns and villages, and it was believed that these new buildings were not properly rated; then also the values in the agricultural land had gone down very materially in those six years.

4602. In reply to the Chairman I noticed that you rather deprecated a periodical revision; what I want to point out is, that within six years, in your own area, there had arisen "serious discrepancies" and a general feeling that a new revision was required?—I ought to, perhaps, modify that answer in this way: I understood that by a periodical revision it was intended to convey that the lists could not be altered between times. I think that it is so in the metropolis, is it not?

4603. But is there anything to prevent a re-assessment where there are new buildings in respect of the new buildings?—No, not in respect of new buildings; but I think it is essential in an agricultural district that there should be power to alter the list at any moment.

4604. But so there is, is there not?—Yes; and I do not see except on the ground of expense that there is any great objection to a periodical re-valuation as long as none of those powers are curtailed.

4605. Would you not think it a reasonable construction of the memorandum which you put before us that the case of your own area is an illustration of the possible need, and the urgent need apparently, of a revision within six or seven years?—On that particular occasion, but I also take it as an indication that my committee was quite capable of deciding that it was necessary.

4606. And they did decide to have it?—They did decide that.

4607. I see that you have 45 miles of railway lines within your area; in calculating that mileage do you take merely the miles of metal of single lines, or do you treat the miles as of equal value no matter how many lines there may be?—They will be all double lines.

4608. Forty-five miles of double lines?—Yes.

4609. Suppose that there are four lines in one case, two lines in another, and a single line in a third,

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Periodical revaluation, advantages of.

Railways, mileage of, in Glanford Brigg Union.

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Farm  
buildings  
valued  
separately  
from the  
land.

would you treat them all as of equal mileage for valuation purposes?—I am not competent to answer the questions as to railways.

4610. I will not press it then. In your paper giving the instructions to overseers I notice that under the head of "dwelling-houses and their appurtenances," "every dwelling-house with its out-buildings, yards, gardens, and other appurtenances must be separately valued and form a separate item in your list;" would there not be, especially in an agricultural district, many buildings, which, apart from their use in connection with the land would be of very little value?—That is so, and they are valued accordingly; I may say that it has been the practice with our committee always to keep the farmhouse, the farm-buildings, and the cottages separately assessed from the land, which saved an immense amount of trouble under the Agricultural Rates Act.

4611. The outbuildings of a farm surely would have value only in respect of the land which they were connected with?—And they would be valued accordingly. The house is valued, the buildings are valued, and the cottages are valued and put into the list separately; then the total amount of the valuation of the farmhouse, cottages, and buildings is deducted from the rent, and the rest of the rent put on the land.

4612. With reference to schools you say, "This assessment will include the playgrounds, but not 'masters' houses or gardens,'"—are they separately assessed?—Yes.

Valuation  
on structural  
value of  
certain  
hereditaments.

4613. Then in the case of windmills, foundries, workshops, and other buildings, I notice that your committee consider that there should be an assessment of from 6 to 7½ per cent. on the structural value of the buildings. You adopt there 6 or 7½ per cent., but in the case of warehouses and other buildings you adopt a rate of 3½ to 5 per cent., and in the case of gas and water works you adopt 6 per cent. What is the principle which enables you to differentiate with regard to these rates on buildings?—Those are really all to some extent rule of thumb. A warehouse, I take it, is not worth as much as a building used as a foundry or a workshop. A warehouse is merely used for storing goods, and with us is of very little value compared with—I will not say windmills now because they have almost lost their value but—foundries, workshops, and other buildings where machinery is employed. Of course I do not say that that is right. It is all to a certain extent rule of thumb, as valuations must be. The committee considered that those were fair percentages in considering what those buildings would let for—what a man would be likely to ask for them.

Sporting  
rights,  
valuation:  
of.

4614. In your memorandum you say: "The first step taken by the Committee was to revise the average value of arable, meadow, and pasture land, woodlands and sporting rights in each parish"; there you estimated the sporting rights separately, did you not?—We are obliged to do so under the Act; where there is anything for sporting rights that must be put separately.

4615. In your instructions under the heading of "Land used for woods, plantations, or for growth of saleable underwood," you say, "The sum per acre estimated by the committee as the minimum average gross rental includes the right of sporting over the land so used"—Yes. The committee practically settled what the average in every parish of the woods and plantations, including the sporting rights, was to be, and the sporting rights over the rest of the parish had also to be settled. The printed instructions as to the sporting rights are in strict accordance with the law.

Hereditaments  
should be  
rated on  
full value.

4616. I am afraid it is my fault, but I am utterly unable to see any system or principle in any portion of these instructions or explanations. With regard to the tithe, tithe is an interest carved out of a particular piece of property, is it not?—Yes.

4617. Just as a mortgage is carved out of a piece of property; do you see any reason why there should not be got in from the tenant the rates payable upon the full value of the property, altogether regardless of the interests which may be carved out of it?—That is exactly what I contend for.

4618. For assessment purposes and for the collection of poor rates you are really not concerned with the sub-division of the taxable entity?—Exactly; that is what I have tried to explain.

4619. If that system were adopted then you would have no difficulty with regard to the interest on the

mortgage or the existence of tithe or the non-existence of tithe?—No.

4620. (Mr. Smith.) I see the area of your union is 165,000 acres roughly?—Yes.

4621. And its rateable value is 285,000l.?—Yes.

4622. Of which land alone represents 120,000l.?—Yes.

4623. So that curiously enough the buildings in your Union exactly add 1l. an acre to the value of the land, is that not so?—Yes.

4624. You have 165,000 acres and you have roughly 165,000l. in rateable hereditaments other than land?—Yes.

4625. So that your land is worth something less than 1l. an acre—15s. I reckon it—and the buildings make it worth 35s.?—Yes.

4626. I need hardly ask you this after that—your area is almost purely agricultural, I suppose?—Yes; but this 165,000l. for buildings and other hereditaments includes blast furnaces, steel works, and railways not having their termini in the union.

4627. I am endeavouring to ascertain what is the proportion paid by land, and what is the proportion paid by buildings. Your district is mainly agricultural; have you a town of any size in it?—Yes; Scunthorpe and the surrounding ironstone villages, with a population of 10,000.

4628. It cannot be described at all as a residential district?—No.

4629. If it were you would expect the benefit from buildings to be much greater—buildings would bear a much larger proportion to the land?—I hardly follow you in what you mean by a residential district.

4630. I mean the overflow from towns—villa residences, and so on?—No, we have nothing of that.

4631. Therefore you are almost a purely agricultural district, with a rateable value as far as land is concerned, of only 15s. an acre?—Yes, except the ironstone villages, which have a rateable value (exclusive of agricultural land) of 50,000l.

4632. I think I understood you to say that you approved of the principle of Government grants but you thought they ought to be extended to houses?—I did.

4633. You have given us some figures showing how very small a sum your union receives out of the exchequer contribution account, but you have not told us the amount received by the urban districts or the amount expended by them?—No, but you may take the proportion as no greater.

4634. You do not think the proportion in an urban district would be greater than in a rural district?—I think it would be less.\*

4635. Does it not bear some relation to the expenditure?—No.

4636. Surely it bears relation to previous grants, does it not?—Yes, but the expenditure goes up.

4637. I do not think we need discuss that, because it is a matter of fact?—Yes, it is.

4638. What I want to point out is that you have left out all account of the county rates, which also receive an exchequer contribution grant?—The figures I have given you of the poor rate of 30,532l. that we raise include the county rates.

4639. Including the lunatic asylums?—Yes, and police. We raise the county rate; we get an order from the county.

4640. Then it is an inclusive poor rate?—Yes.

4641. Does not the county get anything direct outside that rate, or is it all included in the precept served upon you?—All we as the spending authority and the raising authority get, is that 2,324l.; the county may get other money—that I cannot say, as I do not know.

4642. Will you kindly tell me what, putting all your rates together, is the average total rate in your district on agricultural land—what does it amount to in the £?—If we take the 30,532l. it is a matter of calculation.

4643. That is only the poor rate and I want to know what all the rates are?—In the towns I cannot tell you.

\* I have now ascertained that in the Urban District of Scunthorpe, where I am clerk, the council raised last year 1,400l. 18s. 3d. by rates, and only received 35l. from the Exchequer, and 13s. per annum as all that will be received under the Agricultural Rates Act.

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Land and  
buildings  
in Glan-  
ford Brigg  
Union,  
value of.

Government  
sub-  
ventions  
in the  
Glanford  
Brigg  
Union.  
Grants  
should be  
extended  
to houses.

Amount  
of rates  
in the  
Glanford  
Brigg  
Union on  
agricul-  
tural land.

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4644. I mean in the country districts?—The poor rate represents everything in the country districts that is levied on the basis of the valuation list, except certain expenses under the Public Health Acts.

4645. It represents everything?—Yes, with that exception, and also certain local drainage rates and sewers rates; it does not include those, and they are not levied on the lines of the valuation list.

4646. Are they substantial in amount?—They are 2s. 6d. an acre in some parishes, but those have nothing to do with this matter.

4647. Those are on reclaimed land, I suppose?—Yes.

4648. Apart from those special rates of benefit as I may call them on reclaimed land, what is the amount in the £ of the rating in your agricultural districts?—I can only take these figures and calculate it out.

4649. Is it 2s. 6d. or more, do you think?—I should think it is not more than 2s. 6d.

4650. Not being, as you say, more than 2s. 6d. so far as agricultural land is concerned that would practically be reduced to 1s. 3d., would it not?—Yes.

4651. And those will be all the rates you pay?—On the agricultural land.

4652. (Mr. Elliott.) What was the effect of this re-valuation of property in your union upon the agricultural land in the union?—It was not so great as was expected.

The witness withdrew.

Mr. JOSEPH PEACE called and examined.

4661. (Chairman.) I understand that you are clerk to the Dewsbury Union?—Yes.

4662. How long have you held that office?—Since 1873.

4663. That is a union which is wholly urban, I understand?—Entirely.

4664. In your case the valuation lists are prepared by the overseers from valuations made by professional valuers, are they not?—Yes.

4665. How often are they revised?—There was an entire re-valuation in 1880 of the whole of the property.

4666. Has there been any re-valuation since that time?—Yes; there was a re-valuation of railways and collieries in 1891 by Messrs. Castle & Son of Chancery Lane.

4667. The list, of course, being kept up to date by making allowance for changes since that time?—Yes, by a supplemental list each year. The hotels and licensed premises were valued throughout the union only last year.

4668. You have heard some of the questions which have been put to previous witnesses about the advisability of making either an annual or triennial list; what do you say about that?—Do you mean an entirely new list?

4669. Yes?—I should quite concur in that; I think it is the proper thing to do.\*

4670. Would you have it done under the authority of a body which is representative of the whole district, with such professional assistance as might be necessary?—Yes.

4671. Do you think that any expense which would be incurred in that system would be more than recouped by convenience and by bringing up the valuation to date?—I think it would be a benefit in making the assessments uniform and bringing them up to date.

4672. And you would like to take, I understand from the answer to the printed questions† which we sent to you, the surveyor of taxes along with you in the valuations?—Yes; I may say that the reason for that is that he was found of some assistance last year in settling the overseer's statements under the Agricultural Rates Act of 1896.

4673. Do you see any objection to obliging the owner or occupier, or both, to furnish the assessment committee with a return of the actual sums paid by those who occupied the property?—That is one of the things I am prepared to recommend.

\* Witness subsequently wrote that he considers periodical re-valuations every five or seven years would be sufficient.

† Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 382.

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4653. Can you give any figure indicating it—it was a reduction, I suppose?—Yes, it was a reduction but not as much as was anticipated.

4654. Can you give, roughly, any idea of the percentage reduction?—I cannot.

4655. Do I understand the suggestion made in your memorandum to mean that houses and land should again be put on an equality in regard to local rates and that at the same time the exchequer grant should be increased?—That is my suggestion.

4656. Have you considered whether the value of a house bears the same proportion to the ability of the occupier to pay as the value of agricultural land?—I do not think I have thoroughly considered it. The view I take is that if land is worth 50l. a year, and a house is worth 50l. a year, they ought equally to pay.

4657. One question with regard to what you suggest as to tithe. I rather understood you to say in reply to Mr. O'Connor that you would not rate the tithe owner, but that you would rate the occupier of the farm?—Certainly.

4658. Do you think that that would be acceptable to the ratepayers in your district?—I cannot say that; no man likes having his rates increased.

4659. Would it be considered that although it was unpleasant, it was still just?—I think it would be agreed that it was just.

4660. (Chairman.) Is there anything you would like to add?—No.

Rating of houses and land. There should be equality with respect to and increase of Imperial contributions. Occupier should be rated in respect of tithe.

Mr. J.  
Peace.

4674. Those are all the points which you have furnished me with in the memorandum which I have got; is there anything you would like to add?—There are several matters which I would like to mention if it would be convenient to do so now. I would say that the valuer who makes the valuation on behalf of the committee is assisted by the assistant overseer, who renders him all the assistance he can from the local knowledge he possesses. After the list has been deposited we fix a day for hearing the objections. In the meantime the list is examined and checked also by the committee, but very rarely we have any objections then. The objections chiefly are dealt with under Section 1 of the Union Assessment Committee Act, 1864, and all the objections, or nearly all, are received after the rate has been demanded. When the committee hear the objections the valuer is always present, and between the time of the objector giving notice and the day fixed for hearing the valuer goes and makes a re-survey of the property. He looks at it and inspects it so as to be able to report to the committee and advise them upon it, and the committee, in a great measure, act upon his advice. Although I should favour periodical re-valuations, as I have said, yet we have so many alterations and changes in each year that it seems to me it would be still necessary to have a supplemental list each year under Section 25, I think it is—there are so many structural alterations of property and new buildings. As to the method of levying and collecting rates in each district, there is a general district rate and a poor rate, and in one or two instances a water rate as well. Those are the only rates levied. With regard to the appointment of valuer I would submit that the law is sufficiently flexible at present to enable the assessment committees to appoint a professional valuer, and it seems desirable in all cases to employ one, especially with regard to special property such as railways, canals, collieries, and property of that special description. I would suggest that the union area is the most convenient area for assessment purposes, and for valuation purposes.

Valuation in Dewsbury Union, and levying and collection of rates. Procedure and system adopted.

4675. (Mr. Arthur O'Connor.) You have had considerable experience in your present office, I think?—Yes.

4676. How long have you been connected with this kind of work?—Since 1873.

4677. For 24 years?—Yes.

4678. You are quite conversant with the working of it in every detail?—I know a good deal about it.

4679. Is there anything which your experience suggests to you with regard to the existing law or practice which you think might be with advantage and with justice altered? Is there any prominent thing which you have specially before your mind when you look at

Desirable to have only one assessor and one rating and one collecting authority in each union.

Mr. J.  
Peace.

Valuation in Dewsbury Union. System adopted.

Revaluation annual or triennial desirable.

Assistance of surveyor of taxes desirable in making valuation.

Owners and occupiers should furnish returns of rent paid.

Mr. J.  
Peace.

14 May '97

the existing system?—I think it would be more convenient if there were only one assessing and one rating authority in each district.

4680. What do you mean by "district"?—In each union.

4681. Do you mean a city?—Or in each parish.

4682. Which is it; is it a parish or is it a union; or is it a borough, or is it a county?—I mean in each union.

4683. Would you make the union the assessment area?—Yes, as at present.

4684. And the collecting area?—The rating area would be the same as at present.

4685. Would you make the assessment area the same as the rating and the collecting area?—What I mean to suggest is this—that there should be one assessing authority in each union, and that there should be one rating authority in each union, and that each spending authority in the union or in the parish should levy a precept upon the rating authority at the commencement of the year, say, in January or February, which ever might be fixed, and that that rating authority should levy one general rate in each parish calculated to meet all the requirements of the spending authorities for the coming year.

4686. May I put it in this way: you would have a kind of local exchequer under the control of what you call the rating and collecting authority?—Yes.

4687. And that to this rating and collecting authority you would have demands addressed by the different services that are charged with certain particular departments of business, such as the poor law guardians and others?—And the school board, the urban district council, or corporation; these authorities should all levy a precept upon this authority for the money they require.

4688. With regard to the valuation, I suppose valuation is necessarily a current business, by reason of new buildings, by reason of fires, by reason of vacation of premises—there must be constant fluctuations requiring record and notice?—That is the case in my union.

4689. And it must needs be so everywhere, must it not?—I should think so.

4690. Valuation is, therefore, a current business?—Yes.

4691. And whether you have, or have not, periodically complete re-valuations, you must always have a current check of some kind going on?—Yes.

4692. Are you satisfied that the existing machinery for recording that which has to be recorded from day to day, or from week to week, is effective and sufficient?—I think the present system of having a supplemental valuation list each year is sufficient.

4693. Do you think it is a good thing to have separate rating authorities, with, possibly, separate standards in different areas; or do you think it would be better to have, as elsewhere they have, one central rating authority for a very much larger area, as for a county, or the whole country?—I think the present method for certain purposes has worked well; it is well defused.

4694. You do not think it would be better to have a department of valuation for the whole country?—You would not get the local knowledge that you have now. I am afraid.

4695. Not even by means of advisory councils—local consultative bodies?—Of course they would be able to render some assistance.

4696. (Mr. Smith.) Is there anything in your district that makes it differ from any other urban union in the country?—Not that I am aware of.

4697. (Mr. Elliott.) Have you any agricultural land in your union?—I can give you the relative proportions. The total rateable value of agricultural land is 27,000l., and the total rateable value of buildings and other hereditaments is 587,263l.

4698. I think you said there had been no complete re-valuation of property in your union since 1880?—That is so, except with regard to certain classes of property.

4699. Has any effect been given to the great fall in agricultural values which has occurred since 1880?—Yes.

4700. Do you think, roughly speaking, that your gross estimated rental in the valuation list represents the actual rental value of land at the present moment?—It is fully up to the rental.

4701. Do you think it is beyond it?—I should say it is almost in some cases.

4702. Is it much beyond it?—No.

4703. Have any complaints been made by the owners or occupiers of agricultural land in your union?—Yes, there are frequently appeals from occupiers of land—small farmers.

4704. Do you think that the discrepancy to which you refer is so great as to call urgently for a re-valuation of the property?—I believe the committee are quite satisfied with the valuation; they take them all on one uniform basis. They always go by the rent.

4705. Do you take into account remissions of rent which agricultural landlords are compelled to give now?—Yes.

4706. Do you think full account has been taken of those remissions?—I think so.

4707. You would not say, generally, that the value on which rates are paid is in excess of what it would be if the provisions of the law were strictly complied with at the present moment?—I am not prepared to say that.

4708. You have not considered the point?—No.

4709. (Chairman.) Is there any other point which we have missed which you would like to speak about?—I may say that an additional reason for keeping the union as the assessment area is, I think, that in our union it is the area for the petty sessional divisions and for county police purposes. I should like to be understood about the surveyor of taxes; I suggest that he should be present at the meetings of the committee, but not with a vote. Then I think the scale of deductions from the gross to the rateable should be made uniform throughout the country.

4710. Statutorily so?—Yes, and that there should be periodical re-valuations. My committee wished me to mention the subject of the tied-house system, and the difficulty of arriving at the gross rental, if you take the actual rent paid, because in these cases the actual rent paid does not nearly represent the actual value of the premises—in some cases it is merely nominal, as the rent is paid through the beer account.

4711. Have you any suggestions to make about it?—The only suggestion that the committee would make, if this is the proper place to make it, is that the system should be abolished altogether.

4712. How would that benefit them?—It would do away with the present conditions upon which this class of property is taken, and the committee would then be better able to get at the real value of the premises to let, as is the case with other houses.

4713. (Mr. Arthur O'Connor.) They are generally under a mortgage now, are they not?—A good many of them are under mortgage and under a lease.

The witness withdrew.

Adjourned till Tuesday next, at 12 o'clock.

Mr. J.  
Peace.

14 May '97

Value of  
land and  
buildings  
in Dew-  
bury  
Union.

Supple-  
mental  
valuation  
list.  
Present  
system  
satis-  
factory.

Depart-  
ment of  
valuation  
for the  
whole  
country,  
disadvan-  
tages of.

Union  
should be  
assessment  
area.

Statutory  
scale of  
deductions  
throughout  
the country  
desirable.

Tied house  
system.  
Actual  
rent does  
not repre-  
sent value  
of pre-  
mises.

FOURTEENTH DAY.

Tuesday, 18th May 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

Sir E. W. HAMILTON, K.C.B.  
C. N. DALTON, Esq., C.B.  
T. H. ELLIOTT, Esq.

ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. SYDNEY MORSE called and examined.

Mr. S.  
Morse.

Mr. S.  
Morse.

18 May '97

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4714. (*Chairman.*) You are, I understand, a solicitor, chairman of the electrical trade section of the London Chamber of Commerce, an *ex-officio* member of the Council of that Chamber, chairman of the Rating Committee of the London Chamber of Commerce, and a member of the Council of the Institution of Electrical Engineers?—Yes.

4715. You are one of the gentlemen who are deputed by the London Chamber of Commerce to come here to-day to explain their views in regard to the subjects of our reference?—That is so.

Companies and manufacturers do not get the same benefit from expenditure of certain rates as householders do.

4716. I am not going to take you over the history of the poor rate, because we have got all that information already, nor of the Union Assessment Committee Act; we know also that the poor rate covers a great deal more than it means in its own words?—That is so. My point on that is that companies and manufacturers do not get the benefits from the other matters which householders naturally get from them—such as police, sewers, education, and so on.

4717. I should have come to that in time, but as you have just mentioned it, you might now make a little more distinct what you mean?—Of course almost all rates now are based upon the assessment for the poor rate, and when that basis was fixed upon, the factories were not so numerous or so large, nor were the other rates so numerous, such as, for instance, the school, the lighting, and the police rates. Companies such as electric lighting companies, which I particularly represent—

4718. The London Chamber of Commerce is not going to begin with electric lighting companies first, is it? There are some larger questions before we come to the bearing of this subject on an electric lighting company, are there not?—I was putting forward the one I know best; that was the reason I was going to give that example.

4719. Very well, as you please?—The point I make shortly on that is that a company, such as an electric lighting company, uses the under-surface of the roads, and yet contributes as largely to all these rates as a banker or other person who uses the road himself to just as large an extent probably, and for whose benefit these rates are largely made.

4720. The valuation of an electric lighting company is fixed locally by the overseers and the assessment committee, is it not?—That is so.

Appeals of electric lighting companies from assessments.

4721. Are you interested in an electric lighting company which has ever made any appeal from its assessment?—Yes.

4722. Perhaps you would give me the reference to that?—As your Lordship is aware, assessments are made in London quinquennially with the right to make a supplemental or provisional list. From a provisional list there is no appeal; and the first case I had, was

where the company was suddenly increased in a provisional list from a rating of a few hundred pounds payable in rates per year, to a sum which put on the company 2,500*l.* additional to be paid by them in rates. That was done by a provisional list from which there was no appeal. In a case in which I have had to appeal, we have got so far as the quarter sessions, but I have never been able to induce the quarter sessions to grant a case for the opinion of the superior Court.

4723. Can you give me an idea of the points on which you feel yourselves aggrieved?—The point on which I think not only electric lighting companies but all the companies we represent feel aggrieved is that the rates are assessed on profits; they are not assessed on the rateable value, we say, of the land and hereditaments.

Companies assessed on profits, a grievance.

4724. How do you make out that the assessment of an electric lighting company is based on profits?—In this way, that there being no landlord and tenant in the ordinary way, in the case at any rate of a station or a large manufactory, it is the practice for the assessment to be based upon the actual receipts of the company for previous years, the figures being taken from the balance-sheet and worked out on that basis.

4725. What was the point on which you took the appeal?—The point on which we took the appeal was that the amount on which the figures worked out gave too high an assessment. I put it shortly in this way. In taking the accounts of one of these companies they first of all take the receipts, and from those they deduct the expenses, excluding repairs and maintenance. That brings you down to a certain figure; if we take, say, 20,000*l.* of receipts, and 10,000*l.* of expenses apart from repairs and maintenance, we get 10,000*l.* left, which has to be divided between the hypothetical tenant and the hypothetical landlord. They then try to find out by assumption what working capital the tenant would require to earn the income which has been shown. They allow him upon that 17½ per cent as his profit, and they deduct that from the 10,000*l.* which has been left, if you say that is 2,000*l.* it brings the balance to 8,000*l.*, and that is really the gross value of the premises in the way they work it out. Then they have to ascertain what the landlord would have to spend to keep the premises in a state of repair to earn the rent, and that deducted from the 8,000*l.* gives the rateable value. But as these are all hypothetical figures, there is always an enormous difference between the views taken by the various parties of the question what is the fair amount the landlord would have to spend in order to keep the premises in a condition to earn the rent. That is where the difficulty arises. The great difficulty is that it is largely a question of fact rather than of law upon which there are naturally grave differences of opinion, and so we have to appeal really on the figures as to what the rateable value is and how it ought to be ascertained in this hypothetical manner.

Method adopted of assessing companies.

Mr. S.  
Morse.

18 May '97

Suggested  
method for  
valuing  
companies.

4726. You have described and explained your objections to the present system, would you now tell me what, in your view, would be a fair system on which to value an electric lighting undertaking?—We think, if I may say so, that a system which is uniform and well ascertained is essential, based on a fair percentage of the excess of receipts over expenditure, having regard to the repairs and renewals, all being brought in as part of the expenditure; that might be a fair basis for dealing with the matter. At the present time there is no system at all, and there is no actual rental of the premises taken; it is always a question of hypothesis—of what a tenant would give. The cases vary so much that frequently the rateable value is brought out as equal to the net profits that the company has earned in the past year, which cannot be right. It is very difficult to suggest what would be fair, because at the present time if you make no profits because of bad management you do not have to pay rates, but if you make large profits because you have a careful management you are immediately penalised by having heavier rates put upon you. That which is a reasonable percentage, having regard to what other properties bear, upon the result to the companies would probably be a fair basis, at any rate it would be uniform, and that would be a very great advantage to the companies.

Constitu-  
tion of and  
appoint-  
ment of  
assessment  
commit-  
tees.  
suggested  
alterations.

4727. I do not propose to pursue the electric lighting matter farther at present, others may perhaps ask you questions upon it. You wish, I think, to say something to us as to the constitution of the bodies by which assessments are made and reviewed?—That is so.

4728. Perhaps you will do so now?—The Chamber of Commerce thinks that the body by which the assessments are made and reviewed should be an independent body; their report terms it "a non-elected independent body."\*

4729. What do you mean by that?—Perhaps I should mention it in reference to what the body is now.

4730. We know that; we have that already in evidence?—At the present time the members of the body by whom the rates are assessed, and to whom appeals are made, are not necessarily independent of the results of the rates.

4731. We know what they are at the present time; I should be glad to have your suggestion as to what you think they ought to be?—Our suggestion is that they should be independent.

4732. Yes, but how appointed—we must have a practical suggestion?—If the Local Government Board would appoint them it would be perfectly satisfactory to manufacturers.

4733. Do I understand that you want to represent that the Government department should appoint a valuer for every local authority all through the kingdom?—Not necessarily directly appointed by the Government department; there should be we think a central authority to which appeals should be made.

4734. I think I must ask you to describe your system so that we can see it as a whole and understand it; I want you to put it before me?—Then I would suggest that in each county or division of a county there should be a body appointed as the assessment committee which should not be interested in the rating which its decisions involve.

4735. How would you proceed to appoint it?—It might be appointed by the county council, or by some body of that sort, providing that the persons constituting the committee by whom the rates are fixed should not be interested in their decisions.

4736. Would you have an appeal?—I would have an appeal from that body.

4737. What sort of appeal would you have?—I should like to see the appeal to such a body as the Railway Commission in railway matters.

4738. Do you think that would be a possible arrangement, having regard to the probable expense that would be involved in it?—I think I may answer that in this way—that if there were such a body the appeals would be reduced to a very small number, because we should have a system, and we should know upon what system the assessments are made. The appeals at the present time are enormously expensive. We cannot get an appeal without going to enormous expense. I had a case in Dorsetshire last month in which the magistrates at quarter sessions suggested that if they had to fix

the costs of the appellants they should put them at 500 guineas—and that was simply for going to quarter sessions. I do not think the costs would be so important as getting an independent body whose decisions would be known and reported, and who would no doubt set up a uniform system of rating.

4739. Has that suggestion, which you have indicated, been the subject of discussion in the Chamber of Commerce, or is it your own personal view?—It has been discussed amongst the members; the actual form which the tribunal should take has not been definitely settled by the Chamber of Commerce.

4740. How far has any decision on that point been come to by the Chamber of Commerce?—This is from paragraph 19 of the report: "That rating assessments should be made by a non-elected independent body, with the right of appeal to a judicial authority." I might perhaps mention that the Chamber of Commerce has a letter from the manager of the National Telephone Company, in which he asks us to put forward, not before you to-day, but in the course of the proceedings of the Rating Committee of the Chamber this point: "The least that, in my opinion, the companies affected are entitled to, is an appeal to an independent and judicial tribunal."

4741. Have you not got that at the present time?—No, the assessment committee hears cases of objections before it.

4742. Do you not admit the quarter sessions to be an independent tribunal?—I have not the slightest suggestion to make, that the magistrates at quarter sessions do not work absolutely independently. The objection rather to the quarter sessions as an appeal is, that they are not judicially constituted, that the members of that body are not judicially trained persons, that they have to deal with very important questions of law, with which they are not conversant, and that there is no appeal from them.

4743. Do I understand you to suggest that the appeal should be to a purely judicial body without any element in it of what I think I may describe as men of affairs?—Not quite. I suggested the Railway Commission which, I think, is based on joining the two together.

4744. We all know the constitution of the Railway Commission, that it consists of a judge of the High Court of the country, in which it happens to be sitting for the time being, a member who is more or less a representative of the railways, and a member chosen by the Board of Trade?—Yes.

4745. Surely the railway representative and the member chosen by the Board of Trade, being primarily chosen for railway purposes would not be likely to have that knowledge of affairs which you must often get at quarter sessions?—I should have said that they have more knowledge of affairs than you get at quarter sessions, and that you do have the advantage there of having a judicial representative in the shape of the judge of the High Court, which is a most important element.

4746. I understand from what you have said, that one of your objections to the system of ascertaining rateable value, more or less by reference to profits, is that there is no uniformity in dealing with it?—That is one strong objection.

4747. You then have indicated to us, I think, that when the capital expenditure has been large and the profits small, or when the management has been bad and the profits consequently small, the result is not fair, and puts a premium on bad management?—From the rating point of view.

4748. I see from your memorandum that you offer to give an example of this which will illustrate it; will you do so now?—I have in mind this case in Dorsetshire, which I had to deal with. The facts were, that the generating station of the electric lighting company, which was appealing, is in one district, and Bournemouth, from which it gets practically the whole of its custom, is in another district for rating purposes. There was no income in the district where the station was situated. We said that the rateable value of the station must be dependent on what it could earn, and that, therefore, the right way to take the rating was to find out the earnings of the whole, and from that the rateable value of the whole, and to apportion it fairly between the two districts. The assessment committee said that as there were no returns in their district, but only a

Mr. S.  
Morse.

18 May '97

Appeals to  
Quarter  
Sessions.  
Objections  
to this  
tribunal.  
Railway  
Commis-  
sion sug-  
gested as a  
suitable  
tribunal.

Ascertaining  
rateable value  
having  
reference  
to profits.  
Objections  
to.

Valuing on  
structural  
value.  
Valuing in  
respect of  
a generating  
station  
of an  
electric  
lighting  
company  
situated in  
a district  
where the  
earnings  
are not  
made.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 92 to 94.

Mr. S.  
Morse.

18 May '97

station, they were entitled to take a percentage on the capital expenditure. They took it at  $7\frac{1}{2}$  per cent., and they brought out a rateable value for that station itself considerably over the profits earned by the company in both districts. That was appealed against twice, and at the final appeal at quarter sessions the magistrates upheld—they did not say so in terms, but by the result they upheld—the percentage on the capital value.

4749. What percentage?—It worked out at between 5 and  $7\frac{1}{2}$  per cent.; it was suggested to be  $7\frac{1}{2}$  per cent. by the assessment committee, and the decision was rather over 5 per cent., but not equal to  $7\frac{1}{2}$  per cent.

4750. Was the case reported?—It is only reported in the local papers.

4751. What was the date of it?—It was on the 23rd February of this year. May I say that in that case Mr. Balfour Browne on the one side and Mr. Freeman on the other side, argued the matter as a point of law, as a principle of assessment. Then, when the magistrates had given their decision they were asked for a case for the superior courts; but they said the matter was simply one of fact, and of no great difficulty, and they refused a case. There was no power to take the matter further.

4752. I want rather, as you are the first witness for the London Chamber of Commerce, to get you out of the special application to electric lighting companies. I will take you to the paragraph in your memorandum, in which you say: "But the suggestion is that there is no reason why a man who carries on a manufacturing business in his own premises or on premises let on a building lease where he has built and erected machinery, or a man working a wasting article should be bound to contribute so much more heavily to the rates than a man who, very likely using the same amount of capital, is able to rent premises suitable for his business at an annual rental which simply shows the value of the land and buildings he employs, and forms the basis of the 'rateable value.'" In that paragraph you indicate some of the main controversies which have surrounded the question, and indicate the view which you are likely to take; I should like you to elaborate that a little, and to suggest to the Commission, if you can, some principle of rating this class of property which you think would meet with more general acceptance?—It is suggested that the intention of the Act was to take the rent of the land and buildings for one year—"from year to year" the words of the statute are. The system which is adopted now works very hardly upon manufacturers, because where there is fixed plant that fixed plant is brought into the valuation of the property before you get the rateable value. Where plant is used in a business which is not fixed, show cases or anything of that sort, those articles, are not brought in in any way to add to the valuation. Take the instance that I have given in my memorandum of a gravel pit or a coal mine where the assessment is really based on the profits, but the profits are not strictly speaking revenue, because so far as the article is concerned they are exhausting the capital by every ounce that is taken out of the gravel pit or out of the coal mine. If you take the gravel pit as a whole and pay a rent for it, that rent should be I think apportioned as to the part for the right to carry on the work and as to another part in respect of that portion of the capital which you take up and sell. I do not know whether I have made myself clear?

4753. I follow; everything, of course, depends upon the line of division which you take. I wish to get some suggestion from you as to a practical means of carrying out your proposal?—I have considerable difficulty in suggesting a practical means of carrying it out by making a strict line of division. I think it must be worked out on some other basis, because you cannot very well say that a factory to day having a certain plant a certain portion only of that plant shall be treated as landlord's plant, without raising a difficulty as to what will happen in a future case. I think we must come to some other method of getting at the fair rateable value.

4754. Very well; what I am asking is for you to give me your suggestion of a method?—I think the right suggestion of method to put forward is to limit the rateable value so as not to exceed the percentage of receipts over expenditure when you come to those cases where you cannot draw a line between what is the landlord's and what is the tenant's, strictly.

4755. I do not know whether I quite understand what you mean by a system in which you fix a percentage of, did you say, receipts over expenditure?—Yes.

4756. Is that not profits in another form?—Certainly it is profits in another form, and I do not see how you can get apart from that altogether because of the difficulty of fixing the rental value of the premises.

4757. I am anxious to get from you your suggestion in a form in which I can understand it and deal with it and discuss it afterwards. Supposing you were a valuer and had a manufactory of some kind—I will take the instance from yourself—what would be the process which you would go through?—If I were told that I was to find the rateable value of a manufactory which was in the position that there was no rental as between the landlord and the tenant, and I was at the same time told that I was to find the excess of receipts over expenditure and to put upon it a limited percentage as the fair rental value, I think that would be a great improvement on the present system.

4758. The question is, why you should limit the percentage, what the limit should be and whether it should be uniform for all power manufactories or whether there should be a statutory scale laid down so as to give the valuer some indication. I only suggest to you these questions which occur to me at the moment. I want to get your scheme worked out if I can in some form in which I can grasp it and deal with it?—I do not think it would be possible to make a uniform scale applicable to all companies, I think they would have to be classed into various groups and a scale should be made for each of those groups. I think that there would be no great difficulty in laying down a scale by those who were conversant with the various businesses so as to say what, having regard to all the circumstances of such a business, is the proportion which the landlord's rent of those premises should bear to the tenant's capital, in carrying on his business in those premises; in electric-lighting especially we have to provide plant and machinery far in excess of the demand at the moment.

4759. (Mr. Arthur O'Connor.) I suppose you are not so great an admirer of the existing law as to imagine that it is not susceptible of improvement?—No; I think it is susceptible of improvement, though I think if we could get at the fair rental value of any premises, it is a fair basis to take for these purposes.

4760. But you are not unprepared to consider an amendment of the statute law?—No.

4761. Even if it extends to the statute of Elizabeth?—No, I think not, because the circumstances are changed so greatly.

4762. Can you give me any reason why a tenant of any kind or description should be rated at all?—I suppose someone must contribute towards the cost of the benefits which as an occupant of a district he enjoys. Do you mean a tenant as against a landlord?

4763. Yes?—I think the tenant enjoys it as well as the landlord, if I understand you rightly.

4764. He pays for it, does he not?—He always pays rates and taxes in addition to his rent.

4765. He pays for the enjoyment he gets from the landlord's property?—In the rent.

4766. Yes?—But it is always a condition that he pays rates as well; the basis of the rent is that it is in addition to the rates, as a rule, I think.

4767. Would you rate a cobbler for his last, or a tailor for his bench?—No, I would not.

4768. Supposing the bench was fixed to the ground, would that make any difference?—I do not think it ought to; that is the point of my objection.

4769. Is the machinery of a manufacturer, in principle, different, or is it in essence different, from a cobbler's bench?—Certainly not, I think, in principle.

4770. They are all articles for the purposes of industry?—Certainly.

4771. And the tenant, whether a cobbler or a manufacturer, is benefiting the neighbourhood by his industry?—Certainly.

4772. And as industry is developed and population increases, the value of the land as land goes up?—Certainly.

4773. The landlords, therefore, as a class benefit by the presence of the industrial community?—Undoubtedly.

4774. And without the presence of the industrial community they would have no benefit?—Undoubtedly.

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Ascertaining rateable value, having reference to profits. Classification of Companies suggested and a uniform scale laid down for each.

A fair basis for assessment is the fair rental value.

Landlords or tenants, who should be rated?

Rating in respect of machinery or plant not desirable.

Whether land-owners should bear the burden of rates.

Ascertaining rateable value, having reference to profits. Suggested method.

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4775. Do you think, therefore, there would be anything objectionable in point of principle in throwing all rates upon the landowners and upon the land?—I do not think in point of principle there would be any objection.

4776. Do you say it would be a sound principle that those who owned the land should bear the burdens?—I should not like to definitely commit myself to saying that; I have not considered that from this point of view.

4777. I suppose as far back as you recollect you have been accustomed to the existing law and to the accepted view that rates of all kinds should be distributed among different members of the community apart from the question whether they owned the land of the country or not?—Yes.

Appeal-  
Objecti as  
to Quarter  
Sessions as  
a tribunal.

4778. With regard to the question of appeal, as a matter of fact, the point under appeal is, as a rule, rather a point of fact or of estimate than of law, is it not? It is rather a question for the jury than for the judge?—To a large extent, because it is a question of the amount at which the rate should be fixed; but that question must depend to a large extent upon the principles upon which that rateable value is made up, and we have no settled principles as regards manufactories upon which the basis is fixed.

4779. But then, if you have no settled principles, it is a question of the length of the Chancellor's fool if you go to a lawyer, is it not?—Frequently.

4780. How far would it be satisfactory, then, to go to a judicial tribunal which has no fixed principle to guide it rather than to business men who may be assumed to take a practical, every-day view of affairs?—If the business men were absolutely independent of the results that would be a very great advance towards satisfaction on the part of the manufacturers; but you see the assessment committee before whom objections have to be made in the first instance, and who make the rate, are always interested in the result; they are chosen from the guardians of the district.

4781. But the manufacturer is interested in the result too, is he not?—Certainly.

4782. He is an interested party?—Undoubtedly.

4783. The surveyor of the vestry would be personally disinterested, would he not?—The surveyor of the vestry does not make the rate; he only reports his views to the assessment committee, if called upon.

4784. You tell us in your memorandum that they are guided to a large extent by the opinions of the surveyor?—I said that the quarter sessions would be.

4785. The chairman of quarter sessions is generally a lawyer, is he not?—Not in my experience in the country; he may be a non-practising barrister.

4786. He practises at quarter sessions as chairman, anyhow?—If you like to put it in that way. May I say this on that point. When you go before an assessment committee it is the invariable practice that they should hear the evidence of the assessment witnesses in the absence of the company which is appealing to them.

4787. That is what I was just going to ask you about. In the particular case that you referred to I see the appellants were heard by their solicitor, and gave evidence. Were the respondents present at that time?—Yes.

4788. The respondents then had the opportunity of hearing both sides?—Yes.

4789. Is that the ordinary proceeding?—Yes. As far as my experience goes it is invariable before the assessment committee.

4790. But I suppose observation upon that would be directed rather to the conduct of those who had the enquiry in hand than to any fault in the system of valuation: it refers to the form of procedure?—That might be so. I only wish to call attention to the fact that it is the case, and even in the case where additional rates to the extent of 2,500*l.* which we had to pay in that year—I mean not rateable value, but rates which we had to pay—were put upon us, and that was done without our hearing what the other side said, or having an opportunity of asking them questions or commenting upon their evidence.

4791. Still, your criticism goes to a point of procedure rather than the system of valuation?—Possibly.

4792. Now in the case of the generating station that you were mentioning, would that be a question of law or of fact?—It was argued as a question of law.

4793. Of course, because you had lawyers employed for the purpose, but I mean looking at the thing from a practical point of view?—One side put forward the principle that capital expenditure was the basis upon which the rate ought to be fixed, and the other side said it was a question of the results. I think that it is to a large extent a question of law rather than of fact: it is a question of the principle of assessment rather than of the fact as to what the assessment was to be.

4794. After all the only question of law you can argue in a matter of that kind would be by way of quoting precedents?—Certainly.

4795. There is no general principle involved?—There is no general principle laid down, but I think there is a principle involved as to how the rate is to be fixed.

4796. Then that is a principle which would be binding upon the committee; if you could show, as a matter of fact, that they had departed from the law there you would have had an assured ground for an appeal?—Unfortunately you cannot appeal from quarter sessions except in the form of a case stated by the magistrates.

4797. Do you not think in a matter of clear departure from the existing law quarter sessions would afford you sufficient protection?—It is entirely a matter within their discretion.

4798. I mean if you prove a clear departure from the law surely you can trust the quarter sessions to do you justice?—Quarter sessions naturally assume that they have taken the right view of the case.

4799. That who have?—That they, the quarter sessions have.

4800. I mean when you are appealing to the quarter sessions from a subordinate tribunal, and there is a case well established of departure from the law, you can trust to the quarter sessions to give you redress, can you not?—My experience is that you cannot. They naturally take a view of the law which, I have been advised, has been wrong, and I am answering in that way, therefore, that I cannot trust them to take the right view of the principle.

4801. You would have liked to have had a further appeal?—I should have liked it to have gone to a judicial authority.

4802. Would you say that from your position as an official or from your instinct as a solicitor?—I am here simply representing the London Chamber of Commerce, and I am giving you the gist of their report. They wish it in that way. I hope you will allow me to say that my interest as a solicitor is to look after the interests of my clients, and I find that is best done by keeping them out of law. I think those who know me will confirm that I have taken that view rather than the reverse.

4803. Where would you limit the right of appeal?—I should be quite satisfied with one central authority, such as the Railway Commission, without any further appeal from them. If we had an independent authority in each county to which matters could be taken cheaply without the employment of counsel, but by the parties themselves going so that we could get quickly a definite decision—that would be what those I represent would desire.

4804. Do you think that if you went to the Railway Commission, and you had a strong sense that they were wrong you would not desiderate some further appeal?—I should consider that my case had been considered by those who were by their experience able to deal with it on a thorough basis. Our difficulty at the present moment is that we do not seem to get to those who have experience in those matters and who can deal with those matters in a way that will give confidence to those who come before them.

4805. Take the case of the gravel pit; you say that really it is capital that is being rated?—Yes.

4806. But does not the owner of the gravel pit turn his gravel into income by taking it?—I do not think that that is so entirely.

4807. It is a consumable property?—He may spend that which he receives, but if he kept his books rightly he would only spend a portion of what he receives and would put the rest to capital account.

4808. Gravel is a thing that does not bear a crop?—Quite so.

4809. Or increase by natural process?—I think the result of any business should be that the capital expended should be intact at the end of the operation.

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Appeals.  
Railway  
Commis-  
sion sug-  
gested as  
suitable  
tribunal.

Consum-  
able pro-  
perty.  
The  
question of  
capital and  
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4810. Surely the business of a gravel-getter is industry directed to raw material, and that raw material being of a limited quantity becomes ultimately exhausted?—Yes, but I do not think that the result of selling the raw material when got is all income: that is where I differ I think with the view you are suggesting.

4811. Say that again?—I do not think that the result obtained by selling the raw material when got is all income or ought to be treated as income.

4812. If he brings it into consumption in a year does he make it income?—I think not. I think he only makes that income which really is the excess of his receipts over that which he has paid for the raw material and the labour expended upon it.

4813. (Mr. Smith.) You commenced by saying that you thought companies and manufacturers were not so much interested as householders in police, sewers, and education?—Yes.

4814. Manufacturers and companies employ a large number of men, do they not?—Certainly.

4815. And therefore they are interested in the aggregation of people near their works?—Yes; but I take it that those men live in houses which contribute according to their rateable value to those various items. I am only putting it in this way that the manufacturer, so far as he has house and land ought to contribute undoubtedly to the rates, but I do not think that because he has machinery by which he carries on his business that that machinery should be made to contribute in the same way as if there were a great number of houses.

4816. Your first statement was much broader than that. You put it broadly that manufacturers and companies were not much interested in police, sewers, and education; now you admit that the aggregation of a number of people in the neighbourhood of a manufactory is almost a necessity, is it not?—Yes, certainly.

4817. And that aggregation of people demands certain urban expenditure?—I hope I understand you, but I do not think I meant to put it quite in that way. I meant that the manufactory where the business is carried on does not require the police and education for itself.

4818. You have left out sewers?—I did not mean to leave any out, I am taking them as a group; I do not think the manufactory itself does.

4819. Your manufactory must have some sanitary accommodation?—Some undoubtedly.

4820. And will require sewers to take away the results?—Undoubtedly some.

4821. Then with regard to police, a manufactory contains valuable stock and requires watching?—Yes, so far as the house and buildings and land are concerned, I think they ought to contribute just as much as another house equally large contributes, but not more than that.

4822. With regard to education I presume as representing the electric light interests you are peculiarly interested in getting intelligent workmen?—Yes, but I do not think we are different in that from a banker who requires an intelligent clerk.

4823. Then you do not put that point which at first you put rather broadly, any higher than that you do not wish to be rated on your machinery?—I say that it comes to that. In respect to those matters we are not more largely interested than a householder occupying a house of the same size as our manufactory.

4824. I think Mr. O'Connor has got from you that these cases which you have litigated really were questions of fact; the amount of profit seems to have been the question at issue?—No, in this one particular case the question was the principle upon which the rateable value should be arrived at—whether it should be as percentage on the capital expenditure, or whether it should be based upon the results of the trading.

4825. Was that the Bournemouth case?—Yes.

4826. That Bournemouth case did not seem to me, when I heard you relate it, to differ materially from the method in which, say, a corporation would be rated for its waterworks' reservoirs in one parish?—No, I took electric lighting because I was more conversant with it.

4827. I mean that we stand on the same footing?—Certainly.

4828. The principle is exactly the same—the reservoir is in one parish, the water supply in another, the reservoir is rated at its structural value, and the profit is made elsewhere—that is so, is it not?—Yes, the profit is made elsewhere.

4829. You are no worse off than all the water companies and all the corporations owning waterworks throughout the kingdom?—No, we are in the same boat entirely. I merely took the electric light, as I say, because I was more conversant with the details of it.

4830. You suggested that each county should appoint the assessment committee; may I ask you, before putting any further questions, whether you have had much experience in local government matters yourself, apart from these questions of rating appeals?—I have had a large amount of work in connection with local authorities, but I have not acted on the side of the local government, if that is what you mean.

4831. Have you been a member of any local authority?—Yes.

4832. In London?—In the neighbourhood of London.

4833. Do you know that counties and unions, which are the present rating authorities, are not by any means conterminous?—I meant to indicate that some authority of standing should appoint an independent rating authority; I took the county council as a body which we all respect in all the districts as the authority who could select good men for the purpose.

4834. I think your first suggestion was that the Local Government Board should do it?—I suggested that some independent authority should appoint, and I said to the Chairman that if it were under the Local Government Board we would be perfectly satisfied; he asked me whether I meant that the Local Government Board should appoint every valuer, and I suggested that the local county council might appoint in the various counties.

4835. That, of course, would not deal with the unions. Would not the association of the Government Surveyor of Taxes with the assessment committee meet your case?—No; we should like to get the assessment committee disposed of altogether.

4836. Then you are not, apparently, a great admirer of local self-government in matters of assessment?—No; we find it is not to the advantage of manufacturers in any way. The present local authorities are appointed by the small householders, and the result seems to be that a company or a manufactory is deemed fair game, and they increase the rates upon it.

4837. Is that not a little the fault of the manufacturers in not taking more part in the local government of their district?—A manufacturer has no power to take any part in the local government of his district. He has only one vote, there is no property voting, and so with his one vote he is always outvoted by the small householders.

4838. Who are very often his own employes?—It may be, and they may be very unwise in the course they take; but it is the result that is found.

4839. Your observation strikes at the whole root of what we are accustomed to think a rather good principle—local self-government—does it not?—We find that in rating matters, at any rate, the interests of the companies are generally put aside, and the sole question seems to be, what is the highest rate we can put upon them. It may be, as you say, that it is striking at the whole root of the matter; but those are the results that we find.

4840. How can you distinguish at all between the case of the gravel pit and the coal mine, that you mention in your memorandum, and that of a leasehold house? What difference is there in principle? They are both wasting to a certain extent?—To a certain extent they are both wasting, undoubtedly.

4841. Supposing you have a short lease, you pay on it as long as your lease lasts, and you pay on the gravel pit as long as there is any gravel to get?—The gravel goes as well; but in the house it is only your interest under the lease which goes, and the landlord still has the house, unless he lets it to somebody else.

4842. The landlord has the house, no doubt?—In the gravel case the landlord has not the gravel; it is gone.

4843. Take a house in very bad repair, a decaying house held under a lease?—Then you see the landlord

Manufacturers should not contribute more largely to rates than householders occupying premises of a similar size. Their machinery should not be taken into consideration.

Rating on structural value in respect of premises or reservoirs owned by undertakings which earn profits in other districts.

Assessment committees, construction of. An independent rating authority should be appointed by county council.

Assessment committees, constitution of, not satisfactory to manufacturers.

Consumable property, assessment in respect of.

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only gets the rental value of the decayed property, and he still has the decayed property at the end of the time.

4814. And he has the site of his gravel pit?—Which is useless.

4815. What is the difference in principle?—I think there is a great difference in principle.

Rating with reference to profits is objectionable.

4846. Do you think it would be possible to devise a scale of companies' profits, which should be settled by this superior authority that you desire?—I think there ought to be no great difficulty in settling it; and the very fact that it was settled, and that companies knew what they ought to look forward to, would be a very great boon.

Companies should be classified for the purpose of valuation.

4847. What sort of guide would you take in arriving at what the profits of a particular company ought to be?—It should be as regards the rateable value, and not as regards the profits.

4848. I understand you to object to being rated on the profits at all?—I say that as at present taken, it is profits, irrespective of the rental value of the land and buildings.

4849. But you object rather to be taken on profits; you want to be rated for the mere land and buildings you occupy?—Yes.

4850. That is not the law?—It is not the law as it has been decided, undoubtedly.

4851. We must bow to the judges if you will not bow to the assessment committees?—I thought we were discussing the whole question here generally.

4852. Quite so?—If you take the rateable value as fixed and bow to the law, I have nothing more to say.

4853. I have got your answer here that you thought some scale of companies' profits ought to be taken, and what I want to know is what your guide is going to be. You were asked whether you would apply it to all companies, and you said at once, "No, there ought to be a scale"?—As to the same scale I was asked —

4854. Do you mean to state that there ought to be a different scale?—I think the companies should be grouped.

4855. What guide would you have as to their profits; would you take prospectuses?—No. I think if you take it in that way you should take the receipts.

4856. Then you leave it very much in the power of the company, do you not, to frame their balance sheets so as to reduce their apparent profits?—I do not think they would do that. Of course, they might do so, if they wished to do so; they might reduce the dividends to the shareholders, in order to save the rate if it was worth doing.

A common basis for valuation desirable where a rack rent is not paid.

4857. (Mr. Elliott.) I gather from your evidence that you are very anxious to see some common basis of value taken?—That is so.

4858. I am afraid—perhaps it is my fault—that I did not quite understand from you what that common basis should be?—The Act was passed, as it states in the preamble, to bring about a uniform assessment, and the uniform assessment was to be the fair rental value. At the present time where there is no actual rent upon which the rateable value can be based, it is taken on capital value in one case, on net profits in another case, and in a third case it may be taken on some other entirely different principle. The committees have no definite uniform basis before them on which they act.

4859. Then in a case in which a rack rent is paid for a property, you would still propose that rental value should be taken?—Certainly.

4860. In cases in which no rack rent is paid for the premises, do you propose that some definite system, such as you outlined in reply to the Chairman, should be adopted?—That it should be brought as near to the rental value as it can be.

4861. Your proposal was, as I understood, that the rack rental value should be arrived at by taking a maximum percentage of the profits?—Yes.

4862. Would that maximum percentage be taken in every case? Do you propose that a particular percentage should be adopted as the rental value in the case where no rent was paid?—I do not know that I quite follow.

4863. Your suggestion, as I understand it, was that in the case where no rent is paid for the premises a percentage of the profits should be taken?—That it

should be put down that the rateable value is not to exceed a percentage of the profits.

4864. But that of course only limits the rateable value?—Yes.

4865. What is the principle that you propose should be adopted in arriving at that rateable value? It is obviously not sufficient to say it should not exceed it, but you have got to say what it should be?—I think it is impossible to say at once what it should be. I think that it is a matter for further investigation, what it should be in each group of cases. I only suggest that as a way of dealing with it.

4866. Then you propose that there should be a classification as it were?—Yes.

4867. And that in cases where no rent is paid a certain percentage of the profits should be taken, according to the class of property rated?—That is so.

4868. On what principle would you propose that that percentage should be taken?—On the principle of endeavouring to ascertain, as far as possible, what the rental value of the premises should be.

4869. Would you, for instance, propose that a smaller percentage should be taken in the case of a bank than in the case of a manufactory?—I do not see why it should be so. There would be a rack rental probably in the case of the bank premises, but if there was not, I do not see why a bank should pay less than a manufactory pays.

4870. Is it a fact that a rack rent would usually be paid in the case of a bank; would not the bank usually own its premises?—I suppose frequently they do.

4871. I understood you to favour a system of classification?—Yes, certainly.

4872. Would your classification extend to a differentiation, say, between a bank and a manufactory?—Yes, I quite agree.

4873. Then in the case of a bank would you take a smaller percentage of the profits, because the rateable value is usually much smaller in relation to profits than in the case of a manufactory?—I do not know any principle why it should be smaller.

4874. Then do you propose that the percentage of profits should be uniform?—What I had in my mind was this: take the electrical industry which I am more conversant with; as you are aware, it is dependent upon machinery for the supply of light; you must have spare plant, duplicate plant; I do not think it would be fair if you are going on the capital expenditure to treat the duplicate plant as additional plant.

4875. Now you are introducing, are you not, a new element, that is, capital expenditure. I understood just now that your proposal was to take a certain percentage of the profits?—I was referring to the answer I gave to his Lordship.

4876. I am only trying to make clear your views on the subject. Would you take capital value into account?—Not on the suggestion that I made.

4877. Then I want to get from you generally the principles on which you would classify, and I put to you the two cases of a bank and a manufactory; you are doubtful whether you would take a different rate of profit in the case of a bank than in the case of a manufactory, are you not?—I think it is a very important matter, and one not to be answered rather on the spur of the moment. I would suggest to the Commission, if I may, that what we desire to see is, first of all, an independent rating authority; and we realise that if that were secured, and if the Act were left as it is, namely, that "rateable value" should mean "fair rateable value," then we should in time, we think, get all these principles worked out. I think it is very difficult to suggest how they should be worked out.

4878. I rather want you to follow the line that was presented to you by our Chairman, and to obtain from you suggestions as to the mode in which the principle you have suggested could be carried out; as yet I have not got them. I want to ascertain quite clearly what the effect of your suggestion would be in the two extreme cases, as I conceive them to be, of a bank and of a manufactory?—I am afraid I cannot answer that question properly. If a valuer is told to value on the basis of getting at the rental value, having regard, as we suggest, to a maximum percentage of the profits made, and not bringing into account the machinery on the manufacturer's side, or the show cases or whatever

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In cases where rent is not paid the valuation should be based as far as possible on what the rent would be.

A percentage of the profits should be taken according to the class of property rated.

Classification of manufactories or businesses desirable for rating purposes.

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Valuation. Manufacturers desire that tenants' machinery should not be taken into consideration, and that there should be an independent rating authority.

Rating in respect of machinery of electric lighting companies.

Rating in respect of machinery. Case of manufacturer moving abroad in consequence.

Case of electric light company rated at a sum almost identical with net profits.

Appeals from assessment committees independent tribunal suggested.

it is that the merchant uses, I think we should very quickly get to a basis which would work out. I cannot suggest to you the percentages that should be put.

4879. Supposing we could effectually deal with this grievance as regards machinery, would you have any substantial grievance against the present system of local taxation?—Yes; there would still be the question of the independent rating authority.

4880. Leave out of the question the authority; I am now dealing with the question of valuation?—I do not think you could get a better basis than the fair rental value.

4881. Do you think that if, in arriving at that fair rental value, valuers were to exclude from consideration the machinery, which now they take into account, your grievance as manufacturers would disappear?—Certainly.

4882. Would you propose to exclude all machinery?—I think the intention of the Act was that the rating should be on the hereditament. If we leave the principle of the Act alone, and the rating should continue to be on the hereditament, I think it would be right to exclude from that practically all machinery.

4883. Is not the whole difficulty of the present position this—that it is extremely difficult to say where the hereditament leaves off and the chattels begin?—Of course it is very difficult, and the courts have held that everything is hereditament and nothing chattel.

4884. Is that really so?—In the case of a gas company they have held that the only things which were not hereditaments were the meters in the customers' houses, and the tools and loose things lying about, and small matters of that sort.

4885. You would not suggest, of course, to the Commission that all machinery is at the present time rated?—In the case of an electric lighting company everything is rated, even batteries, dynamos, engines, and everything but the meters on the consumers' premises and the testing instruments, which are actually carried about by the workmen employed.

4886. Taking the large bulk of the manufacturing undertakings of the country, you would not suggest to the Commission that the whole of the machinery is rated, would you?—I must give you an answer from my experience; as far as my experience goes, it is.

4887. Have you made any inquiries as to what the real facts are in the matter?—It is difficult to tell you what the inquiries are that I have made. Those who come to the committee all tell me that the whole of the machinery is rated, and the result is that they are thinking of taking their factories elsewhere. Mr. Boulton, the Vice-President of the Chamber, hoped to have been able to give evidence here; he was going to tell you that he has established a factory out of this country because of the heavy rating of his machinery.

4888. What factory is that?—He is a coal-tar distiller.

4889. You would not, I suppose, suggest that that is other than a very exceptional case?—May I put a case of rating to you? An electric lighting company in London was rated by a provisional committee at between 9,000*l.* and 10,000*l.*, its net receipts for the previous year not being 10,500*l.* Now that is a case that I know of my own knowledge, and that I can speak to. You will see there that the rating was put just under the net profits made in the previous year, and they say that is the rental value which anybody would take and pay for those premises for the year.

4890. Is that the case of the Electric Supply Company?—Yes.

4891. You do not suggest, of course, that their works could be moved out of the country?—No, they are unfortunate in that respect.

4892. Do you suggest that in that case the company has not the full power to recoup itself by charges to consumers?—They are limited in price; there is a maximum price; there is a limited period for which they hold their tenure, and the Board of Trade is entitled every seven years to reduce the maximum price they are entitled to charge. I do not see how, under those circumstances, they can take it out of the consumers by increasing prices.

4893. With regard to the question of the tribunal would it meet your view sufficiently if there were an appeal to a judicial tribunal on questions of law as distinguished from questions of fact?—I think there ought to be an absolute right of appeal.

4894. On questions of fact?—On all questions.

4895. Would you give the power to any ratepayer, however small, to carry the rating of his premises up to the highest judicial court?—I do not think an impecunious ratepayer ought to be allowed to put an authority to an expense which he cannot recoup. There should be a reasonable arrangement for the security of the costs, whatever it might be. I think in principle there ought to be an appeal to an independent authority, having regard to the fact that the authority by whom the assessment is made is not independent. I hope I am not suggesting that members of the committee do not act fairly, but it is human nature that they should not.

4896. Do you think that human nature being what it is, you are certain to get a more disinterested opinion from a large ratepayer than from a small ratepayer?—No, I suppose not; but I think that if there were a small authority, an authority composed of few members, whose proceedings were open not only to both sides, but to the public, and from whom there was an appeal to a judicial authority, we should, in time, get what we want.

4897. Would you suggest that the very existence of the right of appeal would tend to steady down the decisions of the assessment committee?—I think so.

4898. You rather surprised me by assenting to a suggestion made by Mr. O'Connor that you saw no objection in principle to the whole of the rates being borne by the landlord?—My reason for that answer was this, that, so far as my experience goes, land is let at its value on the basis that the tenant pays the rates. If the landlord pays the rates, he adds it to the rent in future, that is why I see no objection in principle.

4899. Do you think that the adoption of that principle would have no practical effect other than the increase of the rent in proportion to the burden transferred from tenant to landlord?—I think it would have this further effect, that the tenant's fixtures and the tenant's property would not then be taxed.

4900. So that you see in that direction some mode in which the manufacturers might be relieved?—Certainly.

4901. But, supposing again, that that question of the machinery were dealt with, would you then approve in principle of the suggestion made to you?—You see lately we have had tithes put on to the landlord; I do not see that in principle there is any great objection which part owner in the property has to pay these rates and taxes.

4902. Supposing that that stupendous change were made, would you think it expedient that the present system of administration should remain on foot?—I object to the present system of administration as it is.

4903. Do you think that the spending authority should be elected?—I will not say by the ratepayers, because there would be no ratepayers other than the owners—but would you propose that the spending authority should be elected by the occupiers?—It is a very large question, which I have not considered.

4904. I rather wanted to give you an opportunity of amplifying the broad proposition to which you committed yourself?—I said I saw no objection in principle. Take a case which we have in London—at Poplar. In Poplar there is a rateable value exceeding 700,000*l.*; the 24 elected guardians appointing the assessment committee occupy hereditaments in the district of a total rateable value of 993*l.*, and the chairman of the 12 members forming the Assessment Committee occupies premises rated at 11*l.*, the rates upon which are paid by the landlord. Those people pay no rates at all, and yet they settle the rates for the whole district.

4905. You say they do not pay rates at all, but they do pay rates?—Take this man of 11*l.*, what does he pay? His rates are commuted; his landlord pays them for him.

4906. That man who is rated at 11*l.* is a member of the London County Council, is he not?—I am afraid I do not know who he is.

4907. I do?—I only know the facts are as I have stated.

4908. You said, in reply to Mr. O'Connor, that you saw no serious objection in principle to the transfer of the payment of the rates from the occupier to the owner of the land; do you say that without hesitation, or do you wish to qualify that answer in any way?—I think I said to Mr. O'Connor that that was not a question which had been considered in connexion with this

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Payment of rates by landlord. Probable effect of, as regards incidence; the rating of tenants fixtures; and election of authorities.

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matter, but that I saw no objection in principle to that being done, having regard to the fact that the rates are based by the Act upon the fair rental value. I had not considered the matter before coming here, because I did not expect it would be gone into. The question here was, I understood, what was a fair rating value, and who was to fix that fair rating value.

4909. You would not wish us to regard that as a serious expression of opinion, would you?—No, certainly not; nor as a considered question.

4910. Nor as the expression of opinion of the London Chamber of Commerce?—No, it has not been before them.

4911. (Mr. Dalton.) Do you consider that the companies which you represent should contribute to the poor rate in proportion to their ability?—That is the old statute of Elizabeth, which has been brought down by the statute of William IV. to a uniform basis, and I think it ought to be a uniform basis.

4912. But you do not object to the principle of taxing your undertakings in proportion to their ability, do you?—I do; I think it ought to be on a uniform basis.

4913. A uniform basis?—Yes; of course it carries with it "in proportion to their ability," in so far as a man who pays a higher rent than another pays more taxes, because he is able to pay a higher rent. If you mean that a man who makes 10,000*l.* a year in business because he is a good business man, should pay ten times what a man who does his best and has not such ability pays, I do not think that would be reasonable.

4914. I am speaking now merely of the expense of the relief of the poor. Do you dissent altogether from the principle that a company should be rated for the relief of the poor in proportion to its ability?—I have not considered that matter. I am considering it from the point of view of the Rating Act, I am afraid.

4915. But that is the principle?—The principle is the rental value.

4916. There is the statute of Elizabeth?—The statute of Elizabeth is gone.

4917. Gone?—It has gone, in so far as it is amended by the statute which makes a uniform basis for all rent.

4918. But the statute of Elizabeth is not repealed?—No, but it is amended by the fact that instead of paying according to ability, it is according to the rental value of the premises.

4919. I think you explained that in assessing your companies, after taking gross receipts and expenditure, you make a further reduction of 17½ per cent. on the working capital; or is it on the capital employed in the undertaking?—It is on the capital which it is supposed the tenant would require to carry on his business from day to day. It has nothing to do with the actual capital; it is a hypothetical figure.

4920. Is that not a very large deduction?—If you get an enormous tenant's capital it might be; but there again there is no system upon which the tenant's capital is based—it may be nothing.

4921. Do I understand you to consider that 17½ per cent. deduction is not large enough?—I say this, that it is entirely in the hands of those who are dealing with the matter to say what the tenant's capital shall be, and as the 17½ per cent. is taken on what they say the tenant's capital ought to be, if they reduce the tenant's capital to a very small figure it is not worth talking about—neither 17½ per cent. nor even, it might be, a larger percentage. In practice we find that the tenant's capital is brought very low indeed.

4922. But, I suppose, that deduction of 17½ per cent. is made upon the assumption that it does make a very large allowance of profits?—I never heard it put in that way.

4923. Why is it made then?—It is 5 per cent. for interest on capital, 10 per cent. for profits, and 2½ per cent. for contingencies; that is how the 17½ per cent. is made up. They say that a tenant who takes a big factory should be content with 10 per cent. on his tenant's capital; I do not think any manufacturer would be content with 10 per cent. on his capital after the 5 per cent.

4924. Still 10 per cent. is deducted for profits in those cases?—Yes, it is supposed to be so deducted.

4925. That being the case, I do not understand how it comes about that the rateable value in some of these cases equals the net profits?—Nor do we.

4926. You have already deducted, as I understand, 10 per cent. on account of profits?—That, I should say, is the basis upon which surveyors who give evidence put forward the figures, but notwithstanding that, in cases the rateable value has been brought up practically to the net profits of the previous year.

4927. In a London case?—Yes.

4928. Do you find in London that the assessments are more uniform than in the provinces?—In so far that the same surveyors generally appear as witnesses, I think it would be so.

4929. That has a tendency to make the assessments uniform in London?—It has that tendency. Then when we go to the quarter sessions in London of course we have a very able judge; and that also tends to make them uniform in London.

4930. Do you not think that if the surveyors of taxes were put on the assessment committees in the country that would have a tendency to make the assessments more uniform?—It might have that tendency, but I do not think it would go far enough. The surveyor of taxes would only have, I suppose, one voice, or he might have no voice at all, in the decision of the assessment committee.

4931. I understand that your objection to the present assessment committees, or one of your main objections, is that they are themselves interested in the result of their decisions?—Yes.

4932. But the case that you quoted from Poplar shows that in some instances their interest is exceedingly small?—Certainly; but they represent those of the same class as themselves generally. A small householder on an assessment committee will look to the interest of his class, not only to the interest of himself.

4933. That is the main ground on which you put forward the statement that they are interested in the result—not that they are pecuniarily interested themselves to any large extent, but that those whom they represent are interested?—Yes, both ways.

4934. Do you find that heavy rates handicap the undertakings that you represent?—In the London case, to which I have referred, we were suddenly put up by a sum which was over 1 per cent. on our total capital expenditure; therefore the dividend was reduced by 1 per cent. in consequence of the increase of rates in that particular case.

4935. Do you know any cases in which high rates have had a prohibitive effect upon these undertakings?—It is rather difficult to speak of it in that way, because, until the undertakings are started, the cases of rating do not come forward. These electric companies in which I am particularly interested have a great many restrictions, and Mr. Crompton, who is coming next, will, I think, give you a better answer to the question; he is more familiar with the circumstances of the case.

4936. Taking the point that you raised as to the capital wasted during the tenure of the lease of electric lighting companies and tramway companies, is that fact not taken into account in fixing the hypothetical rent?—No.

4937. Do you mean to say that it is assumed that a company on taking a lease for 21 years will give the same rent, when it has to provide a wasting machinery, that it would if it had to provide a non-wasting machinery?—Absolutely; they are rated on the same basis and assumed to pay the same rent, because the Act says it is to be the fair rental value from year to year, and, therefore, whether you are a freeholder, a leaseholder, or holding on any tenure whatsoever, you are put upon the same basis.

4938. But does that not mean the rental that a man would pay, subject to the conditions on which he is bound to take the lease?—He only takes it for one year under the Act; under the Act he is assumed to be a yearly tenant, or less than a yearly tenant—a tenant who would only take it for one year. Therefore none of those conditions come to his relief.

4939. Are you sure that that is the state of the law?—The point has been raised, and though I cannot say there has been a decision of the High Court taken upon it—for we cannot get to the High Court, although that is our desire—I think you will find, on asking other witnesses, that I am absolutely correct in stating that.

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Assess-  
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provinces.  
Reasons  
for this.

Assess-  
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Heavy  
rates on  
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Reduction  
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dends.

Wasting  
capital of  
business.  
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should be  
a deduc-  
tion.  
Meaning of  
a "tenant  
from year  
to year."

The ability  
of a busi-  
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pay should  
be measur-  
ed rather  
by rent  
than by  
profits.

Rating in  
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business  
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takings.  
Amounts  
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tions for  
interest on  
capital,  
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4940. I think we have heard evidence to the contrary of that from Sir Harry Poland. I am not speaking with regard to your case, but with regard to the mere question of what a tenant from year to year means?—The only case which has been tried in which the point was definitely raised was a case before the Recorder of Birmingham. We were advised in that case by our counsel, and the case was compromised, so we did not get a decision upon it; but so far as the Recorder's views were ascertainable, he intimated that this consideration which we are now dealing with could not be brought into the case. It has always been put to us that it makes no difference whatever. We have tried it as far as possible, as I say.

4941. But assuming for a moment, now, that you are wrong in your opinion of the law in that respect, and that this condition that you have to provide wasting machinery when you take the lease, is taken into account in fixing the hypothetical rental, would not your grievance then disappear?—No, it would not disappear.

4942. Why not?—It would help us, undoubtedly. If the wasting nature of the business was brought into account that, undoubtedly, would help. I am almost inclined to say that I have got the written opinion of Sir Harry Poland to the contrary effect; but I do not like to speak from memory. We went to him upon that very point, and I can produce his opinion.

4943. You do not think that the words "from year to year" mean taking one year with another?—They may be taken to mean taking one year with another; but that does not bring into effect the fact that at the end of, say, 20 years, your business is bound to be brought to an end by the Act under which it is constituted; I understood you were dealing with a wasting property.

4944. Yes, if it was made clear that an allowance should be made for the waste—?—If it was made clear that we ought to have an allowance for the fact that we have not got a freehold, that would help the matter considerably.

4945. Why would that not remove it entirely? If you had a deduction why would it not remove your grievance altogether?—I represent on the Chamber of Commerce companies which have more than a limited tenure, and which are coming before you with evidence, such as gas companies, and so on. I think you will hear that their view is, that it does not remove the grievance. We are told that it will not remove the grievance.

4946. You speak of a scale which should be drawn up of deductions to be allowed in respect of profits on different classes of business; could you give us the views of your Chamber of Commerce upon such a scale, and could you give us a scale in which the companies are grouped?—I could not give you a scale at the present moment.

4947. But I think you say there would be very little difficulty in doing it?—I think it would work out in practice; I do not think it would be very easy to be given straight off by one side or the other. I think if the principle were laid down that in some such way the rental value was to be found out it would quickly adjust itself.

4948. Could you give us an illustrative scale so that we may see the sort of deductions that you think should be made?—I am afraid I could not do so on behalf of the Chamber. We have not gone into it in detail, and I prefer not to commit them to it. I do not know whether Mr. Crompton will be able to do so when he comes before you.

4949. Could you say how far your valuation for local purposes differs from your valuation for Income Tax purposes?—It differs, I think, only in respect of that 17½ per cent., which is taken off for the tenants' profits. I think I am right in saying that.

4950. Do you find fault with the system under which you are assessed to the Income Tax?—The Income Tax you see is paid by the shareholders in the company.

4951. But the shareholders practically pay the rates, do they not?—I do not think anybody would object to getting rid of the Income Tax.

4952. I am speaking of the valuation. You object very strongly to the local valuation, because you say it is made by persons interested, and it is not uniform. What I want to know is, do you object or not to the Income Tax valuation—that is not made by persons who are interested in it, and it presumably is uniform?

—The Income Tax is taken on the net profits, and the Act says it shall be taken on the net gains and profits. The rating is taken also, as we say, frequently on the net profits of the company, whereas the Act says it shall be taken on the rental value of the premises wherein the business is carried on. Our objection is that it is not taken on the rental value, but is taken on something else; that is the case I am trying to make. If the Act had always said the rates should also be on net profits, we should not have a case to come to you with at all.

4953. Would you object to the Inland Revenue Department fixing your rateable value?—As I have tried to show, so long as there is a uniform basis of ascertaining the rental value, and it is made by an independent body with a right of appeal to some judicial authority or quasi-judicial authority, we should be perfectly satisfied. We do not suggest in any way that any Government department, or any authority such as you suggest, would do otherwise than act fairly between the parties. As regards our companies, we have to go to the Board of Trade a great deal. We are perfectly satisfied with the fair way in which matters are dealt with there, and I do not think in principle there would be any objection to any such authority.

4954. The Inland Revenue Department have to go into the question of your profits for the purposes of the Income Tax valuation?—Yes; but the profits, forgive me, are not the basis which the Act gives as the basis of rateable value—it is the rental value, which is quite another matter.

4955. I understood that you considered that it would be fair if you got a proper deduction for your profits, and that that would meet your views; at present you have that deduction of 10 per cent.?—No. You asked me if there was really any difference, and I say it often works out that the only difference is what is allowed for the tenants' profit.

4956. That is 10 per cent.?—That is the 17½ per cent.; but I do not think that would be a reasonable result if I follow your question properly now. You see on the rating they divide it between the hypothetical landlord and the hypothetical tenant; the total is the dividend or profit which goes for Income Tax, and it is divided between the two for the purposes of these ratings.

4957. Still, the Inland Revenue Department will have a great many figures before them bearing upon the question?—I do not think so as regards rental value; they have no figures of rentals.

4958. The assessment committee have no figures of rentals, but they get at the hypothetical rent?—Only in these particular cases. I do not think they ought to get at the hypothetical rent by going into the profits so largely as they do.

4959. Have not the Inland Revenue Department all the materials for coming to a conclusion as to what the hypothetical rent would be?—I do not think they have.

4960. What additional materials, may I ask, have the local authorities?—Will you put it in this way? The rating is said to be the rent which a tenant may fairly be expected to give taking one year with another, the landlord doing the repairs and doing whatever is necessary to keeping the tenement in a condition to earn the rent; therefore, all those questions of repairs and maintenance have to come into the question, and the Inland Revenue Department would not have any of those figures.

4961. You would have to furnish them with those figures instead of furnishing the assessment committee with them?—Yes, that is so.

4962. The assessment committee do not have those figures until you furnish them?—No, and they are a question of opinion very frequently; there is a fair amount to be taken.

4963. (Chairman.) Do you want to add anything?—No.

4964. (Mr. Smith.) In point of fact you are contending, are you not, for the mere structural valuation of the hereditaments?—I say that that was the intention of the Act of 1869.

4965. (Chairman.) I think I must ask you one question on that. Do you also contend that that is the limit of burden which should be put upon you as a company? My point is this—that we have not only to

Deductions.  
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Difference.Valuation  
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deal with what is within the structure of the Act, but with what is in itself fair?—Taking it in that way I think we may go further, certainly. Those I represent

have no objection to paying a fair amount towards the rates if it is based upon a uniform system, and if it is administered by an independent body.

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The witness withdrew.

Mr. ROOKES EVELYN BELL CROMPTON called and examined.

Mr. R. E. B. Crompton.

Assessment committees, constitution of. Objections to. Independent body desirable. Appointed by county councils, and power of appeal from.

4966. (Chairman.) You are Past President of the Institution of Electrical Engineers, Chief Engineer to the Kensington and Knightsbridge Electric Lighting Company, and Managing Director of Crompton and Company, Electrical Engineers, who carry on business in London and Chelmsford?—Yes.

4967. You are also one of the Committee of the London Chamber of Commerce appointed to appear before us to-day in respect of this report,\* which has been the subject of discussion between us and Mr. Morse?—Yes.

4968. I understand you to agree with what Mr. Morse has said about the present assessment committees?—I do.

4969. I do not propose to take you over that a second time, unless there is anything you would like specially to add from your own experience on that point?—No; I perhaps might save your time if I just make this short statement: I gathered from your questions to Mr. Morse that you were rather surprised at the London Chamber of Commerce putting so much weight on to this electric lighting assessment question. I think the reason is that it is a burning question, as an enormous amount of capital has been expended upon electric supply here.

4970. I have no objection to hear you on that; I will take you through that, and give you a chance of saying what you wish to say, but that is really not the point of my question, which was, is there anything you would like specially to add to what Mr. Morse has said about the present assessment committees?—I have nothing to add on that point.

4971. Then you adhere to the view expressed by the Committee of the Chamber that there should be an independent body, as suggested by Mr. Morse?—Yes.

4972. I should like to know on that whether you have any suggestion to make to us as to how that body should be formed, and the machinery under which it should work?—I think that the assessment of electric lighting undertakings is somewhat difficult and technical, and cannot be well carried out by a body who are elected from time to time. The officials should be appointed for longer periods probably, as is usual with Government officials. I think that they should be appointed locally by the county councils, and that there should be a court of appeal to which disputed questions of assessment could be referred.

4973. What I want to get from you is, why you fix upon the county council? I have no hostility to the county councils, but I want to know why, for this particular purpose, you fix upon them?—The county councils, we presume, are possessed of local knowledge, and they are also suggested in order to avoid too much centralisation.

4974. Have you any objection to the area of the boards of guardians as the unit?—I think it is rather a small area; the county area is a very much larger one.

4975. Do you think it is a disadvantage that the area should be small?—I think that with the boards of guardians there is a greater chance of the wrong man being elected on the assessment committee than there is with the county council, which is drawn from a much larger area, and has much greater interest taken in its election.

4976. The main point of your objection to the present system, apart from the question of those by whom it is administered, is, as I understand it, the uncertainty under which you labour about the want of principle which so far as you know, is not laid down?—Yes, that is it mainly.

4977. Can you give me any suggestion how far it would be possible to lay down general principles supposing a new statute were to be passed, or how far you adopt Mr. Morse's suggestion, which, as I understand it, was that it should be built up by decision after decision, each on its individual case?—I have not had the same course of training as Mr. Morse has, and consequently, I no doubt look upon it in a somewhat

different manner. I have been engaged in investigating the extreme unevenness of the incidence of local taxation on electric light supply companies, and I think that there is a case where there are very plain grounds which we could ascertain.

4978. I will take you to the electric lighting immediately; we cannot make a whole law to suit electric lighting companies only?—Quite so.

4979. I expected and I think we had a right to expect, that the London Chamber of Commerce would come here to suggest some principles which will guide this Commission and the Legislature, in dealing with the general manufacturing industry of the country and not only upon electric lighting?—I am the managing director of a large manufacturing company, and I feel the difficulty of the incidence of local taxation very much in that case; but I can see that our case is extremely difficult to deal with.

4980. I have no objection to taking you on that case; but am I to understand from you, that although one of the three witnesses put forward by the London Chamber of Commerce, you have no suggestions on their behalf to make to us of any general principles under which rental value can be ascertained for manufactories all over the country?—No, I prefer not to give evidence on that; my views are personal on that point.

4981. Very well, I will take that; and you shall now state what you choose about your electric lighting company?—I think it is quite possible to make suggestions as regards all statutory companies whose gross income is well ascertained and the accounts of which have to be published yearly, in which case, consequently, the data necessary for local taxation can be very easily ascertained from the accounts. I think that as the Lighting Act imposed on the companies that their accounts should be so published, it gives the assessment committee a very fair chance of arriving at the proper basis of taxation. But what do we find? At the present moment we have the advantage of having the accounts of every undertaking, both those owned by local authorities and those owned by companies throughout the kingdom, and we are able to analyse those accounts, and we find that the local taxation varies to the extent of 15 times in one case what it is in another.

4982. When you say the taxation you mean the valuation, I suppose?—Yes.

4983. The taxation varies, do you not see, in another way?—Yes.

4984. The taxation varies not only on account of valuation, but on account of the amount per £; therefore, I interrupted you entirely in your own interest, because I saw you were using a word which when we came to read the evidence, would not convey a distinct idea to us. What I understand you to say is this, is it not, that although the accounts of all the electric lighting companies are published, both those owned by municipalities and public bodies, and those in private hands, you find that the valuation of these undertakings varies very much?—It varies very greatly; it varies between the extreme limits of 15 to 1, that is to say, in Cardiff they pay one-fifteenth of what they pay in some undertakings in London.

4985. Perhaps you will just give me an instance or two showing the difference of the principles applied to the electric lighting undertakings by different authorities, or a concrete instance or two showing how these are worked out?—What we are complaining of is that the principle is so difficult to apply that really it results in there being no principle. The assessment committees make, to use a slang word, a shot at it, and the results make it evident that this is the case. Take the vestry of St. Pancras. The rates in the £ in St. Pancras are approximately the same as those at Kensington or rather a very little lower, and the price of electricity to the public is the same at St. Pancras as it is in Kensington, yet one-fourty-sixth of the price is paid as rates in St. Pancras and one-fourteenth is paid

Mr. R. E. B. Crompton.

Electric lighting companies. Variation in valuation in different parts of the country notwithstanding publication of accounts.

County as a rating area preferable to the union.

Electric lighting companies. Uncertainty in present principles of rating.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 92 to 94.

Mr.  
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Crompton.

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in Kensington. There is an instance of two parishes a few miles apart in which it is as three to one.

4986. I am afraid a statement put like that, does not help us very much unless you tell us the different methods taken in those two parishes at which those results are arrived at?—It is very easy to arrive at figures from that. In Kensington in the case that I am speaking of the works are assessed at about 6,500*l.* a year.

4987. (Mr. Elliott.) Is that the rateable value?—The rateable value is 6,500*l.* a year; those are approximately the figures; and in St. Pancras the works for turning out a similar output of electricity are assessed at 1,200*l.* There are still wider discrepancies in country undertakings. As a matter of fact, I believe the reason, in fact I know the reason is this, that during the earlier periods of these undertakings, especially when they are owned by the local authorities themselves, they do not commence to rate them at all. They assess the works at a merely nominal sum, an even sum of a few hundreds a year, until they really begin to pay, and after they begin to pay then they fix another large round sum. This has been in my experience, the method of fixing the assessment; it is only when a case has been fought that the thing has been assessed, as it is supposed to be assessed under the Act.

Valuation of electric lighting companies. Should be valued upon gross income of the company.

4988. (Chairman.) Supposing we were going to draw up a new statute to regulate the valuation of electric lighting companies, what would be your suggestion as to how it should be framed?—My view, one held by a considerable number of us, is that it is fair to assess on the selling price; that is, the gross income per annum.

4989. In other words, you would abandon rental value, and take as a test that which you call the gross selling price?—The figure put in the Board of Trade returns every year, as the gross income of the company should be a definite multiple of the assessment value.

4990. Would you take any deductions off the gross income?—No, I think that the incidence of taxation ought to bear a proportion to the gross income of the company.

4991. Supposing the gross income of the company to be ascertained by the individual who makes up the roll for valuation—of course, I need hardly ask you the question—he would not enter as his figure the gross income?—Of course not.

4992. You do not propose that?—No.

4993. What proportion of it do you propose?—I think the companies would have to be grouped. Supposing, as no doubt is correct, that the total sum paid for local taxation by the London companies as a whole, is a correct sum, and it is only the application, the local incidence, that is unfair. I think we can ascertain what proportion that sum now bears to the total gross income of the whole of the companies, and I think if the assessment was made at this figure all round, as far as London is concerned, it would be fair, and we should have no more grumbling. It would give a basis for London at all events.

4994. I do not know that I quite follow. It is no doubt very familiar to you, and you have thought it out, but your answer does not quite convey an idea to me?—Suppose a company that I have in my mind, where the gross income is 30,000*l.* a year, and where they are now assessed at 6,000*l.* a year, I believe that assessment to be excessive, and that 5,000*l.* a year perhaps might be right.

4995. Just let me take that step by step. You take the gross income of a company at 30,000*l.* a year?—I took one particular company whose figures are before my mind at the present time. If we take the whole of the London companies it would be about 480,000*l.* I took one company, and I said in the case of that company, whose gross income is 30,000*l.* a year, and which is now assessed at 5,000*l.* a year; one-sixth of their gross income is the amount they are assessed on.

4996. When you say you think that might be a fair amount, what is the test you apply to convince your mind that it is fair?—I propose to apply an averaging test.

4997. But if it is the case of only one company, could you say it is an averaging test?—Yes, because I

have added together the figures of several of the London companies, and I find that that proportion of one-sixth would about work out with existing figures. I am only supposing that existing figures based on the average are fair. A certain amount of money has, of course, to be raised by local taxation in London, and the Electric Lighting Companies have to pay their share of it.

4998. I do not now understand how you got at your figures; did you take the whole income of all the London Electric Lighting Companies?—I took the Board of Trade returns of several West End companies.

4999. And then the whole sum that they pay in local taxation at this moment?—No; I calculated the assessment in each case from the sum they pay as rates.

5000. Do you find that that is a sum comparable, or is the same with what would be one-sixth of their gross income?—That is what it is at present apparently on the average. My complaint is that the principle is so ill understood, and so difficult to apply, that the different assessment authorities arrive at extraordinary results, varying so widely among one another as three to one in London, and sixteen to one if we take the whole of the assessment all over the country.

5001. (Mr. Dalton.) Referring to the two cases that you quoted—St. Pancras and Kensington—there is a company, I think, at Kensington, is there not?—It is a company in one case, and it is a local authority in the other.

5002. Does that not make a difference?—It ought not to do so, and it does not always, because some of the local authorities are themselves exceedingly highly assessed on their works.

5003. You say the charges of electricity are the same in both cases?—Approximately.

5004. Do the vestry of St. Pancras make a profit?—Yes, I think they are just making a little profit.

5005. Can you say what the profit of the Kensington Company is—what per-centage of profit does it give to its shareholders?—I think, taking the average of capital all round, it is about 6 per cent.—it is 5½ or 6. It is divided into several classes of shares, so I could not calculate it for you straight off the reel.

5006. That would be a considerably higher profit than the local authority would probably consider themselves justified in making, would it not?—The local authority have to pay the interest on their loan, and they put aside—which should be counted as profit—a sum for the amortisation of their loan.

5007. Does that come to 5 or 6 per cent.?—I think it comes altogether to 5½; I should therefore say they are about the same.

5008. They are able to put 4 or 5 per cent. apart for that purpose, but they have no profits in aid of the rates, have they?—They ought to have; other bodies have profits.

5009. When a local authority takes an undertaking of this kind it is not generally considered that it is bound to make the largest profit it can necessarily; it must have regard to the interests of the consumer too?—I think the Corporation of Manchester is attempting to make a very considerable profit now on that undertaking, and is doing so.

5010. On their waterworks?—On their electric lighting works. I am speaking of the subject that I am closely connected with; I believe they do it on their electric lighting—in fact, I know they do.

5011. (Mr. Elliott.) You suggest that the first thing to be done in rating an electric lighting company should be to take the gross receipts, I think?—Yes.

5012. And then you would take a certain fixed proportion of the gross receipts in order to arrive at the rateable value?—Yes.

5013. Would you adopt that principle in the case of any other classes of industry?—I would prefer not to speak for other people, but I cannot see why it cannot be applied to all similar undertakings—water companies, gas companies, and all of those whose gross income is so well known.

5014. Supposing in the case of electric lighting companies a sixth of the gross receipts were taken, how would that compare with the selling price of electricity? I want to see whether I may properly compare that one-sixth with the one-fourteenth for instance, that you

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Electric lighting. Valuation of public companies and undertakings of local bodies.

Valuation of electric lighting companies and companies whose accounts are published. Should be valued upon gross income.

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mention in your memorandum in the case of Kensington?—At Kensington last year the rates, at 5s. 7d. in the £ on the one-sixth assessment, amounted to one-fourteenth of the selling price.

5015. What would be the effect now upon the Kensington Company of the adoption of that principle which you have just proposed?—It would keep it about the same or would reduce it very slightly. Kensington, I think, is over-assessed; just as St. Pancras is under-assessed.

5016. Has your Chamber considered generally this question of taking gross receipts as the basis of rating?—Not the Chamber as a whole, but one of the sections of the Chamber connected with electric lighting has discussed the rating question generally.

5017. Has this come before any other sections of the London Chamber of Commerce?—I do not think so.

5018. Are we to consider this evidence as only emanating from the members of the electric lighting section?—The evidence in my memorandum represents the views of the members generally.

5019. I want to know from you whether this proposal to take gross receipts as the basis of the rating has been considered by the London Chamber of Commerce generally?—No, it has not.

5020. Only by the representatives of the electric lighting companies?—Yes, it is only applicable, I think, to those classes of undertakings.\*

5021. Is it suggested that the principle is applicable to other classes?—I think not, I think that electric lighting is peculiar, on account of the Act having imposed upon us the publishing of our accounts, and consequently all our undertaking is open to the world.

5022. (Mr. Smith.) As to the publication of accounts, that is common to gas companies, is it not?—Yes.

5023. And to water companies?—Yes. Personally I do not see why it should not apply to gas and water companies; but I am not entitled to speak for them.

5024. You admit that the gas companies certainly are under statutory obligation to publish?—Yes.

5025. And railway companies?—Yes.

5026. And insurance companies?—Yes.

5027. So that electric lighting companies are not so exceptional after all in the publication of accounts. Now you have mentioned the Birmingham case; you were not rated I think by the much-abused assessment committee, were you?—I do not know who the original authority was.

5028. You were rated by the overseers of the parish?—Yes, I suppose so.

5029. What would you suggest as an alternative for the overseers of a large parish like Birmingham—would you say the County Council of Warwickshire?—No. I think it is very difficult to lay down one principle.

5030. I rather gather that you did pledge yourself to the county council, did you not?—I am not familiar with the working of the County Council of Warwickshire, and I do not know in what way it would be inferior.

5031. I am not suggesting any inferiority; I do not see that there would be any improvement—that is my difficulty?—Then I think Birmingham is somewhat exceptional. I think that it has always been considered a model municipality.

5032. You put it to the test; you appealed against the Birmingham overseers' valuation to the Recorder of Birmingham?—Yes.

5033. Do you know that he is the Chairman of the County Council of Warwickshire?—I did not know that.

5034. There is one point I want to clear up; I think you sometimes confuse the term "rating" with "assessment"; you make the statement in your memorandum that Birmingham is, as a town, "lightly rated," you must mean lightly assessed?—Yes.

5035. I should be delighted to know that it was lightly rated, but unfortunately I know that the rates

are 6s. 10d. in the £, and I do not call that lightly rated; you mean lightly assessed of course there?—Yes.

5036. Where an undertaking is in the hands of a local authority, are there not cases where it is exempt from an improvement rate under an improvement Act?—There may be cases, but I know a great many of the chairmen of electric committees and their engineers, and they all complain of it just as much as we do in the case of companies. I do not think that in any case I have come across they have been exempt.

5037. I think you will find that in some corporations they are exempt from paying their own rates on their own property?—It is not the case in one or two very important instances; in Brighton, for instance, it is not.

5038. (Mr. Arthur O'Connor.) I see that you make it a ground of complaint that your company has no voice or control in the election of the rating authorities either of Kensington or of St. Margaret's, Westminster?—That is so.

5039. Has your company any voice or control in the election of Parliament which imposes taxes?—No.

5040. Do you object to that?—We cannot help ourselves.

5041. You also point out that the charge for electricity, which goes to local taxation, in one place is very much larger than the charge which goes in another place to local taxation. Now let us get rid of electricity for a moment if we can, and think of public-houses; I suppose, if there are two public-houses with premises very much alike, and one does ten times the business of the other, the charge for local taxation would be ten times as much in the pint of beer in the one case as it would be in the other, would it not?—Do you mean that one sold ten times as many pints of beer as the other?

5042. Yes?—I should say it would be one-tenth instead of ten times the money; of course, the sum would be divided over a greater number of pints of beer.

5043. One-tenth is one to ten, and ten times is ten to one; whichever way you take it, between the two there would be the same disparity in the proportionate charge for local taxation in every pint of beer, surely?—I do not think it follows.

5044. Why should you treat electricity as different from any other fluid or liquid, whatever you choose to call it? You supply electricity, other people supply beer, and it may be in one place that the charge for local taxation is more per measure than in the other?—I was dealing with the whole question, as I explained to the Chairman, quite apart from the rating for the time being. Suppose it is 5s. in the £ in every case, I say the assessment varies very greatly in different places owing to the ignorance of any principle on which the assessment can fairly be made.

5045. I see you say assessment committees are neither independent nor disinterested, nor in many cases competent?—I think competence is the principal need.

5046. You propose that you should have independent valuers who should be permanent officers?—Yes.

5047. Preferentially under the Local Government Board or some other central Government board?—Yes.

5048. Supposing a public body is furnishing for the use of the public any article such as electricity or gas, or water, and furnishing it at such a price as will pay for production, making no profit beyond what is absolutely necessary to avoid a loss, would you say that they ought to be assessed on the same terms as a prosperous Kensington company which is making a profit?—Why not? The local authority borrow the money; someone is making a profit—the people who are receiving the interest.

5049. Do electricity companies never borrow money?—Certainly, they do; and that is all considered in the capital of the company. There is no division of the profit there. The local authority's case differs very little from that of the company; but the local authority can borrow at a much lower rate.

5050. Cannot you understand the difference between a certain amount of money which is necessary to pay for interest on borrowed capital, and the profit over and above that which goes into the shareholders' pocket?—I know there is a distinction made, but I do not see

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Exemption of undertakings of local authorities under improvement Acts.

Companies have no right of voting in elections.

Valuation of electric lighting companies varies greatly in different parts of the country owing to want of a defined principle.

Independent body for valuation purposes desirable.

Electric lighting. Valuation of public companies and undertakings of local bodies.

\* Mr. Compton subsequently wrote, "I wish to correct my answer to question 5020. The answer should be: 'I did not come prepared with a proposal authorised by the Chamber, but have put forward the only proposal which has been discussed by those interested in the question.'"



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why any distinction should be made. The capital has to be raised, and all that that capital earns goes into the hands of the people who lend that capital, whether it is in the form of interest, or whether it is in the form of dividends, those are only different names for the same thing.

5051. You know something about the circumstances of Birmingham, do you?—The Birmingham Corporation?

5052. Yes; are you conversant with any of the circumstances connected with the Birmingham administration?—I cannot say that I am conversant with them sufficiently to give evidence upon them.

5053. Do you know that with regard to certain things they make a profit by supplying outside their own area?—I know that is said to be the case, but I could not give it as evidence myself.

5054. Assuming that it is so, do you see any difference in the position of the corporation within and without its area in that respect?—I think certainly that outside their area they ought to be rated much higher than inside their area; I quite agree with that.

5055. Then I think we need not carry you any further; you admit that there is a difference between a local service by a corporation and a service by an independent company for profit?—I do not think the Birmingham business is right, and I do not think it ought to be allowed; the fact that it exists, I do not think affects the argument.

5056. (Chairman.) Is there any matter we have omitted on which you would like to speak?—As a manufacturer, I have very strong views on the great

difficulties arising from the uncertainty owing to the gradual increase in the assessment, due to a desire in every case to copy that north country decision, and include movable machinery. Every year smaller and smaller machinery is being rated, and consequently instead of being rated on the hereditaments as we used to be, which included the fixed engines and the heavy fixed tools, now an increasingly large amount of smaller tools is brought in every year. I know, speaking as a manufacturer, we all feel that it is time that some definite arrangement should be arrived at, so that we should know where we are, and what we are to be rated upon. I think I speak for the general body of manufacturers when I say that it is the uncertainty we object to very much. We know the local taxes have to be paid, but we do not know what we are to do; and it is very hampering to industry to buy a certain number of tools and know that you cannot bolt them down, simply because if you bolt them down they become hereditaments, whereas when they are loose tools they are not. Surely that is a way of juggling with matters which we ought not to be called upon to submit to.

5057. (Mr. Smith.) Just one question in reference to something asked by Mr. O'Connor which, I think, might be misleading; you know something of the Birmingham circumstances, I presume?—I was a witness before them for the company.

5058. Do you know that the price charged for gas and water in Birmingham is exactly the same outside as inside the city?—I did not know that, but I have been told differently; I could not give evidence upon it, however.

5059. You may take it that it is the same?—Yes, I will do so, of course.

The witness withdrew.

MR. HORATIO JOHN ADAMSON called and examined.

5060. (Chairman.) I think you are a director of John Howell and Company, Limited, whose place of business as wholesale warehousemen is in St. Paul's Churchyard?—That is so.

5061. You are one of the three gentlemen whom the London Chamber of Commerce has asked to come here to-day?—Yes.

5062. Generally speaking, you support this report\* of the Committee of the London Chamber of Commerce which I hold in my hand?—Yes, I do.

5063. Is there any point in that report on which you would like to lay special emphasis?—My point chiefly to-day is with respect to the mode of rating, and the appeal. I refer, of course, to the definition that rateable value means the gross value after deducting the average cost of repairs and insurance.

5064. We will take you on that point, that the rateable value means the gross value after deductions; what have you to say on that?—In the first place, I may say that the premises, freehold and leasehold, which our company occupy, now pay towards the rates and taxes over 1,000*l.* a year more than they did five years ago.

5065. Do you mean that in the quinquennial revision that amount has been added to the value?—It has been added, but not so much in the quinquennial; it happened four years ago after the reconstruction of a portion of the buildings which had been pulled down for the widening of Ludgate Hill.

5066. A part of your premises is freehold, and a part leasehold, I think?—Yes.

5067. Did the alteration take place, so far as you know upon the value of the freehold, or upon the value of the leasehold?—On the leasehold part.

5068. Was that the part which was pulled down?—A portion of it about 70 feet by 17 feet deep was taken away which necessitated the destruction of a third of the whole property, and its reconstruction.

5069. I would like you to state in your own way, first, what happened, and then what your objection to it is?—My objection is that we, as a limited company, have no vote at all, either political or municipal. Our rental is now 6,500*l.*

5070. Is that your rental for the leasehold premises?—No; I have estimated 4 per cent. upon the value of the freehold, and included it in that amount. We are

\* Part II. of Appendix to Vol. I. of Minutes of Evidence pp. 22 to 24.

rated by our neighbours, occupants of the parish, whose rents vary from 200*l.* to 300*l.* or less; and our appeal against their decision is to their own body.

5071. So far as leasehold premises are concerned, is it not a sufficient answer if you are being over-assessed, that your lease rent is so and so?—We are assessed beyond the rental considerably.

5072. On the leasehold premises?—Yes; they are taken as a whole.

5073. Do not let us mix up the two. I quite understand the difficulty in finding the true value which a hypothetical tenant would give one year with another for freehold premises which are in the occupation of the owner; but let me take leasehold premises. Supposing your premises were, as a whole, leasehold, and you put in evidence at the appeal that your rack rent was so much, that rack rent would be accepted as the rental on which you would be rated, would it not?—I presume so, but the assessment is on the premises as a whole; the leasehold and the freehold are not assessed separately.

5074. Do you think you are rated at too high an amount?—That was admitted to a certain extent, inasmuch as in 1889 our rental was 6,000*l.*, and we were assessed at 7,000*l.* gross; a portion of the buildings were pulled down and reconstructed, and immediately after reconstruction we were assessed at 8,000*l.*; I went and appealed, and they took off 600*l.*

5075. Can you state from your own knowledge how the first value was arrived at—what was in the minds of the committee?—They were old premises, and from time to time old houses have fallen in, and have been added to the original warehouse, so that I have no data actually to go upon.

5076. Would you go this length with me, that the problem which your premises put to an authority which is charged with finding the true rateable value is a somewhat complex one?—It is not now, but it was.

5077. It was?—Yes, 10 years ago.

5078. Why is it not now?—Because it comprises simply two leases and a freehold. Everything is quite clear; there are new leases which are granted presumably at their present value, and the freehold which we purchased five years ago.

5079. Taking them together, how would you propose to arrive at the proper rateable value of your leasehold and freehold premises?—I should take it at the

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Rating in respect of movable machinery is increasing. A definite principle is wanted.

Birmingham Corporation charges the same for gas and water inside and outside the city.

Mr. H. J.  
Adamson.

Mr. H. J.  
Adamson.

Rateable value. Definition of.

Increase of rates paid by Howell & Co. on leasehold premises.

Objection to Companies having no right of voting. Increase of rates paid by Howell & Co. on leasehold premises.

Valuation of leasehold and freehold premises. Tests to be applied.

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estimate which I have made, that allowing 4 per cent. on the purchase of the freehold, together with the leasehold rental, the total would come to 6,570*l.*, and we are assessed at 7,400*l.* I may tell you that in constructing a portion of the new buildings we put some shops—

5080. I do not want, of course, to go too far into the details of your own particular case. As far as the leasehold is concerned, would you be satisfied if the rateable value was fixed at the amount of the rent actually paid, with some check to make sure that the rent was the actual value?—Yes, subject to the deduction for repairs, alterations, and insurance.

5081. Now as far as freehold property is concerned, what test as a matter of theory would you like to see applied?—I can hardly tell you, except inasmuch as this, that the actual cost which would be the present value was incurred three years ago.

5082. Would actual cost and present value be always convertible terms?—I should say 4 per cent. upon the original cost.

5083. In all time coming?—Yes; it has been the case for many years.

5084. Supposing for some reason or another a neighbourhood improves very much or deteriorates, then would the cost of a bygone time be really a test?—No, probably not.

5085. Then what test in the case of a freehold in the hands of the occupant would you like to see applied?—I can hardly make any proposal, inasmuch as the rental of the leasehold extends over 50 or 60 years, and that would remain at the same amount.

5086. It turns upon this, does it not, that it must in some cases be very much a matter of estimate?—Yes.

5087. I understand you would like to see that estimate made by a really independent and responsible authority?—Undoubtedly, and an appeal.

5088. Then I will take you one step further and ask, what machinery or what authority would you like to set to perform that duty?—I would like to see it referred to a committee; I can hardly suggest how the committee should be composed, but the members should be persons entirely uninterested in the welfare of the particular locality.

5089. It would not be desirable, would it, to commit it to people who are altogether without local knowledge?—That they could always ascertain, I should think from the Income Tax and such like, from time to time.

5090. Taking this report of the Chamber of Commerce, is there any other point you want to emphasize before I go to your own paper?—I think I am only before you to emphasize those two points—the mode of assessment and the form of appeal.

5091. What do you say about the form of appeal?—That we should be content to be assessed by an outside and independent body, and to appeal to any body who are not locally interested. I believe I represent the feelings of the whole Chamber of Commerce in that respect, who have considered the matter for the last two years.

5092. I think, really, that in leading you on from one question to another, I have, without intending it, really covered both your memorandum and the points in the report of the Chamber of Commerce on which you specially want to speak?—I think so too.

5093. (Mr. Arthur O'Connor.) Are you a director of your company?—Yes.

5094. Have you a copy of the report which you issued to your shareholders?—I have not with me, but I can let you have one.

5095. Do you remember what was in the balance sheet?—Yes, fairly well.

5096. Do you remember the figures at which you valued your premises?—I cannot tell you the figures for the new leases; the freehold was valued at about 22,000*l.* and the leases, I think, at 20,000*l.*

5097. Now, having regard to your own figures in your balance sheet, do you think that you are too highly assessed?—I think so.

5098. To what extent?—Inasmuch as we are assessed beyond the rental value.

5099. Take the estimate of your own premises that you laid before your shareholders, and show us how, according to those figures, you are too highly assessed?—I base my calculation upon the rent and the interest on the cost of the freehold and the cost of the new erection.

5100. You may be paying a certain rent, but does that represent the value to your shareholders of the property you hold? It is a beneficial lease, is it not?—It is a lease of 99 years.

5101. A beneficial lease?—Yes, under covenant to build.

5102. Supposing that you were the freeholder of the entire premises and you wanted to let them, would you let them for less than you yourself or your company is paying for them?—No, we should consider the present rental the actual value, inasmuch as it is all new as from two years ago.

5103. And having regard to the good condition of it it is almost the minimum value?—No, because within the next three years we shall have to pull down and rebuild that portion which is freehold.

5104. But that is a matter which is not of present pressure?—It has to be done between now and the year 1900.

5105. As the premises stand—?—As they stand the freehold will almost tumble down.

5106. Quite so, but then the site is very good?—The site is good.

5107. Do you remember the story of the sale of St. Paul's schools—that is not far from your place, is it?—The new St. Paul's schools are immediately in the rear of our freehold. The old schools were at the eastern end of St. Paul's.

5108. I know, but in the same immediate neighbourhood?—Yes.

5109. Do you remember what amount the old St. Paul's schools fetched?—Yes.

5110. I suppose that site is not less valuable now than at the time of the sale?—No.

5111. Is it not of greater value?—It is not less valuable now.

5112. Not greater?—I do not suppose it is; it has not increased in value during that period as far as I know.

5113. You say with regard to the assessment committee, that it is a body chiefly drawn from local people; suppose you had to assess the value of your neighbours' property of all kinds over some considerable area, would you trust to your individual opinion or would you prefer to lean upon some expert opinion?—I should prefer to lean upon some expert.

5114. Such as a surveyor?—In this instance, if I may be allowed to say so, the surveyor to the committee is also a householder in the immediate neighbourhood.

5115. When you say that tradespeople who are on the committee of valuation and assessment are chiefly guided by the opinions of their surveyors, I am induced to ask you, if you had the same work to do where would you find better advisers?—I ask that the surveyor should be an expert from outside the district.

5116. That he should not have any local knowledge?—Not that he should not have any local knowledge, but that he should have no local interest.

5117. It is not that you object to surveyors *qua* surveyors, but that with regard to these particular individuals they happen to be surveyors with a personal interest?—Yes. I should prefer that anybody possibly having a personal interest in the neighbourhood should not assess.

5118. Do you consider that as an essential, reasonable qualification for a surveyor?—I have no desire to make any imputation, but still there is all this temptation.

5119. I only want to get the attitude of your mind; you consider that a man to be an impartial valuator should be not only a surveyor or one qualified, but that he should have no possible interest in the district?—That is it.

5120. Where then would you find anybody who would prove a satisfactory valuator, according to your standard?—I should leave that to the authorities to find; it would not be for me to seek.

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Independent body for valuation purposes desirable, and also power to appeal.

Independent body for valuation purposes desirable.

Valuation of leasehold and freehold premises of Howell & Co. is too high.

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5121. Is that not much like propounding a conundrum to the authorities? You do not help us very much towards a conclusion in our own mind?—In this instance the surveyor who contested this claim with me and assessed us at 8,000*l.* eventually consented to the reduction to 7,400*l.*

5122. Were you there personally?—Yes, I attended alone.

5123. It may have been due to your own powers of advocacy?—I had to retire.

5124. Was any premium paid with regard to your leasehold premises?—No, there was no premium. A new lease was taken, but we covenanted to spend 10,000*l.*

5125. There was some consideration over and above the mere nominal rent?—Yes, over and above the mere renewal of the lease, there was this 10,000*l.*

5126. I think you told us that in regard to your freehold you thought 4 per cent. was a reasonable amount?—That is how we take it in our balance-sheet.

5127. I suppose we may take 4 per cent. on the 10,000*l.*?—Yes.

5128. (Mr. Smith.) Is it a serious objection that as a public company you have no votes in the elections?—We have never taken it into consideration at all. I only know that we have no municipal vote; there is no personality in the company.

5129. Do you think you would be any better off if you had a vote?—Not in this respect in regard to municipal matters.

5130. You do not think they would be likely to elect the representatives of one of these large companies?—No, our vote would be swamped by those who surround us.

5131. You find that is so in London, do you?—It would be so, undoubtedly.

5132. Have you any acquaintance with municipalities in the country where the vote is similar?—No.

5133. They do not always return a small ratepayer there, do they?—I do not know. I have no experience at all of the municipalities in the country.

5134. You find that in London they always return one of their own class?—I know they are all tradespeople round about our neighbourhood.

5135. You do not complain of their incompetence or of their injustice, do you?—They are not competent other than their knowing the interest of the parish or of the district.

5136. But they are guided by professional opinion?—Yes, they are, and their professional assistant is also a resident, and is a ratepayer in the parish.

5137. But he would be a small ratepayer as compared with your firm, for instance?—Yes.

5138. The members of the assessment committee, or the overseers as they are in your case, would be small ratepayers as compared with your company?—Small as compared with us, but not necessarily small.

5139. So that if you put your objection on the score of interest you have a greater interest in a low assessment on your premises than they have in a high one?—We have only the desire to be fairly and properly assessed.

5140. We must assume that they have the same desire?—But we are assessed beyond the meaning of the Act.

5141. Would you kindly give me those figures that you gave to Mr. O'Connor; you put the value of your freehold at how much in your books?—21,600*l.*

5142. That is for the old buildings on the freehold land?—Yes.

5143. What is the value of your leasehold?—We shall have to rebuild the remainder within the next four years.

5144. I am dealing with things as they are; what is the value of your leasehold— I think you said 20,000*l.*?—I think it was 21,000*l.* or 22,000*l.* It all passes away by effluxion of time, and that is really money expended on it.

5145. Does that include buildings?—Yes.

5146. Then you have spent 42,000*l.*—at least they stand in your books at 42,000*l.*—and you are rated at about 7,000*l.*?—At 7,400*l.*

5147. (Mr. Elliott.) You mention in the early part of your memorandum that you concur in the recommendation made by the London Chamber of Commerce, that all property should be assessed on the same basis; what basis have you in your mind?—From what has transpired to-day, I am rather at a loss to answer you, because I am not acquainted with the machinery of such matters as have been before you, but the basis I intended is that specified in the Act—the rental value.

5148. Have you studied the Valuation (Metropolis) Act at all?—Not beyond what is put before me.

5149. Are you acquainted with the various checks contained in that Act which are devised to secure that the same rating assessment shall be adopted?—I have not enquired into the subject at all.

5150. Then you do not ask us to consider that recommendation as a very serious recommendation of yours?—No, excepting that I am representing the feeling of the whole Chamber of Commerce who have had meetings.

5151. Does that feeling amount to very much more than this, that you would like to see your rates reduced?—We do not ask for the rates to be reduced so much as that we should be properly assessed.

5152. I want to get at the basis on which you should be assessed?—On the basis of our rental less the expenses of repairs and maintenance; we should be satisfied with that.

5153. Where there is no rental, as in the case of freehold property, how would you get at the rental?—That question the Chairman asked me, and I could not satisfy him. At present we take 4 per cent. upon the cost, and it would be a matter for adjustment at a future time, as it increased or decreased in value.

5154. Do you suggest that a fixed rule of taking 4 per cent. upon the cost of the buildings would give you an equitable rateable value?—Not in view of the property being worth more or less.

5155. It comes to this then, that some method of valuation apart from that rule of thumb, must be adopted?—It must be an estimate.

5156. You cannot suggest any authority which would be better able to get at the real value of the property than the present one?—No, I do not come before you with any suggestion in that respect at all. The Chamber of Commerce have considered the grievances up to now, and that is as far as it has gone. We do not come prepared to offer any suggestions.

5157. What are the rents actually reserved in your leases?—The rents we pay are 3,080*l.* and 2,180*l.*, I think; one is paid to the ground landlord and the other to the Ecclesiastical Commissioners.

5158. That gives you a total of 5,260*l.*, does it not?—Yes, and then there is the interest on the cost of the freehold which would be 800*l.*; that brings it nearly to what we value it at.

5159. You express this opinion in your memorandum: "That a definite principle should be laid down in respect of premises which, when rebuilt, are at present invariably assessed at a higher amount"; it follows, does it not, that when premises are rebuilt, they are usually of a higher value than they were before?—The lessee expends a large amount of money over them as a rule, and it seems to me rather hard that he should have to pay more in consequence. He loses the interest on his money and he has to pay more in rates and taxes because he has spent the money.

5160. Presumably he would not spend that money, unless he saw his way to recoup himself, would he?—In our case, possibly, a large portion of it was spent in respect of the embellishment of Ludgate Hill, in order to make a fine building. Our business could be conducted quite as well in a back street, if we had premises as large, although they were more insignificant.

5161. Can you suggest to the Commission what that "definite principle" should be?—No, I am not prepared to make any suggestion.

5162. Have you any suggestions to make with reference to the constitution of the assessment committees, over and above what you have said in reply to the Chairman?—No, I have not.

Mr. H. J. Adamson.  
18 May '97

Valuation, basis of, should be rental value.

Valuation (Metropolis) Act.

Valuation, basis of, should be rental less cost of repairs, &c.

Valuation of freehold property. Basis of valuation must depend on an estimate.

Rents paid by Howell & Co.

Premises rebuilt. Increase in valuation of.

Independent body for valuation purposes desirable.

Valuation of leasehold premises. Payment of premium.

Companies have no votes. Effect of this.

Assessment committees, constitution of, not always satisfactory.

Value of leasehold of Howell & Co.

Mr. H. J.  
Adamson.  
18 May '97

Leasehold  
property of  
Howell &  
Co. is  
alleged to  
be over  
assessed.

5163. (Mr. Dalton.) What is the date of your lease?—The smaller amount which I gave you was for 60 years from 1889.

5164. And the other?—The other is for 99 years from, I think, 1893.

5165. You covenanted to expend money?—We covenanted to spend in all on the two leases 16,000*l.*

5166. How much more than that did you spend?—We spent 21,000*l.* or 22,000*l.* which is the amount at which the lease is valued on the balance sheet; that was the outlay.

5167. Do you consider that you are over-assessed at the present time?—We consider so.

5168. You pay a rent of 5,260*l.* a year?—6,500*l.*

5169. I was taking the rent you actually pay, and I understood that that was 5,260*l.*?—It is about that, as nearly as I can recollect it.

5170. You reckon the value of your leasehold and freehold together as 43,000*l.*, I think?—That would be the cost of the freehold, and the money that was expended in building.

5171. You enter that value in your books; taking a fair percentage on that 43,000*l.* and adding the result to the rent you pay, it comes out very much to what you pay according to the present assessment; there is no great discrepancy?—There is no allowance made for repairs, nor is there for the fire insurance premium.

5172. You do not consider that the property has gone up at all in value since you took the lease in 1889?—No; it may be valued at more, inasmuch as a portion of it is new building which has been erected at our expense.

5173. You do not think the site is worth more than it was in 1889?—No.

5174. What class of ratepayers in the City do you think do not contribute their fair share to the rates?—I do not make any assertion of that kind.

5175. If you are over-assessed some other property in the City gets the benefit?—I do not know where all the money goes to which is derived from the rates; it is not all spent in the parish. Of course, money has to be provided for the county council, the school boards, and such like.

System of  
valuation  
is not satis-  
factory.

5176. Your grievance is not as to the amount of the rate raised, but as to the system of assessment?—That is it.

5177. What properties in the City at the present time do you think benefit by the present system of assessment? The warehouse properties in the City, you say, lose; what class of property within your assessment area gains?—I fancy that if a heavier amount is obtained in a house similar to ours some of those surrounding us contribute a smaller amount.

5178. What class of property would contribute that smaller amount—shops, business premises?—Yes; probably the assessment may remain at the same amount in the *£*, but less would be required.

5179. You think then that the grievance is not so much that the rates are divided unevenly as between the different classes of property in the City, but that you have a higher rate in the *£* than you should pay; is that what your grievance is?—We pay the same rate in the *£*, but we are assessed at a larger amount than we should be.

5180. What property escapes, and is too lowly rated in the City?—Supposing the rate to have been last year 7*d.* in the *£*, and this year it is 6*d.* in the *£*, all those who have to pay the smaller percentage will save.

5181. But you all pay the same rate in the *£*?—But then we pay it on the higher assessment.

5182. What class of property gets the lower assessment in the City?—That I cannot tell you.

5183. All the property in the City, practically speaking, consists of business premises, I presume?—There are very few residential properties.

5184. Therefore it is a question of one business property compared with another, and your grievance would be being assessed at a higher value than another?—If five years ago in a certain district, the assessment was a certain amount, or the charge in the *£* was a certain amount, now after this quinquennial assessment, if we are assessed 1,500*l.* or 1,600*l.* higher, the same amount being required, so much in the *£* would not be required from the surrounding householders.

5185. As a matter of fact the rates in the City are very much lower are they not, than the rates, we will say in the East End?—We pay over 7*s.* in the *£*.

5186. 7*s.* in the *£* in the City?—Yes. It is rather exceptional in our parish because there is the tithe commutation paid by our parish which goes to the support of the minor canons.

5187. Leaving out for a moment the tithe which is not reckoned—certainly amongst the rates for London?—It is a tax.

5188. A tax is a different matter from a rate, I do not think the tithe is part of local taxation. Leaving out the tithe, what is your rate in the *£* in your parish?—I expect that the tithe commutation is about 1*s.* 4*d.*, so that the rate in the *£* will be about 5*s.* 8*d.* or 5*s.* 9*d.*

5189. I think the general impression is that the City is not so highly rated as a number of other parts of London?—We pay the equalization rate too—that is 6*d.*

5190. You say you have no political or municipal representation in the City?—I believe that a limited liability company has not any.

5191. What class of ratepayers in the City practically elect the guardians who appoint the assessment committee? Who have votes in the City?—All the ordinary householders.

5192. But they are not householders, nearly all of them are business men, are they not?—Yes, but they have their votes for their interest in a City business. The Common Council, for instance, are all in business in the City.

5193. Are not their interests to a great extent identical with yours? Are they not all men of business?—Yes, most of them are—all of them in fact.

5194. They are not residents; they are not working men or anything of that kind; they are all business men?—They are all business men and some live on their premises and some live away.

5195. Very few, I should think, live on their premises?—There are a great many.

5196. In the City?—Yes.

5197. But they have not antagonistic interests so far as you know to those of your firm?—As far as I know, not.

5198. Although they may not be limited companies they are carrying on business and they are all commercial?—As far as I know they have not any antagonistic interest.

5199. (Mr. Elliott.) What is the rateable value of those shops that you spoke of; you have given us the gross value, but not, I think, the rateable?—They are rated as nearly as possible at the rental. We found that they were rated so high that we had to take 7½ per cent. off the rental, off every one of the shops, and now the present rental is about the rateable.

5200. (Chairman.) Is there any other point you want to speak to?—No.

Mr. H. J.  
Adamson.  
18 May '97

Rates in  
the *£* paid  
in certain  
parishes in  
the City.

Class of  
ratepayers  
in the city  
who elect  
the guar-  
dians are  
chiefly  
business  
men.

Rateable  
value of  
shops of  
Howell &  
Co. almost  
equal to  
the rental.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

## FIFTEENTH DAY.

Wednesday, 19th May 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. C. B. STUART-WORTLEY, Q.C., M.P.  
 Sir E. W. HAMILTON, K.C.B.  
 G. H. MURRAY, Esq., C.B.  
 C. N. DALTON, Esq., C.B.

H. E. CLARE, Esq.  
 T. H. ELLIOTT, Esq.  
 ARTHUR O'CONNOR, Esq., M.P.  
 E. C. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. ALFRED TOWNSHEND COBBOLD called and examined.

Mr. A. T. Cobbold.

19 May '97

5201. (*Chairman.*) I think you have been for 15 years clerk to the Samford Union Assessment Committee, and that you have held other offices in the county of Suffolk?—Yes.

5202. You have been good enough to send us in a memorandum\* which I hold in my hand, in answer to the questions which we have submitted to you, which forms the basis of the statements you wish to make to us to-day?—Yes.

5203. As we are hearing evidence from clerks to unions, from a great many districts in the country, you will not be surprised to hear that a great deal of what is in your memorandum has naturally been already stated to us and that therefore, I need not take you over it in detail; but perhaps you will allow me to say that we think your memorandum has been very carefully prepared and will be of great service to us?—I am much obliged to you for those remarks. I imagined that my remarks were rather elementary in character, that is to say, as to the preliminary workings to arrive at certain assessments of rates and so forth.

5204. One thing that has struck me as regards your own union and the figures which you give, is that while the rateable value is 67,611*l.* a year, only 20,324*l.* of that represents agricultural land and yet you class your union as an agricultural union?—There is a railway running through it, and I think that a very fair proportion of the rateable value is in the railway.

5205. What is the rateable value of the railway system in your union?—I have nothing here to tell me that. I will, in revising the proof of my evidence, put in figures showing how much represents the railway and how much represents the houses.†

5206. I see, in paragraph 13, you express a strong and confident opinion that it would greatly lessen the labours of the overseers and assessment committees if either the column "gross estimated rental" or "rateable value" could be eliminated from the valuation list with the view of, amongst other things, making the values inserted in the list as uniform as possible over as large a district as possible?—Yes.

5207. Do you think there would be any opposition to carrying out that reform?—I have not heard the suggestion elsewhere, except quite incidentally and I do not think it has been broached publicly in any way, so I can hardly say whether there would be opposition or not.

5208. From your experience would you anticipate any opposition?—I should not.

5209. Your union, as I understand it, is one of those which is in more than one administrative county?—Samford is entirely in one county; in paragraph 16 of my memorandum I refer to Sudbury which is in two administrative counties.

5210. Have you any experience yourself of Sudbury?—I have a very small experience of it in connection with county work.

5211. Do you find it in connexion with county work a great disadvantage to have a union in two administrative counties?—Not so much in regard to one county by itself, but I think the union clerk and the board of guardians would find it so. Of course, one county has its work to do with regard to that portion of the union only which is in its administrative county.

5212. If a change is to be made, either the county boundary or the union boundary would have to prevail; which should it be?—I imagine the county boundary.

5213. Would that cause much confusion and difficulty in the first making of the change?—Not a great deal, I think. Of course, it is rather a large thing to suggest; but the alteration of the county boundary would be a great deal larger matter.

5214. Do you suggest that the change is worth making in spite of the dislocation that it would cause?—I believe in the simplification of areas, and I think it would be a simplification.

5215. On a balance of advantages and disadvantages, would it, in your opinion, be a greater convenience to make the change than it would be inconvenience during the time that it is being made?—I think ultimately it would be a greater convenience; no doubt, inconvenience would be felt at first before things got into working order again.

5216. From whom would you expect most opposition to the making of the change?—Possibly, from the guardians.

5217. What would they say?—They would rather be inclined, I think, to stick to the area which they had been accustomed to, but it would be more sentiment, perhaps, than anything else.

5218. Is the list of deductions which you have given us in paragraph 23 of your memorandum, the schedule which you refer to in paragraph 21 as having been compiled by you in December last?—No; the list of deductions given in paragraph 23 of my memorandum is a scale in connexion with the county rate basis. It was the scale upon which I was directed by the County Rate Basis Committee to act; the County Rate Basis Committee set the scale.

5219. Do you put it forward as a scale which would do for unions as well as being the county rate basis?—No. For instance, take the second item: "Land, with or without houses and buildings, 12½ per cent.;" I am strongly of opinion that the land and the houses should be separated, and that the scale of deductions from the one and the other should differ, looking at the purpose for which the deduction is allowed.

5220. Do you suggest that it is possible to make a scale of deductions which might be enacted by statute as applicable for both the union assessment list and the county rate basis?—I think powers could be given by statute to an authority to make a scale which should go entirely through a county, but I doubt whether one scale would apply equally to the facts in one county as to the facts in another county.

5221. To which authority would you remit that duty?—I think the county councils. I have rather suggested in paragraph 13 of my memorandum that it should be done through a committee of the county council—

Change of county boundary, whether possible and whether desirable.

Deductions. Uniform scale throughout a county desirable for union valuation list, and county rate basis made by county rate basis committee with assistance from the union desirable.

Mr. A. T. Cobbold.

19 May '97

Value of agricultural land in the Samford Union.

Valuation list. Elimination of either the column "gross estimated rental" or "rateable value" desirable.

Union in more than one administrative county, disadvantages of.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 25 to 100.  
 † Mr. Cobbold subsequently stated that, in the Samford Union, the rateable value of railways was 11,500*l.*; works, 843*l.*; houses and buildings, 28,634*l.*; tithe, 6,304*l.*; and land, 20,324*l.*, making a total rateable value of 67,611*l.*

*Mr. A. T. Cobbold.* probably the County Rate Basis Committee, they having some knowledge of that kind of work.

19 May '97 5222. Without any representation from the unions?—With representation from the unions, I think.

5223. Do you think it would be a possible and a desirable reform that over an area like a county the scale of deductions should be uniform?—I do most strongly.

5224. Do you think that those, so far as you know, who are engaged in work similar to yours in your district, would agree with you in that expression of opinion?—I have not the slightest doubt about it.

5225. Has it ever been made the subject of public discussion in your district?—Yes, my memorandum goes to that. We have had meetings in Suffolk in regard to that. We tried to get a uniform scale previously to the coming into operation of the Agricultural Rates Act, or rather with a view to that being passed, we had meetings in which a scale of deductions was prepared and agreed to. There were representatives present appointed by each county council in Suffolk—there are two county councils in Suffolk, by-the-bye—and representatives were appointed by each board of guardians, and they were practically unanimous in the scale of deductions which they recommended.

Valuation of agricultural land in certain unions not made below a certain fixed sum. Practice not warranted.

5226. Is there any point in your memorandum which I have omitted on which you would like to lay emphasis?—I think I have pointed out in paragraph 5 of my memorandum that in the Samford Union various classes of property have been dealt with by comparing one with another. We find that in some unions various practices have prevailed, perhaps not following the exact line laid down by statute; land, for instance, is not to be assessed at less than a fixed amount. I have not, perhaps, touched on that point in the memorandum, but I think that wants more clearly showing.

5227. How would that principle work of land not being assessed at more than a fixed amount?—I do not think it is a true test of value to make a hard-and-fast rule that land, or any property, shall not be assessed at less than a certain amount. I am, perhaps, rather going outside my own memorandum now, because I have not mentioned this there.

5228. I do not quite follow, because I do not see how you can lay down a fixed amount for land, either as a maximum or as a minimum, because the annual value of land, surely, ranges from prairie value to 5*l.* or more an acre?—I quite agree that that is so; but I know that, not in my own union, but in other unions, such has been the case; unions have fixed it and have said no land is to be assessed at less than a certain amount.

5229. There is no warrant for that in the statute, is there?—I do not think there is.

One scale for rating for county and union purposes desirable.

5230. Is there any other point you wish to refer to?—The particular point, I think, is, that there shall be one scale of rating for all purposes. We point that out strongly. We have a union scale, and we have a county scale, the union scale differing in all the unions, the county scale made as nearly as possible to apply equally all over the county; and then, for Imperial purposes, there is the income tax scale, that, I suppose, being based really upon the union figures.

Alteration of county or union boundaries, practical difficulties of.

5231. (*Mr. Dalton.*) On the question of making the unions and the counties conterminous, has anything been done by the county councils in your county and the neighbouring counties in that direction?—No, but there have been inquiries, and at the time of the passing of the Local Government Act, 1894, for instance, there were inquiries as to certain areas; but nothing has been actually done.

5232. They have full power to deal with those cases, have they not?—Yes.

5233. By a sub-committee?—By a joint committee, and also to alter county boundaries, of course.

5234. It is taken in hand first in the locality?—Yes.

5235. Do you not think that the reason you have not had your unions and counties conterminous is that in the inquiries you have mentioned practical difficulties were found to arise?—I did not see anything in the shape of practical difficulties. We had rather a large inquiry in West Suffolk with Cambridge as to the Newmarket area. There were six parishes in the administrative county of West Suffolk, and they are so still; there was an attempt on the part of Cambridgeshire to alter the boundary in that respect, and that would have had

the effect of throwing the whole of the Newmarket union into Cambridgeshire. That, of course, affected a very large piece of territory, and a very valuable piece, so far as Suffolk is concerned, that was really the objection to it.

5236. That would often be the objection, would it not, that one county or one union would lose a valuable piece of territory, and would object to lose it?—It would be so no doubt.

5237. Can you say when the last valuation was made in your union?—The last one was in 1895-96. Instructions were given in 1895, and the lists were actually returned in 1896; there have been supplemental lists since.

5238. Do you find that the overseers comply with the instructions of the assessment committee?—Very well indeed, in the majority of cases.

5239. You have given them somewhat more elaborate instructions than many unions have done, have you not?—I have seen a few instructions from some other unions which certainly have not been so elaborate.

5240. But you find that they regularly comply with them, and that the overseers do not give you much trouble?—Of course there is a lot of work in one's own office to be done, and a lot of care has to be taken to see that they do it. They are constantly coming in, and asking questions, &c. There is a certain amount of trouble in the work, but there is no real opposition to doing the work.

5241. I suppose the value of agricultural land has fallen enormously in Suffolk?—Yes.

5242. How did that come out at your last valuation in 1895-96; was there a great reduction?—Yes; I think the total is something like 10,000*l.*, but then we have been reducing the land during the last 10 years perhaps; I think the committee on three occasions made reductions in the land values prior to that.

5243. I see you say it would be an advantage if some degree of permanency in the assessment could be secured, but is that not impossible when a particular property like agricultural land is falling very rapidly? You must take into account the fall in value, I presume?—I quite agree that that is so. What I rather want to point out there is that the mere fact that a farm lets for a certain amount one year, and lets again the next year, perhaps on a re-hiring for a less sum, should not have too much importance attached to it. The conditions under which it is let are practically the same. It seems to me that to upset the assessment, because it happens to be let the second year at a little less figure, when there has been no practical alteration in the farms immediately surrounding, nor perhaps in the union, is not quite reasonable. It would be an advantage if that farm or property could have had some kind of settled basis, settled assessment, for a period of three or five years; there should be no appeal or anything of that kind.

5244. In your last assessment did your gross valuation come out the same as the income tax valuation, Schedule A.?—We did not compare them, and I could not tell you.

5245. You do not know which was the higher?—No, I do not know.

5246. I ask the question, because you suggest that the surveyor of taxes should prepare the list in the first instance, I think?—Yes.

5247. In valuing tithe throughout your union, I see you make certain uniform deductions for expenses of collection, &c.?—Yes.

5248. Is that quite right? I suppose where the parish belongs entirely to one owner, the tithe is paid in one cheque, but if the land belongs to a large number of small owners there must be a very great expense in collection, would that not be the case?—As a rule tithes are collected by persons appointed to collect on behalf of the owner, and commission is paid on the collection, whether he collects it from a large number of persons paying or a small number.

5249. But the charge for collecting it from a small number would be very much less than the charge for collecting it from a large number?—I have had to collect tithe myself. I used to collect it from the occupiers which was perhaps worse still, but I did not find that I got paid any better when there were more. That was my experience. There is not so much work, as a rule, in the case of the large owners.

*Mr. A. T. Cobbold.*

19 May '97

Valuation in Samford Union. Instructions carried out satisfactorily by overseers.

Agricultural land in Suffolk, fall in value. Permanent basis of valuation for 3 or 5 years desirable.

Tithe, valuation of. Uniform deduction throughout Samford Union for expense of collect

Mr. A. T. Cobbold.  
19 May '97

5250. I think you rather throw some doubt whether the rate should not be on the gross instead of on the net, do you not?—It has been in my mind but I think I have not expressed it in my memorandum.

5251. Have you any opinion on that point?—No; I do not feel that I know quite enough about it to express an opinion. I can see some objections.

5252. Is the gross valuation for your union the same as the gross valuation of the union for the county rate basis?—No, there is no gross for the county.

5253. Not?—No.

5254. They make certain deductions, you say?—Yes; but the county rate basis is on totals of parishes and on classes of property, whereas in the union it is on the properties themselves.

5255. Could you say whether in the county rate basis your union has a higher net value than it has in your own valuation?—I have the figures here. The net annual value according to the county rate basis is 71,300*l.*, and according to the union it is 67,611*l.*

5256. Is it somewhat in the same proportion in the rest of the county?—It varies very much. I have here a statement showing in 1895 the then county rate basis, the proposed new basis which was practically adopted, and the union rateable values at that time. This statement shows that the then basis was—leaving out the odd hundreds—1,613,000*l.*; the proposed new basis was 1,473,000*l.*; and the union basis was 1,464,000*l.* There you do get the proposed new and the rateable very much alike, but since then the union rateable values have gone down enormously, and the county rate basis has stood still. The county rate basis is never made more than once in five years, or something like that.

5257. (Mr. Elliott.) Do you think that as regards agricultural land full effect was given in your new valuation of 1895, to the reduction in agricultural values?—I think not entirely; because we have had some big reductions since.

5258. You would say then that the gross estimated rental, even in the valuation of 1895, was in excess of the actual rental value of agricultural property?—I should say it was.

5259. Would you say considerably in excess?—I do not know what you might mean by "considerably," I should not say considerably. Since 1895 there has been a further decrease in value I believe.

5260. And the effect of that further decrease has not been shown in your valuation?—No; that is to say there has been no new valuation over the whole area, but where the parties have objected some of them have succeeded in getting a reduction.

5261. I was not referring so much to the further decrease in value which has taken place since 1895; I was anxious to know whether you considered that the figure in the valuation list in 1895 represented the true rental value of the property in that year?—Yes, I think it does fairly so.

5262. You are aware of course that there is a general impression, especially in the east of England, that the gross estimated rental, as it is stated in the valuation lists, is in excess of the actual rental value of the property?—Yes, I believe that is so. But then I have found this with regard to the assessments, that very often in the gross estimated rental, there has been no deduction from it in the first instance, for the purposes of tithe. In the Samford Union we take practically the rent, but I have always most strongly advised my guardians that rent is not the basis—that it may be *prima facie* evidence of it, but that it is not the basis. Then from that a deduction is made to represent the tithe, the tithe being already assessed as tithe; and then you get the gross. In some instances—and I think very likely that was the case in 1895—I have known that the tithe has not been so deducted before arriving at the gross; therefore if the tithe was in as well as the rental value of the land to an occupier, and the tithe was separately assessed, you have got the tithe in twice over.

5263. Does your knowledge of the valuations of other unions in East Anglia suggest that that has happened in other unions than your own?—No, I do not think it does go quite so far as that.

5264. You are aware of course that it has very frequently been alleged by agriculturists in East

Anglia that the tithe is doubly assessed, once of itself and once in the value of the land?—It has been stated so where it has not been deducted.

5265. And you think there is some foundation for that allegation?—I think so, certainly. I have known it as a fact in regard to some of my own parishes in the past, but I think we have got them all right now.

5266. How have you been dealing with remissions of rent to which effect has not been given by a new lease or by some formal instrument of the kind?—We have fortunately had, I think, but one or two instances altogether.

5267. Usually they are permanent reductions of rent?—Yes.

5268. You mentioned in an answer that you gave just now that you saw no reason why there should be a reduction of the valuation if it happened that a farm was let at a reduced rent at the end of the year?—Yes.

5269. Why should there not be any amendment of the valuation in that case?—I have one particular instance in my mind now. The circumstances are these. That when the person hired it it happened to be a bad dry season and things were about as bad for letting as they could be; if that person hired, we will say this year after plenty of rain and suitable climatic conditions in the spring for letting, the farm would let better, I think.

5270. Is there any complaint amongst agriculturists in your district as to the valuation of their property?—There is some little bit of feeling about the place that the rent is not, I may say, blindly followed. There is a strong desire amongst agriculturists that the rent, whatever it may be, should be followed.

5271. Are the occupiers pretty keen in securing an adjustment of the valuation?—Some few I think are.

5272. Do you think that the owner suffers at all in consequence of the occasional apathy of the occupier?—I should think very likely he would, and that where the occupier has not brought his particular assessment to the notice of the committee, he is perhaps over-assessed; or where he has been living on a farm for years and has not taken any trouble with the assessment, but has been content to go on as he is and does not care to be disturbed—there may be something in it then.

5273. Would you see any objection to giving to the owner a right of appeal, seeing that his property may be affected?—I should see no objection to that; I should think it would be fair.

5274. He has no right of appeal at present?—Not as owner.

5275. And you see no objection to his being given that right?—None whatever.

5276. (Mr. Clare.) On this question of taking the rent as the gross estimated value, does not the rent depend a great deal upon the question whether the lessee or tenant undertakes to do the repairs or whether the landlord does?—Of course it all depends upon which undertakes that liability what the rental would be. A person will not give so much rent if he has got to keep the premises in repair as he would if the landlord kept them in repair.

5277. The gross estimated value as required by law has to be the rent that a tenant would pay before deducting anything for the expenses of repairs, insurance, &c.?—Yes.

5278. So that if the tenant undertakes to bear the expense of repairs, insurance, &c., the rent he pays cannot possibly be the gross estimated value as required by law?—The tenant paying for the repairs, do you say?

5279. If the tenant undertakes to bear the expense of repairing, keeping the property insured, and other expenses necessary to keep the property in a state to command the rent, then the rent he pays cannot possibly be the gross estimated value in accordance with the Act of Parliament?—Of course if the landlord did those repairs the tenant would pay more rent.

5280. I see you suggest that there should be a uniform system of deductions for similar classes of property throughout the county?—Yes.

5281. And I see you divide the different properties into five classes, and put houses altogether in one class

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Agricultural land. Permanent basis of valuation for a certain period. desirable.

Agriculturists think that actual rent should be basis of valuation.

Appeal against valuation by owners. No objection to such a course.

Gross estimated value. Deductions. Uniformity of, with respect to similar classes of property desirable.

Valuation on county rate basis and on union basis.

Value of agricultural land in Samford Union is now below the valuation appearing in the valuation list of 1895.

Tithe sometimes assessed twice over.

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and suggest that if you followed the county basis there should be a 20 per cent. deduction from the gross, to arrive at the rateable value?—That is in the county basis.

5282. Do you suggest that that system, or one somewhat similar, should be applied to the assessment of each individual property, for the purpose of the valuation list?—No, I think not, because in the county rate basis you get property in bulk, houses classed in bulk all together; but where you are dealing in a union with various kinds of property, you get different classes of houses, and I think you would have to take a different per-centage for cottages from what you would for mansions.

5283. I rather wanted to give you an opportunity of explaining this, because it is not quite clear, I think, in your memorandum. You do not mean, do you, that when you have arrived at the gross estimated rental of houses the same deduction should be made in respect of each class of house?—No, I certainly do not mean that. If you refer to the document which accompanied my memorandum, you will see that it shows various deductions for different classes of property.\*

5284. It would obviously be impossible, would it not, to apply a scale uniformly over the county?—I think you could apply a scale.

5285. Does not your experience of valuing property teach you that you will have to consider the state and condition of each individual property before you can arrive at the rateable value?—Undoubtedly that is so, but you may have a scale within certain limits, say from 15 to 20 per cent.

5286. If you allow a limit then you get the variations, and you want uniformity?—I think you would get practical uniformity, because you would get a duty to be done—a rule to be followed—of course it is all the better if you can get a hard-and-fast one. I quite see your point; there is a difficulty there, and I think it could be met by a limit within which it could be done.

5287. You have suggested the abolition of the column of gross estimated rental. Do you not think that the keeping of the column of gross estimated rental in the valuation list is a great protection to the occupier who is going to be assessed?—It is as things are now.

5288. If he had only one thing put in, namely, that in the opinion of the overseers he ought to be rated on the basis of so much a year, he would not know how that has been arrived at, would he?—There is, of course, that difficulty, and I have seen it all along. I do not quite know how it is to be done, but if it can be done I think it would be an advantage.

5289. Do I understand that you, as representing an assessment committee, are of opinion that the existing method of valuing a property for the purposes of rating, by overseers in each parish is unsatisfactory, and as between different parishes works out inequitably?—You say as representing a union—of course I am here in my individual capacity: I have not consulted the assessment committee.

5290. I meant rather as a gentleman with large experience in assessing property?—Would you mind putting the question again?

5291. I understood from your memorandum that you say that your experience leads you to the conclusion that the present method of having the valuation list prepared by overseers for each parish is unsatisfactory, and as between different parishes works out inequitably for the purposes of rating?—I think it does in some instances. I do not think that is intentional on the part of the overseers, but I think as a matter of fact it does work out so. Different overseers have different views, and they go on their own lines.

5292. (Mr. Smith.) You have a double experience—as clerk to the county rate basis committee and as clerk to a rural union?—Yes. As to the county rate basis my experience is somewhat limited. I have only carried through one basis, with some supplementary work as well.

5293. Would you kindly tell me what difference there is between the county rate basis for the union of which you are clerk and the rateable value according to the union assessment committee?—3,689l.

5294. In favour of the county rate basis?—The county rate basis is larger by that than the union.

5295. When was your last general valuation of the union?—In 1895-96.

5296. Then it was made in the same year?—Yes, practically at the same time.

5297. And you are clerk to both; but they cannot both be right?—No, they are not, and they cannot be, both right. In the parish of Brantham the county rate basis is 6,451l., and the union rateable value is 6,892l. That is in favour of the union rateable value, but when you come to the totals the thing is quite the other way.

5298. I gather that when you came to compare the total of the whole county with that of all the unions of the county, the proportion was not very different, I think you said?—That is so.

5299. I suppose I may put it to you, may I not, that you are a little more careful about keeping the county rate basis correctly now in consequence of the Commissioners' decision under the Act of 1888. Do not some of your Exchequer grants depend upon it. You know the decision of the Commissioners as to the balance of certain exchequer contributions depending upon rateable value, there being a division every five years according to the rateable value?—As between two counties, for instance?

5300. As between two counties or as between counties and county boroughs?—Yes.

5301. Therefore it is to the advantage of the county council to take care that their basis is kept up to the full amount?—I have no doubt it would be.

5302. Is it within your experience that they have been a little more careful recently, about their valuation as a consequence?—No, not as a consequence. I have never heard it suggested for a moment that the county rate basis should be kept up for that purpose, and I am quite sure that that has not entered into the minds of the committee in any way.

5303. Still, the Exchequer contribution depends upon its being kept up to its accurate amount—I am not putting it any higher than that—as between the county and county boroughs?—Yes.

5304. You have no county borough, I suppose?—There is Ipswich.

5305. I mean in your own union?—No, we have not.

5306. Have you any boroughs in the union?—No.

5307. It is a purely rural union, then?—Purely rural.

5308. I think I am right in the figures; your land in that union appears to work out to something under 10s. an acre—it is about 9s. 6d., I think?—I have not worked it out, but I should think very likely it did.

5309. You suggest that the county rate basis committee, or whatever they are called, should be the future assessing body for the county; have you considered the case of county boroughs at all?—No.

5310. Would you give any opinion as to who should be the rating authority there?—No. I have not thought about it in connection with the county boroughs.

5311. You would not suggest that they should be the rating authority if they have at present no rating functions?—By "they" do you mean the county council?

5312. Yes?—I have not given it a thought, so I could not express an opinion.

5313. (Mr. Arthur O'Connor.) The parish which you mentioned just now as showing the difference between the union assessment and the county assessment has gas works, has it not?—No; there are some works there known as Xylonite Works.

5314. I see that in your allowance of deductions you have 30 per cent. for gas houses in the parish, and that is not mentioned in any other parish?—I do not quite follow you. The parish I mentioned was Brantham.

5315. I beg your pardon; I thought you said Wangford?—No; I am sorry I did not speak sufficiently clearly.

5316. What is tithe?—A rent or a rentcharge.

5317. A rentcharge?—A charge on land.

5318. It is an interest carved out of property; it is a portion; it is not the whole?—It is a property in itself.

5319. But it issues out of the land, does it not?—It issues out of the land.

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County rate basis and distribution of Exchequer grants.

County rate basis committee as valuation body of county. Position of county boroughs under such a scheme.

Tithe rentcharge. Rates in respect of, whether payment by the occupier desirable.

Valuation of property by overseers in each parish produces inequalities.

County rate basis and union basis. Inequalities in results of valuation.



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5320. That is only a part of a larger interest; the land is the full interest in its entirety?—If you take the land in its entirety, yes.

5321. Absolutely fee simple?—Yes, the fee simple.

5322. And the tithe rentcharge is something taken out of it—it issues out of it?—It issues out of it.

5323. Then it must be smaller, because the whole is greater than a part?—Yes.

5324. So under a settlement any other charge is a part issuing out of a larger interest, is it not?—Yes, I imagine so.

5325. Similarly with a mortgage, is it not so?—Yes, with a mortgage on land, but then there is probably some collateral security in the shape of a man's covenant.

5326. Quite so, but the mortgage interest cannot be larger in respect of the principal security than the land itself in value?—Probably not.

5327. In the case of mortgages or life charges under settlements you do not have any separate rating or valuation, do you?—You mean of the charge?

5328. Of the particular charge?—No.

5329. For any partial interest except in the case of tithes you do not have any separate assessment and charge in rating?—No, I do not think you do.

5330. Why should there be in point of principle any distinction made in respect of tithes; do you see any reason for that in principle?—That is perhaps going rather further than I have thought out. Tithe of itself is in the nature of a freehold, but in the case of an ordinary mortgage the debt is secured upon the freehold.

5331. It is a charge upon the land, is it not?—Yes.

5332. There are many other charges upon the land?—Yes.

5333. With regard to the others, there is no separation for the purposes of valuation or rating?—A mortgage is an encumbrance on the land; tithe is not.

5334. You say tithe is not; it is probably a question of terms, and I do not want to have any dispute about terms; let us try to think of the thing. I want to get at this basis of yours. Tithe is a charge or something issuing out of property?—Yes.

5335. Which is larger than itself?—Yes.

5336. And there are other interests, whether life interests or any other interests, also issuing out of similar property, are there not, such as settlements?—Yes, there are such.

5337. Tithe itself is a thing which does not extend all over the country—which affects only certain properties and not others?—Yes.

5338. The same is true of mortgages and settlements. I want to know whether you know, as a witness here before us, any reason why there should be a distinction made in respect of tithes?—I have not, perhaps, put the thing together in the same shape that you have, or thought it out. One wants to consider before giving you an answer. I do not see anything at the present moment.

5339. Let me suggest this to you. Would it not be more convenient to recover all that has to be recovered on account of rates from the occupier, and allow him to deduct from what he pays the landlord what he has paid on account of tithe rent, so as to leave the rating authorities undisturbed and untroubled by those little divisions and sub-divisions of interests?—I do not quite follow you.

5340. Suppose that instead of having tithe separated and separately assessed and rated, you had one rate for the whole property, whatever it might be, regarded as a whole, recoverable from the occupier, and then wish regard to any sub-divisions of the interests, that deductions were made by the occupier from the landlord or from the tithe rentcharger, as the case might be?—I do not quite like the idea of it.

5341. You would not see any advantage in the simplification of procedure?—There might be simplification of procedure with regard to the rating authority, but I am afraid that when you have got interests as between individuals, the tenant and the landlord, you might find difficulties. I think the landlord would fare very badly, probably.

5342. (Chairman.) Would there be any injustice to him in it?—I think very likely the tenants would give less and less in the shape of rent, if they had to meet these charges, although they were allowed for them afterwards.

5343. (Mr. Arthur O'Connor.) I am concerned with the point of view of the rating authority; would it not be better, more convenient, and probably cheaper, to have only one undivided interest to look to, and one final collection as far as the rating authority went, irrespective of the sub-division of interest within the property?—Yes, I agree with you there.

5344. That is my point; you do agree. Now with regard to tithe, from the rating authority point of view it would be more convenient if they had no distinction such as at present exists between the tithe and the rest of the property, would it not?—We cannot get away from the fact that tithe is a distinct property in itself, although, as you put it, it is mixed up with land. It seems to be so distinct a property that it would have to be assessed.

5345. I see that in connection with tithe you say that certain deductions are made, first, 5 per cent. for expenses of collection and loss by non-payment; secondly, 5*l.* for insurance of chancel; but that is not legal, is it?—Which, the insurance?

5346. The 5*l.* for insurance of chancel?—I think a hard and fast 5*l.* is not strictly legal.

5347. Is anything legal in the way of deduction?—I think so.

5348. Was there not a case of Regina v. Goodchild on this point?—I know the case, but I do not think it decided that point, did it?

5349. It decided that you could not make any deduction in respect of the chancel?—In respect of the curate.

5350. No; in respect of repairs to the chancel, is that not so?—My attention has not been called to that point; I think it was with regard to a curate, if I recollect aright.

5351. Perhaps, if you can find out and wish to correct your evidence on that point, you will do so?—I will do so, certainly.\*

5352. The next deduction, is, you say, the full amount of the first-fruits, synodals, &c., paid by the owner of the tithe—is that a deduction which is admissible?—It is treated as such, in my union.

5353. There you are concerned not only with the separation of the tithe interest from the full amount of the property, but you actually have to go into the sub-divisions of the interests of the tithe itself?—Because you treat tithe as a separate property.

5354. Do you find no inconvenience in that? Would it not be better, from a rating point of view, to get rid of all that?—I quite believe that if you could simplify it in that way it would be an advantage.

5355. Go to the next section, number 3, of your memorandum, dealing with the method of levying and collecting rates in the union; I see that your poor rate is collected half-yearly, and that your highway rate is collected only yearly?—Yes.

5356. Do you think it would be better to have some kind of similarity in system with regard to all your rates?—The poor rate is made half-yearly, and collected in two instalments, practically quarterly; you get two rates in the year, each of which is collected in moieties. The highway rate is collected as a whole; the highway rate is so very small that you could not bring it down to two.

5357. Small or large, do you think it is a good thing to have one rate collection over one period and another rate collection over another period?—It would be an advantage if you could have them collected in the same way, I think.

5358. Simplicity, at any rate, would be better upon that point?—Yes.

5359. Now, as to the authority who should discharge the duty of preparing the valuation list; you suggest that the collector of taxes should prepare the list; what

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Tithe rent-charge. Deductions.

Collection of poor and highway rate. Advantages if collected for similar period.

Valuation list, preparation of.

\* Mr. Cobbold subsequently wrote: "I have looked up the case referred to by Mr. Arthur O'Connor, it is that of the Dean and Chapter of St. Asaph v. the Overseers of the Parish of Llanshaedry-n-Mochant, in which it was held that no deduction is permissible in respect of the liability of the owners of the tithe rentcharge to repair the chancel of the parish church."

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Income tax officer instead of overseers should prepare and union assessment committee should revise.

is the basis upon which he now makes his valuation?—He is only an officer, I take it, of the surveyor. The surveyor, if I understand rightly, prepares the list, and he gets his information, I believe, in the first instance, through the union assessment committees.

5360. Precisely. If the income duty authorities base their estimate upon materials supplied to them by the local people, what would become of the surveyor if you did away with the local people's valuation?—I think you rather emphasise the fact that you must have some local knowledge.

5361. You tell me that he gets his materials from the assessment committee; if you do away with the valuation by the assessment committee how is he to get on?—I do not think you can do away with the assessment committee; I think that the surveyor of taxes, or rather the tax collector, would simply act in the place of the overseers.

5362. At present it is the overseer who prepares the list, is it not?—Yes.

5363. If the overseer prepares the list where is the income tax officer to get his basis?—He has a basis now to begin with through the income tax returns and schedules.

5364. Where do you suppose those income tax returns are framed, and how?—They are framed, I believe, in the first instance from returns supplied by the assessment committee, probably through their clerk—I have sent some in myself—and also from returns of owners and occupiers.

5365. If I understand your suggestion it is that those who now prepare the lists upon which really the income tax officers proceed, are not any longer to do that work; if those men are not any longer to do that work, the income tax officer will have nothing to stand upon?—He has got the groundwork of the existing lists to stand upon to begin with, and then he has local knowledge. He is constantly about, and he knows from time to time what the properties are, and will have every opportunity of knowing what the properties were, and he can prepare the list; but then, of course, it would have to be subject to revision by either the union assessment committee or some other body.

5366. I understand your suggestion to be this, that he should take as his base line the existing lists?—I think you must begin on that.

5367. The overseers being got rid of, as far as the preparation of the list goes, this income tax officer is to take over the duty and do the groundwork of amending and supplementing?—Yes. I think he might. I will give you an illustration, if I may, where that practically is done. There are, I think, four parishes if not five in my union, and in those four parishes the same officer is assistant overseer, and also happens to be the tax collector in those parishes as well. He does the whole work for those four parishes. There is no difficulty found with regard to the work that he has sent in. I could give you other illustrations.

5368. In what character does he do the work; does he do it as overseer?—He does it as assistant overseer.

5369. And not as income tax officer?—No; but there is the same man doing double work and doing it for four parishes. You get equality as between those four parishes. I think, by that one head going over the whole of those particular parishes.

5370. Would you kindly tell me what you mean by paragraph 19—I am sure it is my fault that I do not understand it, and I only want you to explain it—"In estimating the union expenditure each half-year a different rate in the £ has to be raised according to whether a parish is in one county or the other," I do not quite understand that?—Take the Sudbury Union which I have illustrated; it is partly in Essex and partly in West Suffolk; West Suffolk may levy a rate for general purposes, which includes police, of 6d. in the £ we will say, Essex may levy a rate for their general purposes of 9d. in the £, and perhaps the parishes in Essex may also be in the same police district for which they may want a penny in the £—altogether Essex will be levying 10d. in the £ as against West Suffolk's 6d. in the £.

5371. Is the police rate a union rate or a county rate?—It is a county rate.

5372. Then this paragraph does not refer to it, because the paragraph says, "In estimating the union expenditure" P.—Yes, but the county rate is collected by the union authority.

5373. It is collected by it, yes; but it is not a union rate, and it is not a union expenditure?—No, not in the first instance, but the county council levies a precept upon the union and the union pays in bulk, but levies in the parishes on the union rateable values.

5374. Please turn to paragraph 23: "Exceptional cases received exceptional treatment, and additions were made in respect of property situated in each parish and assessed in some other parish, and deductions were made in respect of property assessed in each parish and situated in some other parish." I fail to comprehend the force of that; would you kindly explain it. How can a property situated in one parish be assessed in another parish?—For income tax purposes I think that arises in consequence of property belonging to one owner—

5375. Excuse me for a moment, this does not deal with income tax?—Yes, that is in reference to the income tax returns.

5376. It is under the sub-head: "To make any suggestion for improving the present system of valuing properties"?—What I have stated there is what was carried out in making the county rate basis.

5377. You say in paragraph 22, "In preparing the new county rate basis for Suffolk the system adopted was" so and so; and then in paragraph 23, "additions were made in respect of property situated in one parish and assessed in another"; how can property situated in parish A be assessed in parish B?—Because probably in parish B the owner owns a considerable amount of property, and a little of it in parish A. He is assessed in that parish for income tax purposes, and so we have to carry it backwards and forwards from those parishes to get them into their right parishes.

5378. For income tax purposes; but is the county rate an income tax matter?—No. Will you allow me to draw your attention to paragraph 22: "The system adopted was to obtain a return of the totals of the property tax assessments for each parish." We got those totals. The parish of A would show some property which was situated in one and assessed in another; I believe that is only a matter for facilitating collection.

5379. "Then we have the property tax assessments upon which income tax and inhabited house duty are assessed, and we find we have a third annual or rateable value which does not agree with either the union or county rateable value." Now I suppose a halfpenny circulates in a parish, or in a union, or in a county, just to the same value, does it not?—Yes.

5380. And rates raised—no matter whether they are union, or county, or parish rates—are upon the same property—the property does not change?—Yes, it is all on the same property.

5381. Whether you look at a thing from a parish point of view, or a union point of view, or a county point of view, the property is not affected; why then should there be a separate rating or valuation for the same property, according as you look at it from different points of view?—I think it should be one and the same myself.

5382. There again you are in favour of simplicity?—I am certainly.

5383. You would have one rating authority, I presume, for as large an area as possible?—I should not go outside the county, except perhaps where we have—as is the case in Suffolk—two counties which have a joint committee for certain purposes. There I think it is advisable that, as they exist now, there should be power to act jointly.

5384. For the whole of Suffolk?—So that the whole of Suffolk might be under one authority; in the particular incidence of the two counties I think you require that as we are now.

5385. Have you any copyhold in Suffolk?—Yes, we have a good deal of copyhold.

5386. Do you have any difficulty in regard to rating it?—No, I have never heard of any difficulty on that score.

5387. How do you assess the lord of the manor?—I do not think he is assessed at all—not as such.

5388. Do you assess manorial rights?—There are none assessed in the Samford union.

5389. (Mr. Stuart Wortley.) Probably there are none of any value?—We have no manorial rights assessed

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One valuation for all purposes desirable.

Union in two counties. Dissimilarity of rate in the £ for various purposes, in different parishes.

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in the Samford union as such, or in any other way I think, but I say in regard to the property tax assessments they would be found there.

5390. (Mr. Arthur O'Connor.) Can you account for that discrepancy?—I suppose they are treated as personal property—I do not know whether it is accounted for in that way or not. When I first had to do with county assessments, and these property tax assessments came before me, I observed that total, and I could not understand why they should not perhaps come in for assessment purposes in unions as well as for tax purposes.

5391. Your "Instructions to Overseers,"\* gives a scale of deductions, and at the end of the scale I notice, "Other hereditaments according to general principles of law"—what does that mean? How far would that act as an instruction to an overseer?—It practically means what is stated in the first six paragraphs of the circular.

The witness withdrew.

Mr. WILLIAM WARD DUFFIELD called and examined.

5396. (Chairman.) You are, I think, clerk to the Chelmsford Union in Essex?—I am.

5397. How long have you held that office?—For 34 years.

5398. Do you hold any other local offices besides that?—A good many. I am clerk to the Magistrates, registrar of the County Court and of the Bankruptcy Court, clerk to the District Council, and all the other bodies connected with the union, and of some school boards.

5399. I have looked through your memorandum, and I see there are a few points in it which have not been touched upon by other witnesses. I will just take you over them. In answer to our first question,† you describe the course adopted by the overseers in making out their valuation lists which they do upon the prescribed forms supplied to them?—Yes.

5400. You then go on to say, "For this purpose the overseers meet and sometimes call before them residents in the parish on whose fair judgment as to the value they think they could rely?"—Yes, that is what I understand to be their practice in some parishes.

5401. You say you understand—do you know that of your own knowledge?—Yes. I know it of my own knowledge that they have done so.

5402. Is that a sort of local parliament for the purpose?—I suppose they look upon it in that light.

5403. Do you think it is a good practice?—I do not think there is much objection to it. I do not like to say much against it. Some of them are not the most intelligent people we meet with.

5404. Where would the meeting be held?—In their own parish.

5405. They do not meet on the road; what building have they the control of?—The overseer's house sometimes, sometimes in the vestry hall; there is never any difficulty. I do not think that that practice prevails in more than about a third of the parishes in the district.

5406. Do you think it a good plan that the valuation list should go on practically from year to year without any definite revision and renewal?—We have a rule that no original valuation list shall last more than five years; in practice we have always had a fresh valuation list every five years.

5407. You find in practice that unless you do revise it at such an interval as five years, and possibly some unions change more frequently still, the system would not work?—We have done it at a shorter period when the committee have thought it necessary to do so. Then, of course, the supplementary valuation lists are prepared from time to time in consequence of any alterations in rateable value or other circumstances rendering them necessary.

5408. How do you proceed to arrive at the gross estimated rental and rateable value of different classes of property?—You see our assessment committee is always elected from the various districts of the union so that every portion of the union is represented on it. From those gentlemen we are generally able to get accurate information with regard to the value of the property, and we have remarkably few appeals.

5392. Do those paragraphs set out the general principles of law?—I think they do.

5393. (Mr. Dalton.) As to the rating of tithe, is it not the case that in taking the tithe in each parish at present you have one entry in the valuation lists for the whole of it?—Yes, in each parish.

5394. And one payment is made by the tithe-owner for the whole of the rates in respect of tithe in the parish?—Yes, where there does not happen to be a number of small payments by various persons.

5395. But if each occupier had to deduct what he paid for the tithe, and to recover it from the tithe-owner, you would have a great number of claims on the tithe-owner in each parish, and he would have to make a great number of payments in respect of his rates instead of making one payment in respect of his rates as he does at present to the rating authority, because he would have to pay every occupier of property which was subject to tithe?—I do not think so, but I have not thought that out.

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Rating of tithe. Advantages of payment by tithe owner.

Mr. W. W. Duffield.

5396. (Chairman.) You are, I think, clerk to the Chelmsford Union in Essex?—I am.

5397. How long have you held that office?—For 34 years.

5398. Do you hold any other local offices besides that?—A good many. I am clerk to the Magistrates, registrar of the County Court and of the Bankruptcy Court, clerk to the District Council, and all the other bodies connected with the union, and of some school boards.

5399. I have looked through your memorandum, and I see there are a few points in it which have not been touched upon by other witnesses. I will just take you over them. In answer to our first question,† you describe the course adopted by the overseers in making out their valuation lists which they do upon the prescribed forms supplied to them?—Yes.

5400. You then go on to say, "For this purpose the overseers meet and sometimes call before them residents in the parish on whose fair judgment as to the value they think they could rely?"—Yes, that is what I understand to be their practice in some parishes.

5401. You say you understand—do you know that of your own knowledge?—Yes. I know it of my own knowledge that they have done so.

5402. Is that a sort of local parliament for the purpose?—I suppose they look upon it in that light.

5403. Do you think it is a good practice?—I do not think there is much objection to it. I do not like to say much against it. Some of them are not the most intelligent people we meet with.

5404. Where would the meeting be held?—In their own parish.

5405. They do not meet on the road; what building have they the control of?—The overseer's house sometimes, sometimes in the vestry hall; there is never any difficulty. I do not think that that practice prevails in more than about a third of the parishes in the district.

5406. Do you think it a good plan that the valuation list should go on practically from year to year without any definite revision and renewal?—We have a rule that no original valuation list shall last more than five years; in practice we have always had a fresh valuation list every five years.

5407. You find in practice that unless you do revise it at such an interval as five years, and possibly some unions change more frequently still, the system would not work?—We have done it at a shorter period when the committee have thought it necessary to do so. Then, of course, the supplementary valuation lists are prepared from time to time in consequence of any alterations in rateable value or other circumstances rendering them necessary.

5408. How do you proceed to arrive at the gross estimated rental and rateable value of different classes of property?—You see our assessment committee is always elected from the various districts of the union so that every portion of the union is represented on it. From those gentlemen we are generally able to get accurate information with regard to the value of the property, and we have remarkably few appeals.

5409. Do you take any steps to ascertain the actual rent which is paid?—I will tell you the steps which we took a year ago. We got permission from the Inland Revenue Department to have a copy of the assessment to the property tax, and upon taking that we found great discrepancies between the gross estimated rental of many of the properties and the returns made by the tenants. We acted to some extent upon the returns for the property tax and raised considerably the rateable value of the union.

5410. Would you agree with me that access to a copy of the property tax assessment list would be a very useful thing for a local body?—Very; I think I ought to say in reference to that that it certainly did not make much difference in the rateable value of the land, it principally affected buildings and residences; there are a considerable number of large residences in our union and those, we found, were assessed very much below their rent.

5411. If you have a railway or a large manufacturing premises in your district, you employ an expert, I understand?—Yes, occasionally; for railway purposes we do. The Great Eastern Railway runs through the whole of our union from one end to the other, and we raised its assessment 10,000l. a year about three or four years ago; they gave notice of appeal but they never proceeded with it.

5412. Is this gentleman's appointment a permanent one or do you employ him as you want him?—We employ him as we want him.

5413. For a fee of course?—Yes.

5414. Do you think the system works satisfactorily?—Upon the whole I am bound to say that in our union it does work very satisfactorily, but so much depends upon the trouble that the assessment committee will take. We have a considerable town population around us. The population of the Borough of Chelmsford, of which I am a member, is about 12,000 now, but immediately surrounding it we have four parishes containing over 2,000 inhabitants running right down into the borough.

5415. Still, under the existing system a great deal depends upon the zeal and energy of the individuals in the different parishes who prepare the valuation lists?—Yes.

5416. More perhaps depends on that than ought to depend upon it?—I do not think so because the assessment committee, if they will take the trouble can set anything right which is wrong, and they do, so far as my experience goes. I think I have mentioned in my memorandum that in this union we have not had an appeal to any other authority for 20 years against any assessment in the union.

5417. Would you agree with me if I were to suggest that that is perhaps a conspicuous proof that you do not assess people very highly?—I should not say that. I think they are assessed very fairly and as high as they ought to be—much higher than in a good many unions; we found that out in the county rate assessment.

5418. I do not want to argue with you, but if you have aggrieved nobody in 20 years is it not a fair

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Access to assessment to property tax desirable.

Expert valuer employed for valuing certain hereditaments.

No appeals against any assessment for 20 years in Chelmsford Union.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 98 and 99.

† *Ibid.*, p. 382.

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inference that a good many people must have got off very easily?—No; I think, if I might say so without egotism, they have found that they have substantial justice done to them when they come to appeal against their assessments.

5419. I gather from your memorandum that you agree with what has been said by a great many different witnesses, and I need not take you at length over it, to the effect that the valuation of property in different unions may vary quite unduly for county purposes?—It does no doubt.

5420. And that the present system is a distinct premium upon the union keeping their lists rather too low?—Certainly.

5421. You agree with that?—Certainly.

5422. You think that might be remedied if the area over which the committee for making up the assessments ruled was a larger one?—I think so. I am rather inclined to think that for the purpose of adjusting any inequalities between the rating of districts and the rating of the county, it would be a very good plan if there were a committee composed, say, of the chairman of every assessment committee in the county and gentlemen representing the county council. I think that would probably be the least expensive method, and would lead to an adjustment of the differences which now arise.

5423. You say in your memorandum, "There does not appear to be in the present day any just reason for exempting personal estate from contributing towards the maintenance of the poor, bearing in mind altered circumstance since the original poor law was enacted," that is your opinion?—It is, certainly.

5424. I have no doubt you will find a great many people to agree with you?—Yes, I do.

5425. Would you like to suggest to the Commission any means whereby the object you there have in view can be attained?—I have thought the matter over considerably, but it struck me that it could only be done through the property tax assessment; I do not see any other mode of doing it. That is the only way by which you can get on anything like correct data with regard to property which persons possess of a personal character. If it is to contribute I do not see any other means of doing it.

5426. (Mr. Arthur O'Connor.) You have in your union a share of the probate duty grant, have you not?—Yes.

5427. On what kind of property is the probate duty levied?—The probate duty is levied upon all property now, real and personal.

5428. Probate duty?—Yes; but it does not go under the name of probate duty.

5429. You mean estate duty?—Probate duty and estate duty.

5430. What is probate duty levied upon, is it levied upon personal or real property?—The probate duty?

5431. Yes; let us use the word accurately—on what is probate duty levied?—Personal property.

5432. Then you get a share of that, do you?—Yes, we get some share of it.

5433. Does not personal property therefore by that means come in for a share of the burden?—Not during the man's lifetime.

5434. We are speaking not of a man's life, but of property?—Yes, but it does not go solely to ease ratepayers, it goes for other purposes.

5435. Are those purposes purposes which otherwise the ratepayers would have to meet?—I think I ought to say that that remark of mine applies solely to the poor rate, and not to any other rates. It does seem to me to be just that those who possess a considerable amount of realised personal property, and who in some way or other help to make paupers just as much as those who are possessed of land and houses, should contribute something to the maintenance of those paupers.

5436. "Help to make paupers?"—What I mean is, persons who are their tenants or employees, or in whatever capacity they may be; they have just as many persons who are liable to become paupers in their service as other people have.

5437. Do I understand you to say that landlords make paupers of their tenants?—No, I do not say

that; I did not mean to suggest that for a single instant.

5438. Do you mean publicans then?—Persons become paupers owing to a variety of circumstances.

5439. Do not a good many make themselves paupers as often as not?—I am sorry to say a good many do; that is the result of my experience.

5440. In respect of them there would not be any charge on personal or real property, would there?—Even in those cases it seems hard that real estate alone, land and houses and tithe, should maintain them, and that others whose income is derived from other sources should not contribute.

5441. I suppose you have tithes in your neighbourhood?—Yes.

5442. Tithes issue exclusively from land?—Yes.

5443. Not from houses?—There are some houses in London which pay tithes—a good many.

5444. I am speaking of your district?—In my district it is all from land.

5445. In making the deduction of the amount of the tithe you make the deduction from the total value, including the houses, do you not?—In our valuation—yes; the Act of Parliament directs that you are to exclude tenants' rates and taxes, tithe commutation rentcharge, and repairs and insurance, in arriving at the net rateable value.

5446. And you comply with the Act, of course?—Yes, but if you would wish to know what we do with regard to the tithes I can tell you in a few words. We have a system by which we take from the rectorial tithes 5 per cent. for collection, losses, and everything else, and from vicarial tithes 7½ per cent. because it is much more difficult to collect the small tithe than the greater tithe; then we have been in the habit of deducting something for the repair of chancel, in the case of a rector, but that we have ceased to do now because of the decision which has been referred to.

5447. (Mr. Smith.) Would you suggest that the property tax payer or the income tax payer, which probably would be the more accurate expression, should contribute to the relief of the poor rate?—Yes.

5448. And the poor rate alone?—Yes.

5449. Does not the amount of the poor rate depend very much upon administration?—Of course it must do. Different people take different views. There is no doubt that in some unions they are much more liberal in the treatment of the poor than they are in others.

5450. Therefore, how would you propose to give the income tax payer any control over that local administration?—I admit there is that difficulty, which has impressed itself upon my mind, as to the mode in which he can be represented.

5451. Do you not sometimes find in agricultural districts a very low rate of wages, and a very high rate of out-relief?—Not in our district, nor in any of the districts that I am acquainted with.

5452. But you have heard of it?—There is no doubt that the wages of all working people in my districts have gone up within the last 20 or 25 years at least 33 per cent.

5453. That is not peculiar to your district, is it?—I believe not, but still it has gone up more there than it has in some others.

5454. You have no doubt studied poor law literature and the report of the Commissioners?—I endeavour to do so.

5455. You are familiar with the expression of "relief in aid of wages"?—Yes, I am.

5456. Does it not occur to you that the income tax payer might in those circumstances be in an awkward position if he had to pay, and local authorities interested in the payment of wages had to administer?—He might be so, but I think it would be possible to devise some means by which he might be protected.

5457. You admit the difficulty?—Yes, I admit there is a difficulty. What you mean is that the ordinary doctrine of taxation and representation, in that case would not go together?

5458. Yes?—There is that difficulty about it, no doubt.

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Tithes,  
rating of  
Deduct-  
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Mainten-  
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the poor.  
Contri-  
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But ques-  
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Valuation  
of heredi-  
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Mainten-  
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property.

**Mr. W. W. Duffield.**  
 5459. (Mr. Clara.) Do I understand you to suggest that there should be a local assessment of personal property for the purposes of local rates?—No, I do not think you could adopt such a system.

5460. I do not quite understand what your suggestion is; would you kindly explain it?—My suggestion was this, that every person at the present time, and I think few escape, is presumed to pay upon his income derived from realised personal estate so much in the £.

5461. Do you propose then to locally assess a man according to his income?—No, I should not do that. I should make it one common fund, if that were assessed at all.

5462. Well, I do not quite understand it; do you mean to take the individual incomes of people living in the parish and assess them according to their income tax, or do you propose that the Government grants in aid of local taxation should be increased?—That is it; that is the only way of doing it.

5463. I quite agree with you, but you put it in rather a different way?—I did not intend to do so.

5464. (Mr. Elliott.) Do you think that the owner of property in your union is interested in this question of rates?—He is to some extent interested, and whenever a tenant comes to appeal he always brings in aid his landlord in some way or other—he perhaps gets a letter stating any reduction which is made in his rent, either temporary or permanent. There are a variety of things of that kind, with which the assessment committee deal fairly, being satisfied that it is a genuine statement of fact.

5465. Do you not think that the amount which the owner receives is to some extent affected by the amount of rates levied on his property?—It must be to some extent, of course.

5466. Has the owner any voice in the expenditure of the rates as owner?—He has votes.

5467. As owner?—Yes, if he likes to exercise them. He can get registered, only he has to take the trouble to register, and that very few of them do.

5468. Does he get a vote as owner or as occupier?—As owner.

5469. Whether he occupies or not?—Yes, as regards some properties, and for many rating purposes; but they very seldom take the trouble to register. Of course my experience is limited, as every man's must be, to his locality pretty nearly, but I do not think upon the whole that the owners of property have any great reason to complain of the mode by which the property is assessed. There is no doubt there is some land in our union assessed higher than the rent, for this reason, that it is well known that there have been so few persons applying for the land that the man gets it at really less than it is worth. There are other cases in which we have raised assessments of that kind, namely, where a man takes a farm which is in very bad order, and after three or four or five years of, I will not say expensive, but proper, cultivation, the rental value of the land is increased; in those cases the assessment committee think it right that the rating should be assessed even above the rent.

5470. Are you an owner or occupier of agricultural land yourself?—I am both. I am sorry to say that I have lost a great deal of money by land.

5471. (Mr. Stuart Wortley.) Have you any suggestions to make as to alterations in the method of rating tithe?—No, I do not think so. I see no difficulty whatever about rating tithe.

The witness withdrew.

Mr. JOHN WILLIAM BOOTMAN ANDERSON called and examined.

**Mr. J. W. B. Anderson.**  
 5476. (Chairman.) You are chairman of the Morpeth Union in the county of Northumberland, I believe?—I am.

5477. You come before us chiefly to speak upon one special point—there may be others, but I take this to be the one which is given most prominence in your memorandum, and on which your union evidently feels most strongly, which is the justice of some measure for rating coal mines which are worked below low-water mark and under the sea?—That is the case.

5472. Did you hear the suggestion put to the last witness that it should be collected from the occupier and not rated as a separate property?—I think it would lead to a great deal of difficulty to adopt that course. There is really no difficulty in rating tithe. We rate it afresh every year under a supplementary valuation list. We get the average and then we make the ordinary deductions from that. It did not strike our committee that our deductions were excessive—7½ per cent. upon vicarial and 5 per cent. upon rectorial tithes, and it has satisfied every tithe owner, for there has never been any appeal against us.

5473. (Chairman.) Have you anything to add?—I think, with regard to the county rate, that a joint committee would meet the difficulty which now exists in regard to the difference in the rateable value of different unions. So far as the union itself is concerned, it is not of much importance, as nearly everything now is a common charge, and therefore if the union is rated low the rate is 2d. in the £ more, and everybody pays in the same proportion. But when you come to the county rate, in the union with which I am connected the county rate call—I can give you the figures from memory pretty nearly—is 8,000l. a year, and the poor rate is nearly 9,000l.; and if other unions are not rated in the same proportion as we are, we pay more to the county rate than they do. One of the Commissioners asked some questions about the deductions from the gross annual value. I do not think there is much difficulty about that; I sent in a printed paper containing the instructions to the overseers from our union.

5474. I am aware of that, but we have so many of them supplied to us that I did not take you through it; is there any point that you would like to call our attention to in it?—No, I think not. We have acted upon those instructions now for four or five years, and we have not had much complaint. We find that the deductions generally come out to the right average. Of course, deductions in respect of repairs vary very much; in some cases the property is in a very good state of repair, even timber property is in a very good state of repair, and it requires a very little foresight in that length of time. Then a brick, a slate, or a tile yard does not require half the repairs that timber does, and we make a distinction in those cases before arriving at the rateable value. I may say, speaking generally, that I do not see any advantage in altering the present area of rating from the union, and making it larger. I think if you had a large area you would have the greatest difficulties imaginable. Of course, we know very well that you cannot get the same calibre of mind in every union. In some cases you get a very excellent board of guardians and district council, and a very good committee; in some others you cannot get them quite so good, and some will be swayed more by private and personal interests than others. But upon the whole I cannot say that you could find any area which would be a better rateable area than the present one. In my union, in the borough of Chelmsford—and, of course, the borough rates are entirely separate from the other rates—they make rates of their own for borough purposes, and I think, so far as that borough is concerned, it now pays one-fourth of the whole rates of the union of 30 parishes, whereas 20 years ago it only paid one-seventh. That has arisen very much from the great drop in the value of agricultural land, and also from the extension of the borough itself.

5475. We have had evidence from other gentlemen in your county pointing out that that is so. Is there any other point you would like to speak to?—I think it would be right that the borough should be rated upon the assessment committee's valuation; I think that would be a very good plan.

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County rate. County committee suggested to obtain uniformity in rateable value of unions.

The union a desirable area for rating purposes.

Borough should be rated on valuation of union assessment committee.

**Mr. J. W. B. Anderson.**

5478. That with you, I understand, from the figures which you have put in, is a somewhat pressing question?—It is so. The figures in my memorandum are the actual amounts for the different years of coal worked out under the sea from one colliery; but it is not all in our union, although the larger portion of it is in our union. Since this memorandum was sent to the secretary I have drawn our clerk's attention to a slight deviation from the figures, which I will let you see. The total amount in 1893 was rateable value of 3,687l., of which 3,565l. was in our union—

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5479. I did not mean to take it up so much as between different unions. You are bringing the point before us, as I understand, that at the present time there is no right to assess this coal?—It appears there is no right to assess it.

5480. I need hardly ask you about the distance from the shore at which coal can be worked to a profit, that is a necessarily limited distance, I suppose?—It is said to be three miles at the present time.

5481. I would like you to state to me the grounds upon which you claim that the produce of the rating of coal should go to the union which is *ex adverso* of the place where it is worked; I think I can understand it; but I would like you to state it in your own words?—So far as our union is concerned, the miners are living in the township adjoining, where the coal is worked out under the sea—

5482. Do you use the word "township" advisedly?—Township or parish—you can use either.

5483. Are they convertible terms with you?—We speak of the "parish" of Bedlington, but small parishes generally go under the name of townships; but they are one and the same. In Cambois the total of the rateable value of the land would be only between 500l. and 600l., if there were no coal mines, and unfortunately there are from 300 to 400 cottages built there, all occupied by miners who are working in these pits under the sea; and should an accident take place and these poor men be all lost then we should have their widows and families to support. Before the Union Chargeability Act became law it would not have been possible to have kept them; but now the charge is spread, you see, over the whole union. The agricultural portion of the union, no doubt, feels a hardship, and even the colliery owners who are working coal under the land feel a hardship as well, because their rates are more than twice as much upon each ton of coal as those that are cut out under the sea.

5484. What is your suggestion—that there should be an alteration of the law to distribute the rate upon the coal which is brought to the surface within the parish, or what do you propose?—We ask that the assessable value of the coal worked under the sea below low-water mark shall be rated the same as that which is worked above low-water mark. The coal above low-water mark in Cambois is 143,000 tons in round numbers, and below low-water mark it is 205,000 tons. Therefore our loss is very great.

5485. You apparently do get something for the coal which is worked below low-water mark?—We do.

5486. How do you follow it and obtain that?—Under what is called "Shaft rent."

5487. Is there any other point you want to bring before us?—Not specially. I should only say that in the parish of Bedlington, for poor law purposes there is a loss at the present time, through this coal not being rated, of 154l. a year, and for urban district council purposes, 437l.; and they have all the benefits without the charge.

5488. While the figures as given by you do not seem very large, they are an important thing to the small area which you represent?—No doubt.

5489. (Mr. Stuart Wortley.) Has this proposal ever been put in the form of a Bill, and so brought before Parliament?—I do not think so; it is 18 years since I brought it before our assessment committee, but our clerk at the time—the father of the present clerk—always said that, according to law, it could not be done, and I suppose the law has not been altered; but we think it is an injustice, more particularly as we have a very large seaboard likely to be worked.

5490. (Mr. Dalton.) Your proposal is by statute to extend the boundary of the parish seawards for rating purposes, so as to take in the whole of the mine?—That is so.

5491. You are aware, perhaps, that some difficulty has arisen in respect of other properties below low-water mark, such as piers, wharves, docks, jetties, and so on?—I am not aware of it from personal knowledge, but it may be so.

5492. You do not know that by means of local Acts the same system of legislation that you have proposed has been adopted?—I am only speaking for unions.

5493. (Mr. Arthur O'Connor.) The coal gotten under the sea is not really in your parish?—That is the difficulty; I suppose it is in no parish.

5494. Would you propose to assess it, however far the borings and the workings might go under the sea?—So long as it was brought into our union; that is, into our parish, certainly.

5495. Supposing the coal was gotten in the adjoining parish under the land and was brought to bank in yours, would you have it assessed for your parish?—In a different union do you allude to?

5496. Yes?—No, we then only get a shaft rent.

5497. And that you get now?—We get a shaft rent for this only, which is very different from a colliery which is worked in one union and brings the coal to bank in another union, as in this case it is fully assessed in the union where the coal is worked, less shaft rent due when it is brought to bank.

5498. You say that if an accident happened below low-water mark, the parish would be charged with the maintenance of the widows and orphans?—That is so.

5499. Would the same happen with regard to a fishing population?—It does.

5500. Would you propose to assess the fish in the sea?—No, there is no analogy. Coal worked under an inland river or lake is assessable, but not the fish.

5501. It seems to me there is a certain amount of analogy; certain men work from your parish, some under the ground, and some over the water; they come to grief; the survivors if injured, or the widows and orphans of those whose lives are lost are maintained by the parish; do you propose to assess property under ground, which is not in your parish any more than the fish of the sea are in your parish?—That is the fact, but we do not even get any assessment from what is worked under the sea.

5502. But you benefit by what is worked under the sea, do you not, to the extent of the shaft rent rating?—Yes, but it comes to a very small amount.

5503. Still you get it?—We do, but except for this small amount the coal escapes.

5504. So that the coal that is worked under the sea, even if it is outside your parish, below low-water mark, you get the benefit of?—Yes, a small amount.

5505. (Mr. Elliott.) Would any practical difficulty arise in determining in what union the coal got under the sea should be rated?—Not the least.

5506. You say it should be the place where it was brought to bank?—Yes.

5507. I take it that owners of these collieries enjoy all the benefits of local government in your union?—I suppose they do.

5508. And their men enjoy all the benefits of local government in your union, do they not?—They do.

5509. And you would say they are very well able to make a contribution in respect of this particular coal that they work?—That is what I do say.

5510. (Mr. Clare.) Your object would be effected I suppose at once, would it not, if you merely got the parish boundaries extended to what is ordinarily known as the "Three mile limit"?—That would be so.

5511. (Mr. Smith.) I think you spoke of your parish being liable to pay for the widows and orphans; that is not so, is it—it would be your union?—It would come upon the common fund of the union no doubt.

5512. Since the Union Chargeability Act it is a union charge, not a parish charge, is it not?—Yes, that is so, and that is where we think it is a hardship.

5513. To whom does this land which you want to rate belong?—I suppose it belongs to the Crown.

5514. Who receives the royalties?—As far as I understand in this particular parish the Crown receives the royalties.

5515. Then you would want something more; you would want to make Crown property rateable?—We would wish to have the coal that is brought into our union rated.

5516. I quite understand your object; but Crown property is not at present rateable, so you have a double difficulty in your case?—We have collieries in the adjoining parish, where there has been coal wrought under the same circumstances, and the royalty owners are the owners of the foreshore, and they pay no more than those in this parish, where the Crown owns the royalties.

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Liability  
of parish  
for share  
of main-  
tenance of  
widows and  
orphans  
in case of  
accident  
below low-  
water  
mark.

Owners of  
collieries  
below low-  
water mark  
get benefit  
of local  
government,  
and should  
contribute  
to local  
rates in  
respect of  
the coal.

The Crown  
the owner  
of the  
royalties  
paid in  
respect of  
the coal  
mines  
below low-  
water  
mark.

Coal  
worked  
under the  
sea below  
low water  
mark  
should be  
placed on  
the same  
footing as  
coal above  
low water  
mark for  
rating  
purposes.

Coal  
gotten  
under the  
sea should  
be assessed  
in the  
parish  
where it is  
brought  
to bank

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5517. The owner of the foreshore might be the lord of the manor of course?—Yes.

5518. (Mr. Dalton.) Have you made any application to the Government for a contribution in respect of this property?—No, we have not.

5519. (Chairman.) Is there any other point which you would like to speak to?—One of our principal collieries, turning out between 4,000 and 5,000 tons a day, will in time, we consider, be close to the foreshore, which I understand belongs to one of the owners of the colliery.

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The witness withdrew.

Rev. CHARLES THEOBALD called and examined.

Rev. C. Theobald.

5520. (Chairman.) I understand that you are rector of Lasham?—Yes.

5521. And that you are here to-day as representing the parliamentary committee of the diocese of Winchester?—Yes.

Diocese of Winchester Parliamentary Committee.

5522. Perhaps you would, in the first instance, tell us how that parliamentary committee is constituted?—The parliamentary committee is constituted in this way: it is elected from the members of the Diocesan Conference, and that Diocesan Conference consists of laymen and clergy elected in equal numbers.

5523. The parliamentary committee, I suppose, is a committee of that body which attends to all matters which ought to come under the cognisance of Parliament?—Yes.

5524. You are appointed by the committee to give us information upon subjects which come within our terms of reference?—Yes.

Tithe owners should have same relief as agriculturists. Position of tithe owners and agriculturists.

5525. I understand from previous communications with you that the first of those is to the effect that tithe owners should be given similar relief in the matter of rates to that given last year to the owners and occupiers of agricultural land?—That is so.

5526. Perhaps you would kindly develop that in your own way, and then I will ask you some questions on it?—I feel very much that the ground has been cut from under one's feet by the debate which took place in the House of Commons on the 24th March, when a resolution was adopted by nearly two to one in the House in favour of the motion brought forward by Mr. Round.

5527. The end of it was really that those who put forward the plea, of which Mr. Round was the Parliamentary spokesman, were practically referred to this Commission?—That was it, practically.

5528. We would like you to support the proposal on its merits?—I can best do that by saying that all rates and taxes that are put upon land are also put upon tithe rentcharge, and it does seem to a certain extent difficult to argue why, if land is excluded from this burden of rates, tithe rentcharge should not also be freed from the burden. As it is, tithe rentcharge having gone down to a very low percentage there is a diminished income from which to pay an increasing rate annually. Those seem grounds for asking that tithe rentcharge should share the remission of taxation which agricultural land enjoys. One has nothing more to urge in favour of that than what seems to be common sense to us who appeal on the matter.

5529. Clearly understand that if I put questions to you upon it, the questions I put do not necessarily indicate my own opinion so much as a desire to clear away some difficulties. The tithe rentcharge, so far as concerns the interests of those to whom it is paid is income, is it not?—Yes.

5530. And as income is part of the produce of the land—what I mean is that you can hardly differentiate between the interest of the owner of tithe rentcharge and the interest that the owner of the rent have in their respective positions?—I do not think it was ever intended, was it, that rent and tithe rentcharge should have any proportion one towards the other?

5531. Possibly not, but the relief to the occupier was given to him to a large extent upon the argument that he was being assessed upon a basis different from other occupiers of hereditaments throughout the country?—Do you mean by that to establish a reason why farmers should have remission of rates and tithe rentcharge owners should not have remission of rates?

5532. I wish you to comment upon it to show me that there is no difference, if you can?—I put it upon these grounds: that if farmers, through agricultural depression, needed a remission of rates, so do owners of rentcharge, because they pay all the same taxes and rates as land; especially as besides having the same

rates that land has to pay, owners of rentcharge also suffer from the rentcharge being depressed every year according to the price of corn, which is the produce of the land.

5533. But there is this difference, is there not, between the relation of the farmer to the rent, which is a thing which he pays on the one hand, and the relation of the owner of the tithe rentcharge to the tithe rentcharge, which is a thing which he receives, on the other?—There is that difference, of course.

5534. Does it follow, that because a burden upon the rent which a man pays is excessive, the burden upon the sum which he receives is excessive?—But the rent can be altered, and a man gets his remedy in that way: the rent is altered and his rates are governed by his rent.

5535. No doubt the tithe rentcharge has not been altered, because it was commuted upon an arrangement made some years ago?—Yes.

5536. Does that argument not amount to this, that because the bargain which was made in 1836, I think it was, has turned out to be a bad bargain it should be altered? If it had not turned out to be a bad bargain the argument that it should be altered would not have been so pressing?—I see. If we go into the merits of the bargain it might be said that the tithe owner gave up advantages.

5537. Of course, I cannot go behind the bargain; in this case it is a matter of bargain which is more or less immutable; the rent as distinguished from the tithe rentcharge is not, and it rises and falls with the state of the matter and with the times?—Yes, the rent does no doubt.

5538. The difficulty that I see is in regarding tithe rentcharge as rent?—I do not mean to say it is rent. All I say is that tithe rentcharge is treated as land in the matter of rates and taxes, for all the rates and taxes that are put upon land are put upon tithe rentcharge.

5539. Upon the rent—the rent is the test of value?—I may have something to say about the value of the rent by-and-by, in connection with rating. I think those are the only grounds upon which one can urge it, that as land is eased of its burden in respect of rates, so rentcharge should be eased of its burden in respect of rates, to the same extent.

5540. I have some difficulty in accustoming myself to your English practice in the matter. I do not know whether you know what our Scotch practice is in the matter of what we call "teinds," which are really your English tithes?—I do not know the Scotch practice.

5541. The Scotch practice is this: the landlord pays the whole of the "teind" out of his rent, but the rates are divided practically between owner and occupier; the landlord pays his rates upon the rent, including the "teind," the owner of the "teind"—in almost every case the parish clergyman—therefore does not pay a second time. It is difficult for me to understand why your tithe rentcharge should not be rated once; I want you to explain it to me?—I do not argue that it should be free from rates; I think it ought to be rated. What I urge is that if land is to be eased of its burdens, then tithe rentcharge should be eased of its burdens in the shape of rates, because it is rated for all the same purposes that land is, and, therefore, it seems only fair that it should partake of the benefits of that Act; in fact that the titheowner should be given similar relief in the matter of rates to that given in 1896 to the owners and occupiers of agricultural land.

5542. There is another plea which those who take your view have, is there not, that so much of the tithe rentcharge does not remain in the pocket of the clergyman, but is expended on purposes which he must meet, and over which he has no real control?—In the shape of what do you mean?

Rev. C. Theobald.

Land and tithe rentcharge should be placed on the same footing in respect of relief in rating.

Rating in respect of tithe rentcharge. Deductions for payment of curates.

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5543. In some cases the payment of curates has been suggested to us?—Yes, that is one of the points I wish to urge. In the case of *Regina v. Goodchild* a deduction was allowed by the High Court where a curate was employed, but that was overruled by a decision of the House of Lords in the case of the Mersey Docks, where it was decided that a property capable of beneficial occupation is to be assessed to the poor rate, irrespective of the amount of the remunerative value to the particular occupier.

5544. Are there any other matters outside the payment to curates, which you would suggest as matters which should be deducted from the tithe rentcharge before it is rated?—No, individually I do not think there is any unfairness in the way in which tithe rentcharge generally is rated—I cannot say that I think there is.

Relief of owners of tithe or tithe rentcharge under Public Health Act, 1875 (38 & 39 Vict. c. 55, s. 211), but not under Agricultural Rates Act, 1896 (59 & 60 Vict. c. 16).

5545. The second of the points which you were to speak to was that the method of assessment of properties should be so altered as to secure uniformity in the different unions?—Yes. I do think that there is great inequality in the way of rating in various unions in counties. I might give an account of the way in which rating is adopted in the Alton Union with which I am connected. As regards the Agricultural Rating Act it is impossible to understand under what principle an allowance has not been made on the rating of the tithe. Tithe rentcharge for the purposes of land tax, poor rates, &c., &c., bears all the burdens of land, and is considered as land for the purposes of land tax, Schedule A, assessment, and also for poor rate purposes. The principle of giving relief under the Agricultural Rates Act was, it is believed, to a great extent, founded on the relief which has been given to land under and by virtue of the Public Health Act. By Section CCXI (general district rate) (1) sub-section (b), "The owner of any tithe or any tithe commutation rent charge, or the occupier of any land used as arable, meadow, or pasture ground only, or as woodlands, market gardens or nursery grounds, &c., shall be assessed in respect of the same in the proportion of one-fourth part only of such net annual value thereof." It will be noticed that tithes or commuted tithe rentcharges are by this Act coupled with land, and get the relief that is given to land, and consequently it is hard to understand why, when tithes are included in this Act, they do not come within the Parliamentary exemption conferred on agricultural land by the Agricultural Rates Act, 1896.

5546. Again, I do not want to argue, but it seems to me that there is a distinction between the position of the owner of the tithe rentcharge and the position of the occupier of the land?—May I ask who gets the benefit ultimately of the remission of rates upon land?

Rating in respect of tithe in the Alton Union and in certain other Unions in Haunts. System adopted.

5547. You ask a very large question on which there is a great deal of controversy; I do not suppose any one individual gets it; the individual who first gets it may not, under all circumstances, retain it if the rise or fall of the market tends to prevent his doing so?—With regard to the rating in the Alton Union, the principle of the rating of tithe has been of late years as follows: The average sum per year has been taken, and from that has been deducted the rates for the last year, 5 per cent. for collection, and in the cases of the rectors, some small annual sum, about 5*l.*, for chancel repairs. In this way, the gross estimated rental of the tithe has been arrived at, but in the Alton Union no difference is made between the gross estimated rental and the rateable value, and the gross estimated rental and the rateable value have been left the same. In other unions the average for the year of the commuted sum has been made the gross estimated rental, and the deductions above mentioned have been made, whereby the rateable value has been arrived at. Now, look at land. In Alton Union the rent paid has been made an actual basis for assessment. From the rent so paid there has been deducted the amount of tithe on the farms by the average for the year, and from the amount so arrived at there has been deducted so much for the house and so much for the cottages, and the balance so arrived at has been treated as the gross estimated rental of the land with the per-centage allowance for the rateable value. In some instances by this means land has worked out at about 9*d.* an acre rateable. It will be seen, from what I have just mentioned, what allowances are made on land before the gross value is arrived at, and that there is, as there ought to be, a difference made between the gross estimated rental and the rateable value, whereas in the case of tithe in the Alton Union, the

gross and the rateable are the same. In other unions in the county, the value of the tithe by the averages is made the gross and the allowances I have just referred to are deducted, and by this means the rateable is arrived at. In no case, however, is there any allowance made between the gross and the rateable values except the authorised allowances, and nothing whatever is, as far as is known, allowed for tenant's profit or otherwise. In taking rent as an actual basis, the position of the owner or the circumstances, if any, which have induced him to let at a low rent are not taken into consideration. By this is meant that no allowance is made for the fact that the owner may be a tenant for life and unable or unwilling to farm the land and to face a valuation. The rent that is actually paid is accepted as a basis for the gross rental, from which, as I have just said, the commuted tithe, and not the proportion of the tithes according to the gross estimated rental are deducted. The gross estimated rental for the purposes of the schedule to the Union Assessment Committee Act, 1862 (see section 15), shall be "the rent at which the hereditaments might reasonably be expected to let from year to year free from all usual tenant's rates and taxes and tithe commutation rentcharge, if any." Previous to 1891 some farms in the Alton Union were let on the basis of the tenant paying the tithe, and, of course, in these cases it was (and rightly so) always the custom to deduct the tithe so paid and to assess the tenant to the poor rate after this deduction. Since 1891, the tithe is payable by the landlord and no new letting can include the tithe; it appears, therefore, on the face of it that the rent is the amount which the tenant pays for the land, free from commutation rentcharge, and that if the rent is taken, not as an element, but as a basis, the tithe rentcharge ought not to be deducted. It is contended that, although the tenant no longer pays the tithe, but the landlord is under an obligation to do this, the rent paid by the tenant represents in part tithe, and that if this tithe was not deducted the tithe rentcharge would be rated to the poor twice over—once to the tithe owners and again, as part of the rent, to the tenant. If this contention is right, at any rate, in deducting the tithe from the rent, the proportion of the allowances made to the tithe owner before the gross is arrived at ought to be deducted before the average tithe is deducted from the rent. Another point is, that if the mode of assessment in Alton Union is correct; as the tithe goes down the rating of the farm should go up, as, of course, if the tithe average is lower the proportion paid by the tenant, as representing rent, is larger.

5548. Of course, I follow the argument to a certain extent, but I point out to you, and I shall ask you to account for it if you can, that Mr. Round, in making his case to the House of Commons, did not, as I read his speech, draw a parallel between the position of the tithe owner and of the tenant, so much as make a plea to the effect that a great deal of the money which went into the pocket of the tithe owner did not really stay there but had to be paid out under the name of obligations which he was obliged to meet?—Therefore, do you mean that it is not a parallel case; is that what you are aiming at?

5549. I am open to instruction, and I am trying to elicit from you how you can make out a parallel between the position of the tenant farmer and that of the owner of the tithe. I think I can understand arguments why a tithe owner should not be rated, except under deductions for certain outgoings, but I cannot see myself—it is possibly my own fault, due to my ignorance of English practice—the parallel between the position of the agricultural tenant and the position of the owner of the tithe?—I cannot say more on that point.

5550. Is there any other thing which you would like to speak of?—I think there is a great inequality in the matter of rating, which is one of the three points I have to speak about. I should like to urge that, owing to the manner in which land is now assessed, as I just mentioned, for the purposes of poor rate, the tithe owners have to bear a very large and heavy burden; and in some instances, which could be quoted, farms with good houses are not assessed now at anything like the proportionate amount at which the tithe owner is assessed for a tithe of about 300*l.* a year. Of course, too, with the small amounts at which land is assessed, the tithe owner has, in many instances, to pay on an unfair assessment twice as much in the £ as he would have to pay if the land was fairly assessed. To take an example of the mode in which land has been lowered by an assessment

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Relative position of tithe owner and of agriculturist in respect of rating.

Inequality in the assessment of tithe rentcharge and of agricultural land. A uniform basis of assessment and a specially constituted board for all rating and taxing purposes on which surveyor of taxes should sit desirable.



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committee: I believe in the Alton Union there are 70,000 acres of land—I am unable to say what proportion of it is built on, at any rate, a very small proportion—but if you take the whole 70,000 acres as agricultural land, it would work out at about 2½*d.* per acre for the purposes of the county rate. In this county not only are the poor rates in different and adjacent unions calculated on a different basis, but poor rate, land tax, Income Tax, inhabited house duty, &c., &c., are all rated on a different footing. The manner in which the Assessment Committee Acts are construed depends, to some extent, in each union on the constitution of the assessment committee. The relief that I suggest is that there should be a uniform basis of assessment, one valuation for all taxation; and that it should be administered by a board specially constituted, partly *ex officio* and partly elected, with a surveyor of taxes to attend each meeting in the division, and with a voice on the board, his special province being to secure uniformity of taxation. I think there is a great deal of inequality, and I do not see how it is to be remedied unless there is some such arrangement as that.

Reduction  
of clerical  
incomes  
and in-  
crease of  
burden of  
rates.

5551. You would like to bring in the representative of the imperial authority, so as to get as far as possible a uniform basis for local and Imperial taxation?—Quite so. I might mention the case of Bentworth parish in the Alton Union.\* The commuted value of the tithe rent charge is 937*l.*; it is a large living. From March 1887 to September 1887, the rateable value was 745*l.*, and the rate paid in that year was 2*s.* 9*d.* in the *£*. From March 1896 to September 1896, and from September 1896 to March 1897, the rates were 3*s.* 8*d.* in the *£*, and that was raised upon an income which was 745*l.* at the previous date, but had been reduced to 544*l.* and 517*l.* in those two last respective half years; that is to say, the income was reduced from 745*l.* to 517*l.*, and the rate upon that diminished income was increased to 3*s.* 8*d.*, whereas upon the original income it was only 2*s.* 9*d.* in the *£*. I am only showing you how hardly the rates bear upon the tithe owner.

5552. I suppose the rates upon other property went up in the same ratio per *£*?—No doubt that was so.

5553. It was an addition of new rates for new expenditure in this period?—I have no doubt that is so.

5554. (*Mr. Stuart Wortley.*) Coupled, I suppose, with diminished valuations upon other kinds of property?—Less rent paid, of course, on farms and so on.

5555. (*Chairman.*) Is what you suggest that the assessment committees consisted mainly of farmers?—I should be sorry to bring any accusation like that against our assessment committees. Let me take another parish, the parish of Hartley Mauditt. In 1886 the tithe rentcharge was 241*l.* rateable value, and the rateable value of the rectory—house, garden and glebe of 12 acres was 54*l.*, the rector of that parish paying 23*l.* as rates. In 1896, 45*l.* in the way of rates were paid by the same rector.

5556. And of course his tithe rentcharge had gone down in the proportion which we know in the 10 years?—Yes, the rateable value of his tithe rent charge was 158*l.* in 1896. There was a diminished income upon which to pay that increased rate. Let me take another farm or two in connection with that parish. I will take the Hartley Park Farm, which consists of 488 acres. In 1886 the gross value of the farm was 440*l.*, and the rateable value 405*l.*; in 1897 that same farm, instead of being 440*l.* gross was 233*l.* gross, and instead of being 405*l.* rateable was 209*l.* rateable. Compare those figures with the rector's rentcharge and see what an enormous loss one has suffered. Here is another farm in the same parish, Barleywood Farm, which consists of 199 acres. In 1886 the gross value was 196*l.* and the rateable value 180*l.*; in 1897 that same farm instead of being 196*l.* gross was only 45*l.*, and instead of being 180*l.* rateable was only 40*l.*

5557. I am afraid we cannot take in those figures unless we had had time to look into them and compare them beforehand?—They only bear upon the hardship which the incumbent of a parish seems to suffer.

5558. (*Mr. Stuart Wortley.*) Does the parliamentary committee of the diocese of Winchester make this claim for remission of rates upon the tithe rentcharge in respect of the tithe rentcharge received on behalf of all kinds of owners, or only on behalf of tithe rentcharge received by clerical owners?—The wording of the proposition given to me was this:—"That tithe owners should be given similar relief in the matter of

" rates to that given by the Act of 1896 to the owners " and occupiers of agricultural land."

5559. Then it makes no distinction?—It makes no distinction.

5560. The case would be, I suppose, that the tithe rentcharge is so adjusted as to rise and fall owing to the operation of the same set of causes that are generally described as agricultural prosperity or depression, and that that state of causes has been admitted as the claim of agricultural land to receive remission of rates in the Act of last year, but that the case of the clergy in the case of the clerical tithe owners is not made less strong from the fact that their tithe rentcharge happens also to be their professional income—that is shortly the case?—Yes.

5561. Of course your claim is not for any revision of your relations with the tithe payer?—No.

5562. It is only really in respect of your relations with the tithe payer that there can be said to have been any fixed parliamentary bargain?—Yes.

5563. The ratepayers or the rating authority were in no sense parties to that Parliamentary bargain?—No.

5564. And Parliament has the same freedom to revise their position towards you as it had to revise their position towards the occupiers of agricultural land?—Yes.

5565. (*Mr. Dalton.*) Can you say which has fallen the most in value owing to the depression in the Alton Union—the interest of the tithe owner or the interest of the landlord in the land? Can you say what rents were before the depression began and what proportion tithe then bore to the rent and what proportion tithe now bears to the rent in your union?—I can give an instance of some farms now. I have not meant to argue that the land has not gone down, and that the landlord has not suffered; of course he has.

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Fall in  
value of  
land and  
of tithe  
compared.

5566. I should rather have inferred from some of the figures you have given us that practically tithe absorbs the greater part of the rent in the Alton Union; is that so?—The rent has come down to a very small amount. In assessing a farm the tenant comes to the assessment committee to appeal against the rating; he is asked what he wants and he says "I have come to appeal against my rating." "What do you propose?" He says "My rent is so and so"—under 100*l.* say. "Well, what is your tithe?" "20*l.*"

5567. Is that the usual proportion?—No, I am only mentioning that as a figure. His rating is immediately put at 80*l.*, we will say.

5568. I think you gave us some cases where the land is valued now for the purpose of rating at 9*d.* an acre?—Yes.

5569. What is the rating of that land including the tithe?—I cannot tell you what the rating of it is; it works out at about 2*s.* 6*d.* an acre; for instance, I can tell you that 1,170 acres of land are rated at 147*l.* rateable value.

5570. After paying the tithe?—These are the figures: 1,170*ac.* 1*r.* 10*p.*, the gross estimated rental is 185*l.* 15*s.*, and the rateable value is 147*l.* 5*s.*

5571. What is the tithe on that land?—I should think about 2*s.* 6*d.* in 1896.

5572. The tithe, then, is larger than the rent, is that not so? Of course there are parts of the country where the tithe we know has practically eaten up the rent?—Yes.

5573. Is the Alton Union one of those districts, or has it only nearly eaten up the rent there?—We have some very bad land in our union, very poor land, but I have not picked out the worst land.

5574. But the value of the agricultural land there, I presume, has fallen far more in proportion than the value of the tithe—I should judge so from the figures you gave us?—I could specify farms; in 1881 the gross rateable value of four farms was 587*l.*, and now it has come down to 185*l.* 15*s.* There has been a great fall there.

5575. It is now less than a third what it was before?—Yes.

5576. Whereas the tithe rentcharge has fallen about 30 per cent?—Yes, that is so.

5577. You would agree, then, that in that district the value of the land has fallen far more than the value of

\* Part. II. of Appendix to Vol. I. of Minutes of Evidence, p 101.

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the tithe—I am speaking of that district, mind. I am quite aware that in some parts of England the opposite would be the case?—Yes. I take one farm in the union of 299 acres; the gross is 260*l.* and the rateable value 236*l.* I take another farm of 488 acres, the gross is 233*l.*, the rateable value 233*l.*; in the one case there has been no large reduction, in the other the owner, being tenant for life only and unable to take up a valuation, has accepted a very low rent rather than have the land thrown on his own hands. That is where there comes in inequality of rating. As regards the character of the land, the farms are about the same.

5578. Still, I suppose it would be the fact that part of the clerical income in the district would come from glebes?—No, principally from rentcharge.

5579. Would that be the case nowhere?—It is the case in some instances.

5580. Has there not been greater depression in the glebes than there is in the tithe?—In the case of my own glebe I am rated at 10*s.* an acre, and I have a tithe myself to pay of 10*l.* besides. What I pay myself in tithe is not deducted.

5581. You are aware that the Agricultural Rates Act gave relief only to the occupiers of agricultural land, and not to the occupiers of all land?—That is so.

5582. But the tithe is not payable merely in respect of agricultural land; it is paid in respect also of houses, railways, and other property?—Yes, land upon which houses have been built; but in very many such cases the tithe rent charge has been redeemed.

5583. If the relief had been given merely to the tithe that was payable in respect of agricultural land, it would have been necessary to apportion the tithe in every parish falling on agricultural land, and the tithe falling on other houses and other properties?—Yes.

5584. That would have been a very expensive operation, would it not?—I should think so.

5585. Assuming that the tithe payable in respect of agricultural land should have been relieved to the same extent as agricultural land, why should the tithe payable out of a house receive relief when the house itself does not receive relief?—I suppose really it is a very small proportion of the tithe which is payable upon land that has been built upon.

5586. Should you say so? Take a farmhouse and farm buildings on the land; the tithe is payable in one sum for the whole of them, but the proportion which the value of the farmhouse and buildings bears to the value of the entire holding has increased enormously of late years—that has come out through the Agricultural Rates Act. At any rate, if your claim was admitted, you would agree that it would be necessary to have this apportionment in every parish, and that would be a very expensive operation, the cost of which would fall, probably, upon the tithe owner. I suppose?—I know it is only on agricultural land, of course, and I cannot go behind what you have said in the matter.

5587. Would you argue, for instance, that the tithe in London, which now is on houses that have been built since the Commutation Act, should get the relief given to agricultural land by the Agricultural Rates Act?—It is not agricultural land here, is it?

5588. No. What I mean is that you would have to differentiate, if your claim is allowed, between tithe charged on agricultural land and tithe charged on other properties?—Of course.

5589. And that would be a very troublesome operation?—Yes. When the Tithe Commutation Act was passed, the tithe owner forewent any increased value that might accrue through the improvement in cultivation or through buildings.

5590. But I think it was the case, was it not, in regard to buildings, that before the commutation, if land was built upon, it ceased to pay tithes, and therefore, by the Commutation Act the tithe owner gained in those cases, because his tithes then stuck to the land, although if the commutation had not taken place they would have left the land. Is that not the case?—I do not know.

5591. I do not know whether you have seen the allegation, but it has been alleged that when the tithe was commuted in many cases, an addition was made to it in respect to the rates which have to be paid by the owner?—Yes, I know that very well, but that is a fallacy.

5592. I agree with you, but I ask the question in order that you may deal with it. Will you explain to

us how it comes to be a fallacy?—I have got the evidence here which was given by Mr. Elliott before the Agricultural Commission. I will put that in as substantiating the view which I take upon it.

5593. You would concur with that evidence?—I do. I have an instance in connexion with the parish of which I am the rector, which proves the truth of Mr. Elliott's statement.

5594. You recommend that strict uniformity should be required in all unions, in assessing the rateable value of tithe rentcharge, especially with regard to the deductions allowed; but, is it not the case that the deductions should depend upon the local circumstances in each parish? Do not the cost of collection, the amount of rates, and the other deductions that you have to make, vary in every parish?—In the majority of rural parishes I do not think they vary very much.

5595. In one parish I take it the tithe is all paid by one landowner, and in another parish it is payable from a great number of small people?—Yes.

5596. The cost of collection in the one case must be nothing, and in the other it may be very great indeed; would you not have the actual cost of collection deducted?—I was not speaking of the cost of collection, and I do not think I have mentioned that.

5597. It is one of the deductions that are allowed?—Yes; it is, generally speaking, 5 per cent. is allowed for that, I think in some cases 3 or 4 per cent. only, but in most cases it is 5 per cent.

5598. Would you allow the actual costs of collection, whatever they were?—Yes, if it is fair.

5599. And the actual rates?—Yes.

5600. (Mr. Elliott.) Are you acquainted with the position of the tithe rentcharge with reference to the rates levied under the Lighting and Watching Act of 1833?—No.

5601. You are not aware that under that Act the tithe rentcharge is rated on the same principle as land?—No.

5604. What would you suggest to the Commission as being the reasons for the exemption of tithe rentcharge under the Public Health Act?—I can only suppose that it was thought that tithe rentcharge deserved the exemption or the relief, being treated as land.

5605. Do you think that Parliament at that time considered that to rate tithe rentcharge on its full value would constitute an excessive measure of the ability of the owner of the tithe rentcharge to pay the rates?—I cannot tell what was in the mind of the Parliament of that day.

5606. Might that not have been the reason which was in the mind of Parliament?—Yes, it might have been so.

5607. Do you think that the relief given to tithe rentcharge under that Act had any reference to the amount of benefits received by the owner of tithe rentcharge?—I suppose so.

5608. Then you would say, I gather, that the fact that tithe rentcharge was to be rated at one-fourth, was due to the fact that if it had been rated at its full value it would have borne an excessive burden, having regard to the ability of the owner to pay and the benefits received by the owner?—Yes, I think so.

5609. And your contention would be that that principle should be still farther applied?—Yes.

5610. Have you formed any idea as to the manner in which the relief that you ask for should be given?—I thought a portion of the rates might be remitted.

5611. But that proportion, of course, would have to be made good by someone else?—Yes, in the same way that it is made good in the case of agricultural land.

5612. Then would you suggest that it should be made good out of the same source, that is the estate duty?—I am not prepared to offer a suggestion on that.

5613. I suppose that since the Tithe Commutation Act the local public expenditure has very much altered in character?—Yes.

5614. And many new rates have been imposed?—Yes.

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Uniform basis of assessment in respect of tithe rentcharge. How far practicable.

Tithe rentcharge. Rating in respect of, under Lighting and Watching Act, 1833, and Public Health Act, 1875. Extension of the principle of these Acts desirable.

Tithe Commutation Act, 1836. Should not preclude a revision in respect to the rating of tithe rentcharge.

If relief had been given to tithe owners under Agricultural Rates Act, 1896, it should not have been given in respect of tithe charged on property other than agricultural land.

No addition of rates to commuted tithe under Tithe Commutation Act.

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5615. Would you say, then, that you consider the settlement of 1836 precluded a review of the position generally in regard to the rating of tithe rentcharge?—No, I should not say it precluded a review of it; I should say that many rates are imposed now which were not contemplated then.

5616. You would not say there was any such bargain in 1836 as would make it inequitable to look at the present position of tithe rentcharge in regard to rating?—No; land has had burdens put upon it in the way of rates which it had not in 1836, and rentcharge has the same rates put upon it; and therefore as the one is relieved, I think that the other is entitled to relief too.

5617. Would you say that if Parliament thought proper to review the position in the one case it was equally competent to do so in the other?—Yes.

Position of  
tithe rent-  
charge  
owner and  
an occu-  
prier of  
agricul-  
tural land  
compared.

5618. (Mr. Smith.) I suppose you think that tithe owners ought to have been included in the Act of 1896?—It is thought so.

5619. But do you not know that in Parliament it was stated that that was relief to the occupier?—I do not see that that alters the point at all; the tithe owner is the occupier of the tithe.

5620. That is what I am coming to; suppose rightly or wrongly it was stated in Parliament that that Act was intended as a relief to the occupier, and the idea was deprecated that it was a relief to the owner, would not the admission of the owners of tithe rentcharge have completely altered the position—would it not be admitting that it was a relief to the owner?—No, I think that the owner of the tithe rentcharge occupies the same position as the owner of a farm who occupies it himself and farms it himself.

5621. Is it so?—Why not? If a man farms his own estate of 1,000 acres he is the occupier, and he gets the relief from the rates.

5622. He may lose the whole of his property in farming, but you get your rentcharge in any case?—He may do it, but he does not farm with the idea of losing it.

5623. No, but I am afraid he very often does. Shortly, what I want to put to you is this—that you are not an occupier, but that you are an owner?—I am an owner and an occupier.

5624. But an occupier without risk?—I might let my rentcharge.

5625. But an occupier without the risk of an occupier, because you get your rentcharge?—I do, unless the farms are so unremunerative that no rentcharge can be paid upon them.

5626. Unless you have exhausted the whole value of the land?—I could not say that about exhausting the whole value of the land, because some men may farm very badly.

5627. I mean unless you exhaust the whole value of a farm or of its produce?—Then what am I to do in the case of my glebe? I farm my own glebe—

We will deal with the tithe, please, here; I am particularly confining it to the tithe question.

5628. (Chairman.) On the glebe you get the occupiers' remission, do you not?—Yes, I do.

5629. (Mr. Smith.) I asked you these questions not because I have not a good deal of sympathy with you but because I felt that you did not quite appreciate the point—you are an owner and not an occupier?—Yes. I am an occupier as well as an owner.

5630. If it was right that the contention in Parliament was that the Act of 1896 was intended as a relief to the occupier, and not to the owner, that was a reason for not putting you into the Act, was it not?—No, I

think the reason was that the Chancellor of the Exchequer had not funds to help us with, I think that was given as the reason.

5631. Would it not have admitted that the relief given by the Act was relief to the owner if they put the tithe owner in—would it not have given the case away as it were?—I do not follow that.

5632. You see you are an owner?—Yes, and so is the owner of a farm, and, as I said just now, the owner of an estate if he farms that estate, he is an owner getting the remission.

5633. He is running the risk of an occupier which the tithe owner does not?—Quite so, I admit that; there is not the same risk.

5634. (Chairman.)\* In regard to the table referring to Bentworth parish. I have had time to examine it since you put it in. If you will allow me to say so respectfully, I think that mixes up two things, because the increased amount which is taken from the owner is increased on account of the natural increase of rates; this table points out that now there are 96*l.* and some odd shillings taken from a rental of about 550*l.*, whereas formerly in the first year of the table there was 96*l.* some odd shillings taken from a rental of 745*l.*; that really arises from an increase of rates which is common to all classes of property and is not peculiar to the rentcharge?—Yes, I see your point.

5635. In other words, if the rates had remained the same, the amount payable in rates would have been not 96*l.* but 66*l.*?—Yes, but then there would have been a diminished fund from which to pay them.

5636. Of course it would have been 66*l.* from 544*l.*, instead of 96*l.* from 745*l.*?—Yes, but what accounts for the increase of the rate paid is the lowering of the rates upon the land in the parish, so that the rates upon the rentcharge go up in a corresponding proportion to that in which the rates upon the land go down.

5637. When you compare gross sum with gross sum taken from you in the name of rates you must not omit the consideration that the rates have increased owing to increase of expenditure?—Not in the same proportion. I do not think the rates throughout the country in villages would be so high as they are; tithe rentcharge would not be rated so high as it is, unless the rating on land had gone down very much.

5638. This table does not go so far as to show me that, because it does not tell me anything about the expenditure of the parish?—No.

5639. May we keep this table?—Yes, and you can keep this other table too (*handing in table*).

5640. What is this other table exactly intended to show me, because I do not understand it?—This was supplied to me by the rector of Hartley Mauditt, which shows that in 1886, with an income of 295*l.* paid to him, he paid 23*l.* in rates, and in 1896, with an income of 203*l.*, that is 87*l.* a year less, there is demanded of him 45*l.* in the shape of rates.

5641. Clearly, but so far as this table shows, while it may arise from the source which you suggest, it also may arise from extravagant administration?—That table shows more than that. Take the Hartley Park farm of 488 acres, which in 1886 had a rateable value of about 405*l.*, and in 1897 had a rateable value of 209*l.*; that very largely accounts for the rector having to pay 45*l.* in 1896, instead of the 23*l.* which he had to pay 10 years before.

5642. I am afraid I cannot carry it further; what I suggest to you is that that table is not complete enough to show us the causes from which the thing arises. Is there any point which you would like to add which I have omitted?—No, I think not. There are other points, but I am not called upon to argue them.

The witness withdrew.

Rev. DAVID JONES DAVIES called and examined.

Rev. D. J.  
Davies.

5643. (Chairman.) You are chairman, I believe, of the Billericay Union of Essex?—Yes.

5644. How long have you held that position?—I have been chairman of the district council since the beginning, and of the board of guardians since a year or two before.

5645. You have been good enough to supply us with this memorandum which I hold in my hand?—Yes.

5646. You will easily understand that many of the points which are included in that memorandum are points upon which we have had substantially the same evidence from a number of other parts of the country?—I have no doubt that is so.

5647. Therefore, I do not take you over the whole of the memorandum. Is there any point which you

\* Part II. of Appendix of Vol. I. of Minutes of Evidence, p. 101.

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Decrease  
of income  
and in-  
crease in  
amount of  
rates  
payable.

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Davies.

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yourself would like to emphasize particularly before I ask you any questions upon the paper?—Perhaps, on the whole, I should prefer to answer questions.

5648. Is there nothing in it which you desire specially to emphasize?—No doubt the paragraph which deals with clerical tithe owners being inequitably rated, is the most difficult one I should have to deal with.

5649. I hardly expect you to speak to that in your capacity as Chairman of the union?—I do not come here in that capacity at all.

5650. Perhaps you will kindly tell me exactly in what capacity you do come?—I was urged by some of my neighbours to offer evidence.

Clergymen rated upon professional income.

5651. The point in that paragraph, as I read it, is this: that the rating upon the clergyman is a rating upon his professional income which does not happen necessarily in the case of those who pay rates on other hereditaments?—Yes, that is it.

5652. You do not, I understand, make any difference between the clergyman as owner of the tithe rentcharge and the owner of other property?—No, I make no difference.

5653. Supposing a man happens to invest all his worldly goods in houses, he would be rated upon the whole of his income?—Yes.

Position of clerical tithe owner and owner of land with reference to rating compared.

5654. Which, the man who puts his income into other classes of property would not be. The point which you desire to make is that the clergyman returns a service for his tithe rentcharge which the other owner of property does not return?—That is one of my points. If I may be allowed to say so, the way I look at it is this: if you regard tithe as rateable property as it is generally regarded, then you must compare what it pays to the community with what other property pays to the community. Every unit of rateable property in a parish should pay the same towards local purposes, but the contributions to local purposes pass through the owner of the property, and that is the way we get it. I compare what the owner of the land, as owner of land pays to local contributions; he pays rates at so much per £. The owner of clerical tithe pays precisely the same proportion of rates to the same purposes and in addition to that he renders and is compelled to render services by law to the parish in which he is; therefore, comparing the rateable unit of property in the case of the clerical tithe owner with the rateable unit of property in the case of any other owner, I find that the clerical owner pays more by the amount of his services than any other owner.

5655. I do not think that parallel will quite do?—I compare the man who owns land and occupies it with the man who owns tithe and occupies it. I do not introduce the tenant at all, because it only complicates matters. Of course, I am expressing my view of it.

5656. I do not want to get into an argument with you, but I point out that the owner of land may presumably have paid capital value at so many years' purchase for it, whereas the clergyman receives it as a condition of his service?—The conditions are different; only they are now so many and so stringent that really the clerical tithe owner has been reduced to the position of a man who works for a salary. As I point out in my memorandum, there is compulsory residence, which by-the-by is a comparatively recent condition, and therefore to that extent there is a reason why the burden upon the clerical tithe owner should be reduced. Recently, another Act of Parliament has been passed, rendering the holding of a benefice really tenable during good behaviour. I quite agree that these conditions are proper, but the property that the clergyman has is held on a very much more fragile tenure than any other property in the parish.

5657. Do you wish to develop that any more?—No, I do not wish to do so.

Decrease in rateable value of tithe rentcharge and increase in land tax.

5658. I observe one statement near the end of your memorandum in which, in referring to the land tax, you say that it is an increasing burden upon the tithe owner, and that in your parish in 1883 the rateable value of the tithe rentcharge was 590*l.*, and the land tax on it was 18*l.* 11*s.* 3*d.*, but in 1896 the rateable value of the tithe was 398*l.*, and the land tax on it was 19*l.* 6*s.* 3*d.*; how has the land tax varied?—Because of the reduction in the rateable values of other properties.

5659. In Scotland the land tax is a fixed sum which never varies; is it not so with you?—No, it is not; it varies from year to year.

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5660. Is there any other point in your memorandum which you would like to emphasize?—I would call your attention to the operation of the Agricultural Rates Act, to which I have referred. It is also quite possible that your attention has not been directed to what I say in my memorandum referring to the unequal assessment of land.

Effect of Agricultural Rates Act on clerical tithe owners.

5661. Take one thing at a time. As I understand, the first point is contained in these words: "If the clerical tithe owner be rated at 300*l.* he will have to pay 5*l.* a year more than he would have had to before, in addition to his share, by way of the additional income tax required to produce the farmers' relief grant." Would you develop that for me, for I do not quite understand it?—The Rates Act of 1896 compensates the union for the amount required to relieve the farmer of half his rates.

5662. That is to say, half the rates on his agricultural land?—Yes.

5663. I do not quite see how the clerical tithe owner can have to pay more. I can understand the argument that he ought not to have to pay as much as he will have to pay; but I do not see how you can make out that the effect of the Act is that as a tithe owner he will have to pay more?—I shall have pleasure in showing you how that is. There are parochial charges, and there are union or general charges, and the Rates Act takes cognizance only of the general charges of the union—

5664. Is that so?—It is so.

5665. You say so very definitely, and, therefore, I do not like to contradict you, but it is a surprise to me if it is so. Will you specify the particular rate or charge under which the clerical tithe owner has to pay more?—In this way; there are several purely parochial expenses to be met out of the rates.

5666. Such as—?—The payment of the assistant overseer.

5667. What rate does that come out of?—It comes out of the rate of the parish; that is, the parish must put a penny or twopence, as the case may be, more on the union call than the call is in order to meet the expenses of the assistant overseer. The parish alone pay him. We are not compensated by the Act for the loss that we sustain in consequence.

5668. How much does that amount to according to your way of calculating it?—In my parish it is about 10*l.*

5669. What will your share of that be?—10*l.* would be about a twopenny rate.

5670. (*Mr. Dalton.*) What is the rateable value of the parish?—The rateable value of the parish is 1,300*l.*, and something, but the assessable value of the parish is a great deal less.

5671. (*Chairman.*) Is there any other point on which you think it puts an increase?—Yes; the special sanitary rate, when it comes under 10*l.* is divisible according to the Rates Act among the ratepayers of the parish; but the Rates Act does not provide any compensation for that; the relief grant does not reckon that at all; nor parish council expenses.

5672. Is there any other point?—Yes; the school board rates in parishes which have formed boards since 1895, or will hereafter form them; a school board is a very expensive item.

5673. Anything else?—I mention in my memorandum the voluntary school rate; in many parishes in England we form a voluntary rate.

5674. I do not think we can take that into calculation?—It is not legal I know, except in one way.

5675. Not compulsory is what you mean, it is legal?—It is purely voluntary. It is compulsory in one sense; the parish is bound to keep a school, and the parishioners in some cases prefer to do it their own way rather than by forming a school board.

Rates on land subject to tithe and free of tithe.

5676. Is there any other point that you want to call our special attention to?—We will return to the second point I mentioned. An acre on a tithe free farm pays less than an acre of land upon which there is tithe.

5677. That is not unnatural, is it, if a capital sum has been paid to redeem the tithe?—We will compare two equal acres—

5678. But I mean if the other process of getting rid of tithe has been gone through, it would be unjust to

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 5675. make them pay the same, would it not?—I do not hold that; we have to deal with property, say it is an acre of land; each acre of land, supposing it is worth the same, should pay the same, whether it is tithe free or not.

5679. That, of course, is a matter of bargain in by-gone times, is it not?—I do not think so.

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 Act, 1896.  
 Criticisms.*  
 5680. Is there any other point?—I point out in my memorandum how any excess over the estimated amount, or the ascertained amount of the Government grant, will have to be paid; it will have to be paid unequally by the owners of land and the owners of other property; and in certain unions the inequality would be very considerable; I mention some. In my own union, it is printed in my memorandum 8 per cent., but I have ascertained since that it will be 9 or 10 per cent.

5681. I do not quite understand that; it may possibly be my fault; but is that not a repetition of the complaint that formed the subject of question and answer a moment ago, when I quoted certain words from your memorandum?—No, I think not; it is not the same thing.

5682. Perhaps you will explain that statement to me?—The Government grant was ascertained by reference to the amount of rates on agricultural land in the year 1895. If our rates remain the same as they were in 1895 there would be no inequality; but if our rates go up as they have done and will do, there would be inequality.

5683. Then I follow that this paragraph is a complaint of the contents of the Rates Act of last year?—Yes.

5684. Except incidentally that is hardly within our terms of reference?—I thought, perhaps, it would come in, because, possibly, in consequence of what you recommend something may be done. We have felt in the country, both farmers and tithe owners, that this Act is not based upon justice.

5685. Are you authorised by the farmers to say that?—Farmers who meet me every fortnight have told me that, but they do not authorise me to say anything.

5686. You have no resolution of farmers' societies, or anything of that sort?—No, not at all.

5687. (*Mr. Dalton.*) If it be true that if the rates go up, the grant will not be sufficient to pay the whole of the deficiency on agricultural land, then I suppose it would be true that if they go down the grant will be larger than is required for the purpose, and will give relief to tithe owners and others?—That is perfectly true, but it is a most improbable thing.

5688. You know that the rates in rural districts are, as a matter of fact, in many places lower now than they were a good many years ago. I am not saying that they are lower than they were a year or two ago, because that would differ in each district, but taking the country as a whole you would admit that they have not greatly risen at any rate?—I have a return here from all the parishes in my union for the years 1884 down to 1896, and this shows in many cases an increase of 50 per cent.

5689. What does that mainly arise from? Which rate has gone up?—If we want better buildings for the union that would influence the poor rate. Then the expenses of the county council gradually creep up and more money has been spent upon the roads and education.

5690. What parish is that you are speaking of; could you give us the name of it?—The parish that I have now before me is the parish of Basildon, but I have the figures for over 20 in my hand.

5691. I think you say that the land tax payable on the tithe in your parish is larger now than it was in 1883?—Yes.

5692. Is it correct to assume from that that the tithe, although it has fallen in value, and fallen considerably, has not fallen in value so much as the other property in the parish subject to the land tax?—I do not think there is much difference.

5693. How else do you account for the fact that you are now paying more land tax than you did in 1883; there must have been a re-assessment of some sort which has thrown more upon the tithe in the parish?—Yes, there has been.

5694. Was that re-assessment properly made?—It is difficult to say when the land tax assessment is properly made.

5695. Does it follow the poor law valuation in your parish?—No.

5696. The income tax?—No.

5697. What is your land tax valuation based on?—I cannot say; it is the judgment or perhaps the incompetency of the assessor sometimes.

5698. (*Mr. Elliott.*) Did the owners of the tithe rent charge feel any sense of grievance as regards local taxation before the passing of the Agricultural Rates Act?—We certainly did always in my district; ever since I have been there we have thought that we were very heavily taxed.

5699. You do not object to the Agricultural Rates Act as in itself unjust do you?—I do personally; I think it is very unjust.

5700. Because it did not extend so as to include a particular class of property in which you are interested?—No, it is not that at all; that may be an element but it is a very inappreciable element.

5701. What is your objection then to the Agricultural Rates Act?—I will give you one instance. There is accommodation land that I know of which lets at about 4l. an acre, and no one can say that such accommodation land deserved to be let off paying any of its rates.

5702. Of course you are aware that some people do say that?—I do not think they would really mean it.

5703. (*Mr. Clare.*) Before the Agricultural Rates Act, 1896, was passed, I presume you had an assistant overseer in the parish who collected the poor rate?—Yes.

5704. And you paid him?—Yes.

5705. You now employ him?—Yes.

5706. And pay him?—Yes.

5707. There is not much difference, is there, in the position?—Yes, there is. Now the occupiers of land pay on half their rateable value which means that the other half has to be provided by the other ratepayers.

5708. But the other half which is given back to the occupier is paid out of the Government funds?—Not in the case of the assistant overseer, that is one of my complaints.

5709. Before the Government grants were made the parish paid the assistant overseer?—Yes, by an equal rate.

5710. And they pay him now?—By an unequal rate.

5711. They do not pay more than they did before?—The total sum is not more but it is divided unequally between the owners of the land and the owners of other property.

5712. May I suggest to you that there is not very much difference in character between a tithe rent-charge and a ground rent. Do you see any difference between a ground rentcharge upon, we will say, large leasehold property in London representing one-fourth of the actual rent of the whole premises and a tithe rentcharge charged upon agricultural land if you like, representing possibly half of the rental value?—I think there is this difference—the owner of the ground rent is not compelled by law to render any services to his country or his parish as the owner of a tithe rent-charge is.

5713. But the owner of a ground rent is not now liable to be rated for other rates, you are aware of that?—Of course I do not know anything about it; we have not got such things in our district.

5714. I am only suggesting to you that if the owner of ground rent is not now rated for local rates, is that not rather a reason that tithe rentcharge should be put upon the same basis, or else that owners of ground rents should be made liable to pay the rates?—It makes my view of the matter very much stronger, supposing the present system of not rating owners of ground rent were to continue.

5715. (*Mr. Smith.*) Your principal grievance as a clerical owner of tithe really arises out of the accident of the method of payment, does it not? You are treated as a landowner, whereas your claim is to be treated as a salaried officer?—I think it resolves itself into that.

5716. You must stand on one ground or the other. By law you are a landowner, but in reality you say

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*Rev. D. J. Davies.* you receive a salary?—Practically that is what it is now.

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5717. It comes to this that the accident of the method of payment imposes upon you, so far as services are concerned, a heavier burden?—It does.

5718. Could you offer us any suggestion as to the assessable value of tithe in future?—My suggestion is

that the assessable value of the tithe should be the excess of its rateable value, over 150*l.*

5719. Making that as an allowance for the value of the service?—Yes, that is it.

5720. (*Chairman.*) Is there any point you want to add?—No, thank you; I have put in everything in my memorandum that I thought of.

The witness withdrew.

Adjourned till Thursday, 27th May, at 12 o'clock.

## SIXTEENTH DAY.

Thursday, 27th May 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. Sir J. T. HIBBERT.  
Sir F. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
C. N. DALTON, Esq., C.B.

H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq.  
ARTHUR O'CONNOR, Esq., M.P.  
J. L. WHARTON, Esq., M.P.  
ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. FREDERIC CAMPBELL HULTON called and examined.

*Mr. F. C. Hulton.*

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5721. (*Sir John Hibbert.*) You are Clerk of the Peace and Clerk of the Council for the county of Lancaster?—Yes.

5722. You have held one of those offices, clerk of the peace, for a considerable number of years; for how many would it be?—Over 20 years.

5723. And the other office you have held since the formation of the county council?—Yes.

5724. You are also a member of the County Councils Association?—Yes.

5725. As one of the clerks representing the clerks of county councils?—Yes.

5726. You appear to-day to give evidence for the County Councils Association, and you put in, I presume, this memorandum?—Yes, I put in that memorandum on behalf of the Association.

5727. Do you also put in these Tables?—Yes.

5728. You also, I think, propose afterwards to give evidence in your own personal capacity?—I do.

5729. We will take the evidence for the County Councils Association first. You state in this memorandum how the financial business of the county council is regulated by the Local Government Act, 1888; do you wish to make any short and concise statement about that—perhaps it would be as well if you took your own mode of doing it?—The financial arrangements of the business of the county council are regulated, as stated in the memorandum, by the Local Government Act, 1888, section 80. The Act requires that all payments to be made to or out of the county fund shall be made to and by the county treasurer, and that all payments out of the county fund shall be made in pursuance of an order of the council signed by three members of the finance committee.

5730. You propose to deal in the first place with the county accounts and to make some suggestions upon them; will you take that course?—The County Councils Association have stated in this memorandum the way in which the county accounts are prepared, and the various items of which they consist. I do not know beyond that that I have anything further to say.

5731. I think you should state the general mode in which the county funds are kept; it is so different from the mode in which the municipal funds are kept, that I

think it is desirable you should state that—not only as respects Lancashire, but as respects the general class of counties?—Then I think I may state that the county fund is divided into three separate accounts—the general county account, the special county account, and the Exchequer contribution account. All the three accounts are regulated by the Act of 1888. The process is that the accounts of the various committees are referred in the first instance to those committees, and by them passed on to the finance committee; the finance committee then consider the accounts, and recommend the county council to pay them. The orders for the payment of those accounts are signed by three members of the finance committee, and countersigned by the clerk of the council, and are laid before the meeting of the county council, when an order is made that the county treasurer shall pay them.

5732. Will you make any statement with respect to the most important duties which come within the general county account?—I think the most important is the expenditure under the head of main roads, which in Lancashire amounts to nearly 130,000*l.*, to which has to be added a contribution under section 11 of the Local Government Act of 1888 on behalf of the class of roads which are not main roads but which are called secondary roads, and that is limited to a sum of 23,000*l.*, which makes a total of nearly 160,000*l.* under that head alone.

5733. Is that the largest item of expenditure which occurs in the general county account?—That is the largest amount. In other counties there may be a very heavy charge on the account for lunatic asylums, but that, as you are aware, is dealt with specially in Lancashire, and I would rather not complicate the matter by any reference to it.

5734. In most counties, I suppose in the majority of counties, the lunatic asylums are managed by the county council?—By a committee of the county council.

5735. And in respect to Lancashire they are managed by a board under an Act of Parliament?—Under a special Act of Parliament.

5736. There are other important payments with respect to the salaries of the clerks to justices of petty sessional divisions, the salaries of inspectors of weights and measures and expenses, the salaries and expenses of coroners, and also the salaries of county analysts?—With regard to the salaries of clerks to justices, the amount received from the clerks for fees practically

*Rev. D. J. Davies.*

19 May '97

*Mr. F. C. Hulton.*

27 May '97

County account in Lancashire. Main purposes of expenditure of general county account.

Memorandum of County Councils Association.

County council financial arrangements. Method of keeping county accounts.

Mr. F. C. Hulton.  
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balances the sum paid as salaries. The salaries of inspectors of weights and measures is a growing and a heavy expenditure, and exceeds the receipts in Lancashire by over 1,000*l.* The salaries of coroners again is a heavy item; they amount to practically a little over 4,000*l.* I think I ought to mention the cost of prosecutions at assizes and sessions: that is also a heavy item, amounting to between 8,000*l.* and 9,000*l.*, an item which, prior to the passing of the Act of 1888, was paid by the Treasury.

5737. Is there no payment now by the Treasury?—There is no payment now by the Treasury.

5738. It is paid out of the local funds?—Yes, it comes out of the county rate.

5739. Have you anything further you wish to say about general county purposes?—No, I think the other items are small in amount, although they total up to a large sum.

5740. Will you take the next branch, the special county purposes?—In the special county purposes account, the most important item is the expenditure on the police. That is supplemented by one-half of the pay and clothing being charged upon the Exchequer contribution account. The net expenditure for police last year in the county was 85,000*l.*

5741. That is for your own county?—Yes, only for Lancashire.

5742. (Mr. Wharton.) Do you mean that is the total amount?—It is the net amount.

5743. Is that minus the Exchequer contribution?—After giving credit for the Exchequer contribution.

5744. (Sir John Hibbert.) It is the balance?—The balance.

5745. (Mr. Wharton.) Then the police cost you double that?—Yes.

5746. (Sir John Hibbert.) Why is it called a special county purpose?—It is a special county purpose. Under the Police Act the county is divided first into the head-quarters division, which is the administrative county, exclusive of the boroughs having separate police establishments or having agreements for policing with the county; then the county is also divided under the same Act into police divisions.

5747. Is that the case in all counties?—No, I think you will find from Table II. B that there are a number of counties which are not divided into police districts—all the counties against which in the second column you find the figure (4).

5748. Those counties with the figure (4) are counties in which there is no divisional police?—Yes.

5749. But the rate goes over the whole county?—The rate goes over the whole county.

5750. Of course, when I say county, I mean administrative county?—Yes, I understand.

5751. Where the division has been carried out to any considerable extent, of course, it does impose the levying of a very considerable number of different rates?—That is so.

5752. What is another special purpose?—Another special rate, but I think this is only applicable to Lancashire, is the rate for hundred bridges; those are the bridges repairable by separate hundreds from immemorial custom.

5753. That is not common to other counties, then?—I believe that in a Turnpike Continuance Act some eight or ten years ago, the local rating was abolished, and now all the bridges are charged to the county—with the exception of course that in counties there are some bridges chargeable only to very small districts, not equal to the hundreds in Lancashire.

5754. What are the other special county purposes?—They are really special matters, such as salaries of chairmen of quarter sessions, the stipendiary justices, and the Manchester Assize Courts, and, I believe, the charge for intermediate education in Wales is also a special county purpose in Wales.

5755. I suppose in both general and special purposes in the county, the deficit that occurs upon any of these purposes is made good out of the county rate thrown over the whole county or thrown over the separate division?—That is so. The general purposes expenses are raised out of a general rate and the special purposes are raised out of special rates.

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5756. Have you anything to say with respect to the mode of raising money under those two plans—general rates or special rates?—No. I think it is a very convenient way of raising the money. The order is made by the county council, and a rate either for general or for special purposes is ordered to be levied; that rate is included in a precept to the guardians of the poor,\* and they apply to the overseers of the different parishes for payment of the contribution. We deal entirely with the clerks to the guardians, and are not brought into contact with the overseers, except in case of default.

5757. I suppose in the county the county rate committee is a very important element in the administration of the county?—It is.

5758. And you have had considerable experience in carrying out the law with respect to the division of county rates during past years?—I have. I have had to attend as clerk to the county rate committee on five different occasions.

5759. How does that act with respect to a county like Lancashire, where there are a considerable number of county boroughs?—In Lancashire advantage was taken of the Local Government Act of 1888 to appoint a joint committee, and that joint committee consists of 15 members appointed by the county council, and one member from each of the 15 county boroughs within the county.

5760. How many does that make?—It makes 30. The average attendance is, I think I might say, about 12. There are three or four members who attend every meeting, and then the representatives of the particular district, whose case has to be revised, attend and look after the interests of that area.

5761. In working this Act jointly with the county boroughs, do you travel about various parts of the county for the purpose of revision?—We do. We sit at the various centres of population: for instance, at Preston, at Manchester, at Liverpool, and in the north at Lancaster, and at Ulverston.

5762. Is it your experience that that mode of revising the county rate is a satisfactory one?—In my opinion it is most satisfactory.

5763. Is that the opinion of the county boroughs as well?—I think so. There has never been the slightest friction between either the county members or the county borough members—quite the contrary.

5764. In the revision which takes place, I suppose every five years, do you find much necessity for having this controlling power?—There is a great necessity. At first, if I may go back to 1872, the work was not well done in the unions, but by the pressure of the county rate committee, the assessment committees in the various unions in the county have not only been more alive to the necessity of keeping up the rateable value of the various kinds of property, but they have also been obliged, if I may use the expression, to get re-valuations of the railways, and the mines, and the mills in the district, which are most important elements.

5765. Do you find that the local assessments vary very much from the county rate assessments?—Considerably.

5766. I suppose differently in different unions?—In some unions, between the poor rate assessment and the property tax assessment (which is one of the bases upon which the county rate committee act) there is very little difference indeed; in other parts of the county, particularly in the rural districts, there is a great difference.

5767. In the revision of the county rate, does the representative of the Inland Revenue Department sit with you?—Both the clerk to the Commissioners of Income Tax and the surveyor of taxes attend.

5768. Have you found advantage from that?—Great advantage, because we have returns made both by the overseers of the various classes of property and also by the Income Tax Commissioners, the two assessments are compared, and I may say invariably the property tax is taken as the basis for property liable to be assessed to the county rate.

5769. Does your total of gross value come to pretty much the same amount as the gross value of the Imperial assessment?—Very much the same.

5770. That is with respect to the county rate?—Yes.

County rate joint committee in Lancashire created under Local Government Act, 1888. Section 33. Their procedure. System has proved a satisfactory one to county and borough members.

County rate committee has made the union assessment committees keep up the rateable value and obliged them to get revaluations of railways mines, and mills in Lancashire.

In some rural unions, local assessments vary very much from county rate assessments.

Surveyor of taxes, advantage of his assisting in revision of county assessment.

County accounts in Lancashire. Main purposes of expenditure of special county account. Net cost of police in county of Lancaster.

System of dividing some counties into police districts.

Special rate in Lancashire for hundred bridges.

County accounts (Lancashire). Certain special purposes of expenditure. County accounts. General and special purposes of expenditure. Mode of levying payment for deficits.

\* Pt. II. of Appendix to Vol. I. Minutes of Evidence, pp. 106 and 107.

**Mr. F. C. Hulton.** 5771. How do you do with respect to the deductions for rateable value, have you one scale for the whole county?—Yes, the committee before they proceed with the re-valuation, lay down a special scale, and that scale, if I may be allowed to hand it in, is this: "For the purpose of estimating the net annual value of the property in each parish, township, or place, the joint committee first ascertained the gross estimated value thereof, and from such gross value made the following deductions: From the value of agricultural land as defined by the 'Agricultural Rates Act, 1896,' one twentieth part. From the value of all lands (other than agricultural land), woods, plantations, tithes, canals, navigations, docks, watercourses, reservoirs, sporting rights, quarries, delphs, and brickyards, one-twelfth part, and from the value of all buildings, mines, railways, and gasworks one-sixth part."

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County rate committee in Lancashire. Scale of deductions adopted in revision of valuation.

Appeals. Only one appeal against decision of county rate committee in Lancashire since 1872.

Valuation for county rate in Lancashire and of the several unions, difference in.

Valuation for Imperial and poor rate purposes outside Metro- polis, difference in.

5772. Is that schedule taken from any Act of Parliament?—No. In respect to the first item, the valuation of agricultural land, I ascertained that generally throughout the county in the best managed unions they deducted a twentieth, and the committee adopted that, that being a new item under the Act. With regard to the other deductions those have been in force since 1872 to my knowledge, and I believe prior to that time, and they have always been acquiesced in by the various rating authorities.

5773. Have you had any or many appeals against your decisions?—Since 1872 there has been one appeal.

5774. Only one?—Only one.

5775. And that is during a course of how many revisions?—Five; and I believe that there had not been any appeal prior to that time since the Act of 1852 came into operation.

5776. Now this principle which you have been explaining which is adopted in Lancashire, is it adopted in other counties?—I believe it is to a greater or less extent, or rather, I should say, probably to a less extent.

5777. We will take a district near to Lancashire, that is the West Riding; what is the plan adopted there?—I believe very much the same plan; also I think in Cheshire.

5778. Do you know whether the result in the other counties is equally satisfactory with the Lancashire result?—I cannot answer that question.

5779. Have you anything further to say upon this particular branch of the subject?—No, I think not.

5780. Before we go to a new branch, could you state what the difference is between your valuation for the county rate and the valuation of the several unions; it is very important to know that?—The valuation for the poor rate is shown in Table H. C. column 5a and 5b. For Lancashire in 1895 it was 8,899,405*l.*, and in 1896 8,653,041*l.* I think I may explain that the reduction there is not on account of the county going back, but on account of a large proportion of the county being absorbed into the city of Liverpool.

5781. A million of rateable value, I think, has been absorbed by Liverpool and Manchester together?—Yes. At one time, between 1895 and 1896, about half a million went to Liverpool.

5782. That accounts for this particular difference?—Yes. Then the county rate basis which is given in column 6 was, in December 1895, 8,504,894*l.*, that being the basis fixed in the year 1891; but the basis which has been fixed within the last fortnight will increase that figure from 8,504,894*l.* to 9,287,621*l.*\*

5783. What I wanted to know was, what is the total of the assessments under the different assessment committees, for poor law purposes throughout the county, to compare with this. I believe there is a considerable difference, is there not, between the totals of the rateable value?—There is a difference of 600,000*l.*

5784. (Mr. Wharton.) That is for exactly the same area?—Yes.

5785. (Sir John Hibbert.) To go beyond Lancashire, I believe the difference in the whole of England outside the metropolis, between the Imperial assessment and the poor rate assessment, is something like 5,000,000*l.*?—It is a little over 5,000,000*l.*

5786. (Mr. Wharton.) Which way is that?—The poor rate is so much lower; I think the exact figure is 5,889,000*l.*†

5787. (Sir John Hibbert.) Is that gross?—No, rateable value.

5789. (Mr. Dalton.) Where do you get that difference of 600,000*l.*? The figure in the table for the county rate basis of 1896, column 6 b, is 8,504,238*l.*; that only makes a difference of 150,000*l.*?—That makes a net difference; it makes the poor rate 150,000*l.* above the county rate, but, as I pointed out to the Chairman, the county rate assessment was fixed in 1891.

5790. All I meant was that the 600,000*l.* does not appear on that table?—No, it does not. The last county rate basis which has been fixed is not in this return; it is 9,287,621*l.*\*

5791. (Sir John Hibbert.) We will take the next branch, Exchequer contribution account. Of course this account was created by the Local Government Act of 1888, and consists for every county of the proceeds of certain licences, a share of the probate duty, and a share of the Customs and Excise duty?—That is so.

5792. That is the same in every county, and it is distributed in a certain way by Act of Parliament?—That is so.

5793. What have you to say—I do not mean to say representing your own opinion about this, but as representing the County Councils Association—upon the mode of carrying out this part of the duties of the county council?—These accounts are sent in to the county council, and they are audited, and, as far as possible, it is ascertained whether they are correct. A number of them are payments made by direct order of the Local Government Board.

5794. (Mr. Wharton.) You say sent in. Would you say by whom?—By the different authorities to whom payments have to be made.

5795. Who are those authorities?—The first three items—the salaries of teachers in poor-law schools, the school fees for pauper children, and the salaries of public vaccinators—are paid upon the order of the Local Government Board. In regard to the fourth item, the salaries of medical officers of health, the local authority where there are medical officers of health send in the accounts to the county council, and then they are checked and paid. The same applies to the salaries of inspectors of nuisances. The salaries of registrars of births and deaths are paid by order from the Local Government Board. The charge for pauper lunatics, 4*s.* a week, is claimed by the unions in each county.

5796. (Sir John Hibbert.) Is that not under the Local Government Board also? Do they not certify the amount that has to be paid?—I think not. Each union sends in a claim for the number of pauper lunatics chargeable to that union at the rate of 4*s.* per head.

5797. How is that checked?—It is checked by the audit department of the county council.

5798. But there are very few counties which have audit departments?—I cannot answer for other counties. In the same way the salaries of poor law officers are sent in by the various authorities. The county police is dealt with by the county council, and the boroughs with borough police send in a claim every year, after the police have been inspected by the Government inspector, and a certificate has been issued that the police are in a state of efficiency.

5799. (Mr. Wharton.) Perhaps it would be more correct if you were to say that the police are dealt with by the standing joint committee?—No.

5800. The standing joint committee recommend what the amount should be; they requisition the county council, and the county council pay?—Yes.

5801. (Sir John Hibbert.) Then there is the item for technical instruction, what have you to say upon that?—I believe generally throughout England, the amount received from the Customs and Excise duties is charged with technical instruction.

5802. Then supposing a balance remains after the payment of all these charges which you have referred to, what becomes of that balance?—That balance is appropriated under section 23 of the Local Government Act, 1888; and really the first charge is, that any balance is to go to repay to the general county account of the county fund the costs on account of general county purposes for which the whole of the area of the county is liable. There are other subsequent appropriations, but I am sorry to say, speaking for Lancashire alone, that for the last two years there has been no surplus of any kind whatever.

5803. Is that owing to less money having been received under the Exchequer contribution, or is it

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Exchequer contribution account. County councils, accounts of, and procedure in connection with. No difficulties as between county and county boroughs.

\* Reduced on appeals in August to 9,275,883*l.*  
† The exact figure in 1895-6, according to the 40th Report of the Inland Revenue Commissioners, was 6,157,816*l.*

\* Reduced on appeals in August to 9,275,883*l.*



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owing to the payments becoming larger?—Partly from the payments becoming larger and partly because the Exchequer contribution account, certainly the year before last, decreased to a very considerable extent.

5804. Have you found any difficulty in carrying out the law in respect to these purposes?—No.

5805. No difficulty owing to there being county boroughs?—No, I think speaking in the presence of one of the Commissioners who represents a county borough, we have worked very fairly and amicably since the adjustment took place before Lord Derby's Commission.

5806. Have you anything further to say on this branch?—No.

Police Pension Fund and superannuation fund in Lancashire.

5807. With respect to the Police Pension Fund, do you wish to say anything upon that?—Only that it has had a good effect upon the superannuation fund inasmuch as it has prevented its being dissolved by the charges being too great upon it; at the present moment it is just about paying its way.

5808. You are speaking now of Lancashire; what is it generally?—I am afraid in other parts of the country the pension fund is in rather a disastrous state.

One uniform valuation for all rates and taxes throughout the country desirable.

5809. What do you wish to say with respect to uniformity in rating?—Resolutions have been passed by various county councils, I believe upwards of 40, suggesting that, "In any comprehensive scheme for consolidating and amending the laws of rating, provision should be made for one uniform assessment, upon a basis applicable to the whole country, on which all taxes and rates of every description should be charged and levied."

5810. Have the County Councils Association passed a resolution of that kind?—They have.\*

5811. And your own county?—The county of Lancaster has also passed a resolution which I believe has been forwarded to Mr. Wilson Fox.

5812. I understand that the resolutions of the county councils on this point have been forwarded to the Commission in most cases?—I believe upwards of 40 counties have passed the resolution.

Exchequer contribution account in Lancashire not sufficient if half the expense of main roads can be charged.

5813. What have you to say with respect to the Exchequer contribution account?—Simply that at present the account in Lancashire is not sufficient to pay the charges on that account, assuming that we have a right to charge one-half the expense of the main roads.

5814. Does that state of things apply to many counties?—That, again, I am not prepared to answer.

5815. Do you know whether any other counties pay one half the cost of the main roads out of the Exchequer contribution?—That I cannot answer.

5816. Do you wish to say anything further upon the general question as representing the County Councils Association?—No.

5817. (Mr. Murray.) If a uniform system of assessment and valuation were adopted all over the country, would you make it over-ride all the local Acts that are now in force?—Certainly.

5818. Would you repeal them all?—Yes.

5819. Without any regard to the local necessities and so on?—Yes.

5820. You would have one uniform basis of valuation for all kinds of property?—There, of course, a difficulty arises as to the different kinds of property; take railways, for instance, it would be difficult to lay down a principle applicable to the whole country for them.

5821. How do you propose to meet that difficulty?—I propose to meet that by appointing special valuers or assessors. Taking the railways as the first item, the committee should appoint a special valuer to value the whole of the railways in the county and other classes of property in addition to railways—mines, mills, ironworks, and manufactories generally; but in regard to rented property, such as houses, then the property tax, being, undoubtedly based on the return of the rent, would be *prima facie* at any rate, the basis.

5822. You would not value agricultural land, for instance, on any other basis than you would houses?—You would take what the rent is.

5823. Where does your county assessment committee meet?—The present committee meets at Preston, which is the most central town in Lancashire, and then it adjourns to Manchester, taking all the unions within

A uniform system of valuation should override all local Acts. VALUATION of special classes of property such as railways, mines, mills, &c. should be valued by a special county valuer. Houses and land should be valued on basis of rent. County rate committee in Lancashire. System and procedure adopted.

8 or 10 miles of Manchester, at Manchester; then it sits at Liverpool and takes a number of the unions surrounding Liverpool; going north, it sits at Lancaster for the agricultural unions north of the Ribble, and also at Ulverston, which is quite detached from the rest of the county.

5824. Then it is practically a movable body?—Yes. At one time we used to sit at half a dozen more places, but railway communication is so good in Lancashire now, that it is not necessary to sit at more than these four or five places.

5825. That is enough to supply you with all the local knowledge you want?—Quite.

5826. What happens when they meet—who attends?—The overseers, or rather the assistant overseers, are summoned, the clerk to the assessment committee, the clerk to the Commissioners of Taxes, and the surveyor of taxes.

5827. Do any of the interested parties, the ratepayers, come?—Sometimes.

5828. Do they make representations?—No.

5829. They do not attend as interested parties, then?—No.

5830. They merely attend?—They are merely there to listen.

5831. They have no *locus standi*?—That question has never been raised.

5832. Do you find that the 5 per cent. allowance for land is generally sufficient?—Yes: it was the percentage put on by the overseers in November, when the Act first came into operation.

5833. I do not quite understand paragraph 30 of the County Councils Associations memorandum. Apparently you think that the county councils are worse off than they expected to be?—I have no hesitation in saying that that is so.

5834. That is, that the charges on the Exchequer contribution account are larger than the amount of the contribution?—Yes.

5835. But I cannot gather that from your Table II. B; you see under column 4 of your receipts, you get three millions and a quarter out of the contribution account. Is that not so?—Yes.

5836. Then look at column 10 on the other side of the account, that would come to 1,157,455*l.*?—I think I must guard myself in my answer in this way, that I am only speaking as respects Lancashire; I believe in other counties the receipts from the Exchequer contribution account do go considerably in reduction of the rates.

5837. (Sir John Hibbert.) Is it not the case that you take one-half of the expenses of the main roads out of the Exchequer contribution?—Yes.

5838. Is that so in other counties?—That I cannot answer. In Lancashire the main road expenditure is made a special charge upon each hundred; in the rest of England the main road expenditure is paid out of the general county fund.

5839. (Mr. Murray.) Take the case of Lancashire under column 4; you get about 275,000*l.* there?—That is so.

5840. What do you pay on the other side—something under 100,000*l.*?—First of all the 10,433*l.* (column 4, *b*), that receipt is appropriated to the Police Pension Fund; then 39,428*l.* (column 4, *c*) is appropriated to technical instruction; so that the total amount is the 225,383*l.* column 4, *a*.

5841. But what are the charges in Lancashire against the 225,383*l.*?—First, under the head of payments, column 10, you will find to boards of guardians 78,840*l.*, to sanitary authorities 6,562*l.*, to boroughs maintaining their own police 13,140*l.*, to public vaccinators 354*l.*, and then other payments 253*l.* Then you have half the expense of the main roads, which, in the year ending the 31st of March 1895, came to over 53,800*l.*

5842. That would be 160,000*l.*?—Yes.

5843. (Mr. Dalton.) Then there is half the pay and clothing of the police?—Yes; the 13,140*l.* was the amount of half pay and clothing of the police, payable to the councils of boroughs having separate police establishments.

5844. (Mr. Murray.) You have got that down in column 10, *c*?—Yes.

5845. (Mr. Dalton.) Then there is your own county police?—Yes, that is 64,000*l.* The transfer, if I may put it in a word, to other accounts of the county fund

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Exchequer contribution account, effect of in Lancashire. No balance remains. Amount of rates to be raised has not been reduced since this was instituted.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 105 (par. 29).

*Mr. F. C. Hulton.* amounted to 122,000*l.*, in addition to what appears here in column 10, a, b, c, d, and e.

5846. (*Mr. Murray.*) In fact that comes out of the 472,776*l.* in column 8?—Yes, it is included in that sum.

5847. Speaking generally, the other counties would not seem to be as badly off as Lancashire in that respect?—No, I think that is so.

5848. Column 8 on the payments side appears to include repayments of loans and interest?—Yes, it includes those.

5849. Have you any idea what they come to in Lancashire?—Yes. There again it is hardly fair to take Lancashire, because the asylum loan is not included in that amount. The only loans that we have are for the court house at Liverpool, I think about 4,000*l.*, and then police loans amounting to about 100,000*l.*

5850. Do you mean the annual charge is 100,000*l.*?—No, that is the total.

5851. How much of that 472,776*l.* represents principal and interest on loans?—For the repayment of loans the sum was 8,569*l.* for the year ending 31st of March 1896, and the interest on loans was 3,614*l.*, making a total of 12,183*l.*

5852. Is the amount of rates raised under columns 1 and 2 larger now than it was 10 years ago?—No, I should think not. I think if you will refer to Table II. C you will find that the rates in the £ for general county purposes in 1894-95 were 4·28*d.*; in 1895-96, 5·18*d.*; and in 1896-97, 5·07*d.* I believe this year there will probably be a slight decrease. Then for special county purposes the rate in the £ was for 1894-95, 3·03*d.*; for 1895-96, 2·69*d.*; and for 1896-97, 2·64*d.* Taking it for the last nine years, I do not think there has been any appreciable difference in the rates.

5853. That is practically you have not suffered much by the arrangement of 1888?—No. I have not said we have. It is only to a small amount that our charges are not met.

5854. In fact the rate in the £ is not higher than it was?—No, practically not.

5855. Then all you have lost in fact is an expectation of reducing the rates?—Yes, certainly.

5856. (*Sir Edward Hamilton.*) With reference to paragraph 30, on which Mr. Murray has been asking you some questions, are we to understand that what you regard as the "elaborate provisions for the appropriation of any balance remaining over after those payments have been made" have never been put into force because there has been no balance to appropriate?—That is so. Take the first head—that the balance shall go to the payment of the costs of the general county purposes; that would mean that if that balance were sufficient to meet the costs of the general county purposes, there would be no necessity to lay a county rate.

5857. Have you ever made out a calculation, or would it be troublesome to make out a calculation, showing how, supposing the Local Government Act had not been passed in 1888, or these financial provisions had not been included in the Bill, you would have stood now as compared with how you stand under the present arrangements?—Assuming that the Government take over what?

5858. Going on as heretofore?—I should think we should be very much the same as we were in 1888.

5859. Do you mean to say that you consider you have gained nothing by it?—I do not think we have gained anything. Further charges have been thrown upon the county by the appointment of various officers, and as the effect of Acts of Parliament which have thrown further expenditure upon the county.

5860. Of course I would exclude a new charge like that of technical education?—I am referring to the medical officer of health for instance, and the extra work thrown upon the inspectors of weights and measures.

5861. (*Sir John Hibbert.*) Then there is the pollution of rivers?—Yes, that is a heavy item.

5862. (*Sir Edward Hamilton.*) Still, under the arrangements made in 1888, there was a very considerable additional sum handed over, and I do not see why it is you cannot show that you have got some benefit by it?—Of course the question of main roads comes in, and no doubt the main roads have been increased very considerably since 1888.

5863. Still, if I recollect aright, the main roads was not a very serious item, was it?—At the present moment it is nearly 130,000*l.* a year.

5864. Still the Government, if I recollect rightly, took half, before?—The last year they took half, previously to that they paid a fourth.

5865. (*Mr. Wharton.*) You mean that in 1887 they took half?—In 1887 they took half, and prior to 1887 they paid a quarter.

5866. (*Sir Edward Hamilton.*) Then in paragraph 33 you refer to the distribution of the probate duty grant; it is done, as you state in the memorandum, on the principle that, "it shall be divided in proportion to the share which the Local Government Board certify to have been received by each county during the financial year next before the passing of the Act of 1888"; has that worked unfairly, and is it out of date, so to speak, now?—I am not speaking now on behalf of the County Councils Association; all I have ventured to state in the memorandum is just this matter of fact, that the distribution in 1889 was based upon the discontinued grants for the year ending 31st March 1888.

5867. Were these two tables prepared from information that you received from all the various county councils?—Yes. They are compiled by Mr. Fitzgerald, the secretary to the County Councils Association.

5868. In sending them up to you, I suppose there are no explanations given as to how the rates varied in the three years, because I notice there are considerable variations, some going up and some going down. Was any explanation of that sent in at the time?—I am hardly able to answer that question.

5869. Take Lincolnshire and Rutland. Lincolnshire is a very remarkable case indeed; in the Kesteven division of Lincolnshire it was 8*d.* in the first year and 1½*d.* in 1896-97?—Yes.

5870. That seems to require explanation?—I am hardly in a position to answer those questions, because those tables have been prepared by the secretary to the association, and I have only a general knowledge of them; I cannot answer any special questions.

5871. You did not actually prepare the tables?—No. I did not actually prepare them.

5872. The secretary to the County Councils Association prepared them?—Yes. I believe Mr. Merrifield, who is to give evidence next, will be able to explain the variation in the rates with regard to West Sussex.

5873. (*Mr. Arthur O'Connor.*) In paragraph 30 of the memorandum you say: "The county councils were assured that the sums received on the Exchequer contribution account would be amply sufficient to pay, not only"—so-and-so, but also other sums; "and the Act, section 23, contains elaborate provisions for the appropriation of any balance remaining over after those payments have been made." I suppose Lancashire is not in the same case as all other counties in the country; some counties actually do find a balance to be provided for, do they not?—Yes, I believe so.

5874. Therefore provisions were necessary in the Act that arrangements might be made for the disposal of the surplus?—Yes.

5875. Therefore there is not necessarily any implication in the Act, by reason of the presence of those provisions, that there should be any surplus such as you regret you have not?—I hope the Commission do not understand that I have imputed anything; I am merely stating the fact.

5876. Those provisions were in no sense or shape a guarantee, direct or indirect, that there would be any surplus; they only made provision in case there should happen to be a surplus?—I think if you refer to the Act you will find that when it was passing, at any rate, there was provision made; it was dealt with in the transitory provisions for the tax to relieve the main road expenditure, the wheel and van tax, which was afterwards withdrawn, and certainly hopes were held out that a very large sum of money would accrue to the county councils from that source.

5877. In some cases counties have benefited where Lancashire, in fact, has not?—Yes.

5878. May I draw your attention to Table II. C for a moment? Your rates in the pound in Lancashire have fallen during the last three years, have they not?—For

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Statistical tables prepared by County Councils Association.

Exchequer contribution account not sufficient in Lancashire, and no balance remains.

Rates for special and general purposes in Lancashire. Rise or fall in recent years.

*Mr. F. C. Hulton.* general county purposes the rates have rather increased, but for special county purposes they have decreased.

*May '97* 5879. For general county purposes they were, in 1894-95, 4.28d., and then in 1895-96 they were 5.18d., and they came down again?—They came down slightly next year.

5880. And for special county purposes they have come down year after year?—That is so.

5881. Have you a greater expenditure than you used to have?—Yes, the expenditure is going up.

5882. I want you to explain this: your expenditure being greater, and your rates in the pound on the whole having decreased rather than increased, I look to column 5, and I see that your rateable value has come down in 1896, as compared with 1895, from 8,899,405*l.* to 8,653,041*l.* If you have a greater expenditure, and if you have a lower rateable value, how is it that your rates have come down rather than gone up?—I think I explained to Sir John Hibbert that the decrease in the rateable value from 1895 to 1896 was caused by a large extension of the city of Liverpool, which took away nearly half a million of the rateable value of the county.

5883. But did it not at the same time take away the corresponding amount of charge?—That is a matter which has not yet been decided; there is an adjustment proceeding at the present time. I might explain that; if you add the general county purposes to the special county purposes, you will find that there is a small general increase during the three years.

5884. (*Mr. Wharton.*) Can you tell me at all what has been the increase in the total amount of local taxation in Lancashire during the time you have been clerk of the peace there?—The increase has been considerable.

5885. Could you, in round numbers, state what it has been?—I should not like to pledge myself, but I think that within the last 10 years there must have been an increase generally of at least *1d.* in the pound.

5886. With regard to the rating of railways which you have mentioned, you are aware, I daresay, of the three different systems—the English, the Scotch, and the Irish systems of rating railways?—I have not gone into them.

5887. Perhaps I might broadly state them to you; the English system you are aware of, it is rating the railway in each area; in the Scotch the whole railway is rated, and then each area takes its lineal mileage as its basis of rating; and in the Irish system there again the whole railway is rated, but each area takes the train mileage of that particular area. Now I observe that you have stated that you would propose that the assessable value of the railway should be taken for each county?—Yes.

5888. Would you not think it a preferable plan that the total value of the railway should be taken first, and then that either the union area or the county area of that railway should be taken?—That is to say, taking a great railway like the London and North-Western, running from London to Carlisle, that the value of that railway should be taken as a whole.

5889. As a whole first, and then that you should take the proportional value of that railway in each area according to either the Scotch or the Irish system; do you think that would be more satisfactory than taking the assessment in each area according to the present English system?—I think it would be a fairer thing for the railway.

5890. Would it not be fairer for all concerned?—I think so. I believe, if I might state it, that in the very early days—in 1846 and 1847, the London and North-Western Railway, or rather the Lancaster and Carlisle Railway, was assessed on that basis, but the courts in London would not allow it to stand.

5891. You mentioned Lord Derby's Commission; I want to know whether, up to the present time, the settlement which was arrived at by that Commission has been satisfactory to the county and to the county boroughs?—I think so. I can answer for the county of Lancaster; the five years have expired, but we do not propose to do anything.

5892. (*Mr. Arthur O'Connor.*) Will you kindly look at Table II. C again, under column 5 c, and observe the amount of the value in connection with the Agricultural Rates Act, 1896; it is 8,116,891*l.* How is that figure arrived at, or what does it mean, having regard

to the fact that Lancashire is so covered with industries other than agriculture?—North of the Ribble, Lancashire is a purely agricultural county, and the rating of agricultural land—again I am only speaking from memory—is nearly 2,000,000*l.*

5893. But you have 8,000,000*l.*?—I mean pure agricultural land. That is the total after deducting the difference between the rateable and the assessable value.

5894. But it is put in here in connection with the Agricultural Rates Act, 1896?—That is so. The Act provided that the county rate basis should be altered by revaluing the agricultural land, and then finding the assessable value, that being one-half of the value of the agricultural land.

5895. What does this 8,116,891*l.* represent, then?—That represents the assessable value.

5896. Of the agricultural land?—No, of the administrative county.

5897. Not the agricultural land only?—No, it represents the assessable value of the whole county, that being a reduction of one-half the value of the agricultural land.

5898. (*Sir John Hibbert.*) Dropping out one-half of the value of agricultural land?—Yes.

5899. (*Mr. Dalton.*) It is the value of all the properties?—It is the value of all properties less one-half of the agricultural land.

5900. (*Sir John Hibbert.*) Will you try to explain that and make it a little clearer?—May I take the union of Lunesdale? The basis fixed for the county rate in 1891 was 89,462*l.*; then we had to find out what the value of the agricultural land in that union was, and having found the value of the agricultural land, we had to deduct one-half of that value from the 89,462*l.*; that would bring down the assessable value under the Act to 63,764*l.*

5901. (*Mr. Wharton.*) You did not state what was the value of the agricultural land alone?—I could not answer that question, practically it is double the deduction.

5902. (*Mr. Arthur O'Connor.*) With what, then, should this 8,116,891*l.* in Table II. C be compared?—There is no comparison given in Table II. C.

5903. It is the difference between the county rate?—It is the difference between column 5 b, which is 8,653,041*l.*—that is the rateable—

5904. (*Sir Edward Hamilton.*) Excuse me interrupting for one moment; you gave a figure a moment ago of 63,764*l.*?—Yes.

5905. Is not the figure 8,116,891*l.* the corresponding figure to the 63,764*l.*?—Yes, that is so.

5906. (*Mr. Arthur O'Connor.*) What is the figure that corresponds to the 89,462*l.*? (*Mr. Dalton.*) Would that not be the figure in the preceding column?—The 8,653,041*l.* is the total rateable value for poor rate purposes, and the next figure is the assessable value for the poor rate.

5907. (*Mr. Wharton.*) It is the same thing, minus the reduction of the agricultural land?—Yes.

5908. (*Mr. Clare.*) What is the meaning of rateable value as compared with assessable value?—The rateable value is the value as fixed by the County Rate Act, 1852, and the assessable value is the value as fixed by the Agricultural Rates Act, 1896.

5909. Then rateable value and assessable value are not convertible terms?—No, the Agricultural Rates Act makes all the difference.

5910. In the memorandum you put in on behalf of the County Councils Association, you give the principle on which the commissioners' award in 1890 was made?—Yes, we do.

5911. After describing what we generally recognise as the priority payments, it shows that the balance is to be distributed according to rateable value?—Yes. You are referring to paragraph 35?

5912. Yes. It then does follow, does it not, that if the distribution of the local taxation account is to be equitably made as between county boroughs and the county, a uniform system of assessment should obtain over the whole geographical county?—Yes, that is so.

5913. Under the existing law, you find in Lancashire that you have got that uniformity of assessment for county purposes?—Yes.

*Mr. F. C. Hulton.*

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Assessable value of administrative county of Lancashire since the Agricultural Rates Act, 1896.

Rateable value and assessable value, meaning of.

Local Government Act Commission. Principle on which the award was made. Distribution of local taxation account as between county boroughs and the county.

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County rate committee in Lancashire deal, if necessary, with individual properties in a parish.

Valuation of all properties in a geographical county could be finally settled by one authority.

Imperial contributions have not made county councils extravagant.

LOCAL Government Act Commission gives satisfaction in Lancashire to county boroughs and to the county.

Main roads in Lancashire a charge upon the hundred. Effects of this.

5914. But the county rate committee only deal with the rateable value of parishes as a whole, do they not—they do not deal with the rateable value of individual properties in a parish?—If it is found necessary they do, and they have done.

5915. I understand you to say that in Lancashire the county rate committee have a uniform deduction from the gross in respect of different classes of property?—Yes.

5916. They apply that uniform deduction to the gross value of the parish as a whole, do they not?—No.

5917. To each class of property in the parish as a whole, and not to individual properties?—At first they deal with it as a whole, and then if it is found that any particular kind of property—I will take a large mansion for instance—is rated at a very low sum, they raise the assessment; but that is not a usual thing.

5918. You do not think, then, that there are any such practical difficulties as would prevent a system of having one superior authority to finally settle the assessable value of all properties in each geographical county?—I do not think so.

5919. May I ask whether, in your experience, you have found that county councils have gone into unnecessary extravagance, because a portion of their money has been paid out of the Government grant?—No, I do not think so.

5920. Your experience does not lead you to believe that Government grants, where they are made in proportion to the total expenditure, have in any way induced extravagance?—I do not think so, speaking from my experience.

5921. I think you said that in Lancashire generally the award of the Commissioners is considered to be satisfactory?—Yes.

5922. And that no one, as far as you know, wishes to upset it?—I have not heard of any county borough wishing to upset the present arrangement.

5923. Do you not think there would be a practical objection to upsetting financial arrangements on which different authorities have acted for a number of years?—We had a long contest before Lord Derby's Commission, and, I think, the result was that it gave fair satisfaction generally throughout the county; and I am quite sure I do not wish on behalf of the county, to raise the question again.

5924. With regard to main roads, I think main roads in Lancashire are, as you said, a charge on the hundred?—Yes.

5925. And not on the county as a whole?—Not on the county.

5926. I take it, also, that the amount spent by the county on main roads varies in different hundreds?—Yes.

5927. That is to say one hundred gets a relief in the pound much larger in proportion than the other hundreds get?—Possibly that may be so.

5928. But is it not so?—Each hundred gets half the cost.

5929. If you have your main roads charged to hundreds, and it remains with the county council to say whether a road shall be declared a main road or not, they can, by declaring a large number of main roads in one hundred, give an advantage to that particular hundred out of their Exchequer contribution account which is not shared in the same proportion by the other hundreds?—Of course if the number of main roads is increased in any particular hundred, that hundred gets the benefit of an increased sum from the Exchequer contribution account.

5930. Under the Act, and the section which, I think, you quoted—section 23, sub-section (3)—the surplus, after the payments enumerated in that section, which do not include main roads, ought to be applied in paying the general accounts of the county, ought it not?—Yes.

5931. And if it is applied in paying the general accounts of the county, the whole county receives the benefit rateably?—Yes.

5932. But if it is applied in paying charges which are a hundred charge, one hundred receives a benefit disproportionate to the others?—But will you allow

me to point out that the main road expenditure is a general county expenditure, and is made so by section 11.

5933. That has been held to be so, I agree, and I am not disputing the law; I am only referring to the fact that the county council, by appropriating their surplus for main road expenditure, is not appropriating it so as to give an equal benefit over the whole county, but is appropriating it in a way which gives a benefit to one portion of the county in excess of or less than the benefit given to another portion?—Yes, but the practical result is that each hundred gets practically the same amount of relief granted to it in proportion to its rateable value and the number of main roads.

5934. Do you mean to say that the main road expenditure is exactly in proportion to the rateable value?—No, I do not say so.

5935. Then if it is not, how can they get the relief equally?—I do not quite say equally, but they do get a relief fairly in proportion, one hundred with another.

5936. The county council of Lancashire, I think, have very materially increased their grants to main roads in the last few years—since 1890?—Since 1890 they have granted the contribution which I described as to secondary roads, and which is over 23,000*l.*

5937. (Sir John Hibbert.) I think what Mr. Clare means is that there has been an increased cost?—The cost has increased.

5938. (Mr. Clare.) I mean to say that there has been a tendency on behalf of the representatives in the county council to increase the number of main roads which they have adopted?—There has been no great increase during the last three years, but there was a considerable increase about the year 1891.

5939. The contribution towards secondary roads made by the county council out of the Exchequer contribution account is purely a voluntary contribution by the county council, is it not?—In a sense it is a voluntary contribution, as a matter of fact it is not, because when once a contribution has been made it is continued.

5940. But still at the same time it is within the power of the county council either to diminish or increase it if they like?—There is only a fixed sum, and they cannot exceed the sum of 23,000*l.* over the whole county.

5941. Why not?—Because that is the resolution of the county council.

5942. But the county council can alter their resolution?—Yes, they can, but that was a compromise come to in 1891, which I do not think it is likely will be altered.

5943. (Mr. Elliott.) The County Councils Association, as I understand, recommend to the Commission, that "provision should be made for one uniform assessment upon a basis applicable to the whole country"?—Yes.

5944. You are aware, of course, that at present there is very great divergence in the matter of valuation, taking the best standard that we have—the income tax assessments?—Yes.

5945. Do you think that uniformity of assessment, as between county and county, could be secured?—By the introduction of the surveyor of taxes I think it could be.

5946. Do you think the introduction of the surveyor of taxes would be sufficient to override the tendency to variations in the practice of Assessment Committees?—Yes, subject to what I have said in a further memorandum.

5947. You are aware, of course, that some assessment committees value high, and others low?—I am.

5948. And you think that the introduction of a single Government officer would be sufficient to prevent variations of that kind?—I think it would have a very strong tendency to prevent any attempt at reducing the value.

5949. Do you think that the introduction of the surveyor of taxes would secure such an uniformity of assessment as would enable the Government to distribute grants according to rateable value?—I think it would.

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Uniform basis of assessment for the whole country could be secured by getting assistance of the surveyor of taxes.

Mr. F. C. Hulton. 5950. You mentioned, I think, that at your county rate committee the surveyor of taxes and the clerk to the Commissioners of Taxes attended?—They do.

27 May '97 5951. Is that a voluntary arrangement on their part?—When the committee was appointed I wrote up to the secretary at Somerset House asking for leave for the clerks to the Commissioners and the surveyors to attend, and that leave has always been granted.

Imperial contributions. Effect of Agricultural Rates Act, 1896. 5952. With regard to paragraphs 30-36 of the memorandum of the County Councils Association, I do not gather that the association make any recommendation to us with regard to the Exchequer contributions?—No.

5953. They have simply stated to us what the law is?—What are the facts.

5954. And you are not instructed to make any recommendation either as to the sufficiency or the insufficiency of the Government grants?—Simply this statement.

5955. Simply the statement of the law as it stands?—Yes.

5956. You make no reference to the Agricultural Rates Act?—No.

5957. Was that omission accidental or designed?—I do not think the Agricultural Rates Act was mentioned.

5958. It of course affects the amount of the Exchequer contributions?—In this way—that the Local Government Board have issued an order stating that under the Agricultural Rates Act a certain sum is payable to each county in respect of the difference between the rateable value and the assessable value, that that sum will be taken into account whenever the rates are levied, and that that has to remain in force for five years.

5959. Those sums, of course, constitute an increase of the Exchequer contributions towards local expenditure?—Yes, I suppose it would be so.

5960. I wondered why it was that no reference was made to that subject in your memorandum?—I do not think the matter was mentioned—it is the law under the Agricultural Rates Act.

5961. (Sir John Hibbert.) You thought it was rather political, perhaps?—Yes.

Statistics supplied by County Councils Association. Rateable and assessable value of certain counties. 5962. (Mr. Elliott.) With regard to Table II. C I should be much obliged if you could give me some further explanation. Take, for instance, the case of Herefordshire; you will observe that the rateable value of the county of Hereford is stated at 885,959*l.* and the assessable value is stated at 876,601*l.*, a difference of 9,000*l.* only?—Yes.

5963. Would you suggest that that represents half the value of agricultural land in Herefordshire?—No, I should not like to make any suggestion. Those figures have been supplied by the clerk to the Herefordshire County Council and have been inserted as sent up.

5964. Take the case of Berkshire; the rateable value of Berkshire is given at 1,123,860*l.* and the assessable value at practically a million; does the difference there, of about 123,000*l.*, in your opinion, represent half the value of the agricultural land in Berkshire?—That would represent probably half the value of the agricultural land in Berkshire.

5965. You see, of course, the great divergence between those two figures and the figures as they exist in the case of Lancashire?—Yes.

5966. Could you put in to the Commission a copy of the circular issued by the County Councils Association upon which this return was prepared?—Certainly.\*

5967. I will ask you, generally—do you think that the officers who have supplied these figures have really in all cases adopted the same interpretation of what was required?—I think so, but you shall have a copy of the circular with pleasure.

5968. You will notice, for instance, in the case of Kent, that the assessable value is actually in excess of the county rate basis?—Yes. That may be explained—but I do not know that it can be explained—in the same way that it has been explained in Lancashire, namely, that the county rate basis is one of long standing, and does not represent the present value.

5969. (Mr. Dalton.) While you are on Table II. C, may I ask how these figures of the rate in the pound for special

\*Pt. II of Appendix to Vol. I. of Minutes of Evidence, pp. 103 and 109.

county purposes have been arrived at? I see that in Lancashire you have 35 different areas; are these figures, 3·03*d.*, 2·69*d.*, and 2·64*d.* the average?—I think they represent the average.

5970. For the 35 divisions?—Yes.

5971. Then, on the question of assessments, you have found in Lancashire, as a rule, that the local assessment is considerably lower than the income tax assessment?—Yes.

5972. And you have found it necessary to raise it?—Yes.

5973. In Lancashire have you ever found a local assessment as high as the income tax assessment?—Yes, and within the last three weeks there have been two cases in which the poor rate was higher than the income tax—but they were very small places.

5974. That, I suppose, would be owing to the fact that there had been no recent valuation, and that the value of the property had fallen?—There had been no re-valuation of the property tax for three years.

5975. Is not one great reason why the local assessments are low, that they are the assessments of individual properties, and that it is exceedingly unpopular to raise the assessment of a particular individual property—you get an appeal against it then?—Yes.

5976. And when you take, as you do in the county, merely in the lump the rateable value of the whole union together or of the whole parish together, there is not the same interest on the part of individuals to appeal against it?—Quite so. That case arose again in the last month, where, in a union—I have mentioned it already, the Luncsdaie Union,—the assessment committee met and came to the conclusion that it would be undesirable to allow the farm rates to remain as they were, and they appointed a small sub-committee of farmers to value the farms, with express instructions that they were not to consider what the rent was. That came out quite accidentally at the first or second township we took, and the result was we had to put up all these farm rates again.

5977. I think that will be the main difficulty in getting a uniform assessment throughout the whole country, that it will have to be an assessment of individual properties?—To begin with it must.

5978. It must be that?—Yes.

5979. And there will be unpopularity in raising it in certain districts?—I am hardly prepared to say that, because I have ascertained that with regard to Schedule A, practically there are no appeals at all under the schedule. Of course the appeals before the Income Tax Commissioners have reference particularly to Schedule D.

5980. You find, I suppose, that when an assessment committee raises its assessments there are appeals?—Yes.

5981. Pretty frequently?—Yes.

5982. You would want a very strong body to carry out uniform assessment of individual properties?—Certainly.

5983. You would have more work to do in it a great deal, and more troublesome work than you have now in getting a uniform county basis?—Possibly.

5984. Were the contributions from the Exchequer enough to leave a balance for general county purposes, when the Act first passed?—Yes.

5985. The effect, then, is this, is it not, that the revenues which were handed over to you in 1888 have not grown so rapidly as these expenses which are payable out of them?—Yes.

5986. These expenses, before the Act of 1888, covered by the discontinued grants were increasing annually, was that not so?—Yes, very likely.

5987. The pauper lunatic grant, for instance, and the main roads?—Yes, and the police.

5988. And you think there was a revenue which was not very expansive, handed over to you to meet certain charges which were expanding rapidly?—Yes.

5989. The result has been that now the increased expenditure on these items has practically caught up and taken away the gain which you had in 1888?—Yes, that is so.

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Local assessments in Lancashire as a rule have been lower than income tax assessments. Reasons for this. Would be necessary to have a strong body to effect a uniform valuation of individual properties.

Imperial contributions at first in 1888 left a balance for general county purposes, but do not do so now owing to increased expenses.

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5990. That would not be the case in Lancashire only, but it would be the case in other counties to some extent?—Where the counties are increasing in population.

5990. The increase of population must greatly increase your pauper lunatic grant, for instance?—No doubt.

5991. You do not allege, I believe, that it was assured when the Local Government Act was passed, that the revenues then handed over, would, for an indefinite period of time, be sufficient to leave a balance?—I do not say so.

5992. It was only that they would leave a balance at that date?—At that date.

5994. And they did at that date leave a balance even in Lancashire?—Yes.

5995. In your memorandum you set out certain purposes that are general county purposes, and certain purposes that are special county purposes, but I suppose that what is a special county purpose in one county is a general county purpose in another county?—It may be so.

5996. For instance, the police. If you have no police borough, that is a general county purpose?—Where there is no police division.

5997. And no police borough?—Yes.

5998. (Chairman.) I understand that your examination upon your memorandum, so far as it concerns the evidence actually on behalf of the County Councils Association, is now at an end?—Yes.

5999. But that you desire to put in, speaking as clerk of the peace for the county of Lancaster, an additional memorandum\* which deals with one or two matters that you specially desire, on behalf of that county, to bring before the Commission?—Yes, that is so.

Uniform valuation for all rates and taxes desirable. Could be secured by a joint assessment committee in each geographical county, with assistance of Inland Revenue and surveyor of taxes.

6000. Perhaps you would just explain the first of the points in such a way that it can be put on the notes?—My object in presenting this memorandum is with a view of trying to suggest some means of carrying out a resolution which has been passed by most of the county councils, and referred to in paragraph 29 of the memorandum of the County Councils Association; that is, "In any comprehensive scheme for consolidating and amending the laws of rating, provision should be made for one uniform assessment, upon a basis applicable to the whole country, on which all taxes and rates of every description should be charged and levied." I have already stated to the Commission the constitution of the joint county rate committee in Lancashire; now I venture to suggest, as a way of giving effect to that recommendation, that there should be appointed in each geographical county a county assessment committee, that that committee should have all the powers now vested in a union assessment committee, and that the assessments fixed by that committee should be the basis for all taxes and rates to be charged.

6001. In order that there may be no difference of opinion about it hereafter, I ask you what you mean by "geographical county"?—The whole county, including all county boroughs.

6002. Including all county boroughs within the county?—Yes.

6003. Have you done that in Lancashire?—We have now got a joint county rate committee, composed of representatives of the county council and one from each county borough. There are 15 county boroughs in the county.

6004. How long has that been in operation?—Since the passing of the Act of 1888.

6005. In your opinion, and from your experience, has it worked satisfactorily?—It has worked exceedingly well. We have had two valuations, one in 1891 and one just concluded.

6006. And you know of no probability of the arrangement being broken up?—Not at all.

6007. Do you propose that it should be made compulsory to re-value every year?—No. I think that if a county assessment committee is appointed the assessment should be in force for, say, five years, with power to add [as there is now in the union assessment committees] valuation lists for new property, or for changes in the existing property.

6008. Do you, as a matter of fact, in Lancashire now arrive first at a gross rental of all properties in the

Quinquennial revaluation sufficient with power of revision and addition.

county, and from that, make, according to the class of property a uniform deduction?—That is so.

6009. Do you, as a matter of fact, have representatives of the Inland Revenue Department present?—Yes, the clerk to the Commissioners and the surveyor of taxes for the district attend every meeting.

6010. Do you think that if your scheme were followed it would tend to secure uniformity, not only within the area of the geographical county but as between different geographical counties?—I think so, but I should propose to go further.

6011. Would you kindly do it in your own words, please?—What I suggest is that the county assessment committee should have all the powers of the present union assessment committees, and then with a view of obtaining uniformity, as between county and county, that there should be created a Special Commission meeting whenever and wherever required, whose duty it would be to see that the county assessment committee's work was properly carried out, and powers should be given to such commission to prescribe regulations and to enforce its orders. That, I venture to submit, should be a special commission sitting primarily in London, but to go about visiting the various counties to see that the proper assessments are made, and that the principles of the Act are carried out.

6012. Do you desire to add anything to that suggestion, or have we got it now from you completely?—I think that is the main suggestion I have to make.

6013. I think you have also another suggestion to make to us as from yourself, that the distribution of the probate duty grant should be amended and should be made in proportion to the rateable value of each county?—That is so.

6014. And you put in a table showing, according to your view of it, what the effect of that alteration would be?—Yes.\*

6015. I should like you to justify the proposal, and give me your reasons for it?—Yes. I think I ought to state that this proposal is contingent really upon a uniform assessment being made throughout the geographical counties throughout England, otherwise it would not work fairly.

6016. On that assumption, why do you select the rateable value?—Because that is at present the only existing figure that I could give.

6017. Do you put it to me that the rateable value, apart from every other consideration, is a fair test upon which to distribute the probate grant?—Yes.

6018. You take no account of population at all?—Rateable value and population I find generally go together; where there is an increase of rateable value, it is followed or preceded by an increase of population.

6019. I cannot controvert that, although I am surprised it should be so; I know it is not so, as far as Scotland is concerned?—I was not aware of that.

6020. (Mr. Dalton.) The effect of distributing the probate duty grant on rateable value would, I suppose, be to give most to the richest places, would it not—wherever the rateable value was high they would get a large share and wherever it was low they would get a small share?—Would you kindly take the small county of Westmorland? According to the present distribution Westmorland gets 3,999*l.*, and if it is distributed according to rateable value it would get 5,959*l.*

6021. But Westmorland is not a county in which there has been a great fall in the value of agricultural land. May I take the two counties of Essex and Norfolk?—Yes.

6022. Essex at present gets 51,800*l.*?—Yes.

6023. But if you gave it according to the rateable value it would get 42,516*l.*?—That is upon the rateable value of March 1895 not upon the present rateable value.

6024. It would get less, I presume, on the present rateable value, for the value of land has been falling so in Essex. Norfolk would get somewhat less too; but the general effect would be, would it not, that a rich residential district, for example, with a high rateable property would get a great deal more than a poor district—take the West End and the East End of London, for example?—Take Lancashire—you will find it makes no difference.

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Uniform valuation throughout the country secured by County Assessment Committee and a Special Commission to supervise these committees and prescribe regulations.

Probate Duty Grant. Distribution of should be on basis of rateable value if assessment in geographical counties uniform.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 114.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 115.

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6025. Lancashire is a big county and it may make no difference there, and it might make no difference in other large counties where you have rich and poor joined together—where you have a large population and also a high rateable value; but you would get some districts where you have a large population and a small rateable value, I suppose?—That might be so.

6026. You say population and rateable value go together; do you see objection to taking the population as a basis instead of rateable value?—I have not considered that.

6027. You think that a county assessment committee, formed as you propose, could carry out the whole of the work of the assessment in Lancashire?—Yes.

6028. And of course if that could be done in such a huge county with such an enormous number of different properties, you would consider it could be still more readily done in the smaller counties?—I think the assistance of the surveyor of taxes will get rid of an enormous number of objections.

6029. You do not think the job is too big to be done by one body?—No, and I may add that I am supported in that opinion by a large number of the members of the county rate committee who have discussed this question.

6030. (Mr. Elliott.) With regard to your proposal that rateable value should be taken as the basis for these Exchequer grants, would you explain a little more fully the reason for that proposal?—I think it is a fairer test than the discontinued grants which were made in 1888.

6031. What standard of fairness do you think should be taken in a matter of this kind?—In 1888 it was known that many of the counties were, if I may use the expression, extravagant in a number of their appointments, and they got the benefit of those appointments: now 10 years having expired it appears to me that the basis might be altered, and there is no question, I think, that rateable value is the fairest basis to adopt.

6032. I rather understood from the first part of your answer that you simply thought that that was a fairer method than the one adopted?—Yes.

6033. Do you put it forward to the Commission as being the fairest method?—No, I say if my first suggestion is carried out and you get a uniform rate throughout the country, then the distribution of the probate duty grant should be based upon that; I do not go further than that.

6034. Do you think that the character of the local expenditure should be taken into account in determining the amount of Imperial contributions towards that expenditure?—No, I should say that the sum to be distributed should be distributed as I suggest, and not upon an accidental state of circumstances in March 1888.

6035. I will give you a concrete instance, which may possibly show what I mean. Under your scheme the county of Glamorgan, instead of getting 26,000*l.* would get 41,000*l.*; what would be the effect of that increased grant of 15,000*l.* in Glamorgan—what rates would it relieve?—I cannot tell you.

6036. You have not gone into that question of expenditure?—No, I have not.

6037. Take the case of London; under your scheme, London, instead of getting 398,267*l.* would get 383,904*l.*; have you considered at all the case put forward by London, not for a decrease of grant, but for an increase of grant?—No, I have simply given you the figures, that is all.

6038. (Mr. Clare.) You suggested that there should be a re-valuation every five years; suppose that during the five years there happens to be a substantial alteration, we will say a substantial diminution in the rateable value of a county borough, to take that as an illustration, the effect of that diminution will not be appreciated by the ratepayers until the new valuation comes in at the end of the five years?—I think I supplemented my answer by saying that the basis should be fixed for five years, with power to issue valuation lists when necessary.

6039. I understood you to mean this, that you should have a valuation list made every five years, with power for the county assessment committee to add new property as a supplemental list?—Yes.

6040. I want you to take the reverse case; I will take as an illustration the case of Liverpool, with an assessable value of three millions and a half to start with on

a given date when the valuation is made; during the period of five years that assessment drops half a million, but the loss of assessable value is not appreciated in the rates until the end of five years, when the new valuation comes into force?—Yes.

6041. The effect of that would be that at the commencement of the new valuation list the ratepayers would suddenly find that, without having to provide for any increased expenditure, they have to provide an extra rate of 6*d.* to make up for the loss of rateable value?—But that is rather a matter of detail. Under the county rate committee any diminution of property is the subject of appeal to the county rate committee and to this joint county committee, and they alter the assessment.

6042. Then, it practically comes to this, that it is an annual assessment and not a quinquennial assessment?—I think in the metropolis the valuation list is in force for five years.

6043. Do you not see my point, that it is objectionable from the ratepayers' point of view that they should suddenly feel that loss of 6*d.* in the pound, instead of having it come upon them gradually during the five years?—Still, if there is a very large diminution, say 40,000*l.* or 50,000*l.* in Liverpool, that would be the subject of appeal to the joint committee.

6044. I may say that as a matter of fact the county rate assessment of Liverpool was certainly 400,000*l.* above its poor rate assessment for at least three or four years, and the effect of it was that when the alteration was made it increased the amount of rates you had to levy to provide for the same amount of expenditure?—But any alteration in property would be the subject of appeal.

6045. Then I understand you would have a valuation once in five years with a supervision of it every year?—In case of a serious diminution of property it would have to be. As a matter of fact, I believe we have only had about half a dozen appeals to the joint committee, principally in the Ulverston Union, where mines have gone out of working.

6046. I think you told me a short time ago, that the settlement of 1888 as between counties and county boroughs was generally satisfactory, and that it was undesirable to disturb it?—Yes.

6047. Why should you disturb the settlement as between counties and counties?—In what way?

6048. Instead of distributing the probate duty grant according to the needs of the counties by distributing it according to the rateable value whether they wanted it or not?—I lay the suggestion before this Commission and leave it with them.

6049. (Mr. Wharton.) You have suggested that there should be a special commission created who should take over the existing work of quarter sessions as an appeal court?—Yes.

6050. No doubt, therefore, that special commission would be a judicial commission?—Yes.

6051. For the whole of England?—Yes, I should like it to be both an administrative and a judicial body.

6052. You would have it composed of a body of men whose decisions would be looked upon with respect?—Certainly.

6053. No doubt there would be some little addition to the expense, because those men would have to be a paid body?—Yes, certainly.

6054. There would be that additional expenditure—probably not a large one?—Yes.

6055. You would contemplate somebody in the position and with the standing of a judge at the head of that commission, assisted by other men of legal experience?—That is so—in order to gain uniformity in the decisions.

6056. And you think that the gain of uniformity would more than compensate for the expense?—I am sure it would be the greatest advantage.

6057. (Sir Edward Hamilton.) You advocate a different distribution of the probate and estate duty grant; you would substitute rateable value for the basis of the discontinued grants?—Yes.

6058. Have you ever considered another proposal which I think was originally made when the Bill was brought forward in 1888—that of indoor pauperism?—I have not considered that; I believe it was raised in 1888.

6059. I rather think it was in the original Bill?—I believe it was.

Probate Duty Grant, suggested distribution on basis of rateable value.

Special Commission as an appeal court from County Assessment Committee with administrative and judicial functions.

Probate Duty Grant, suggested distribution on basis of rateable value.

A County Assessment Committee with assistance of surveyor of taxes can undertake the valuation of a county.

Probate Duty Grant. Proposed distribution on basis of rateable value and not upon the basis of certain circumstances existing in 1888.

Quinquennial revaluation sufficient, with powers of revision and addition.

Mr. FREDERIC MERRIFIELD called and examined.

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6060. (Chairman.) You are, I understand, Clerk of the Peace for the counties of East Sussex and West Sussex?—Yes.

6061. And have been along with Mr. Hulton, appointed to come here to-day on behalf of the County Councils Association?—That is so.

6062. I have looked carefully over your memorandum,\* and I think I am right in saying that over a very great part of the recommendations contained in it, you entirely concur in what Mr. Hulton has put before us?—Yes; I especially concur in his proposal for the appointment of the special commission.

6063. It has obviously so much to recommend it that I am not surprised at that, but I do not gather from your paper whether you have actually tried it?—I do not quite see how it could be tried.

6064. I understand in Lancashire it has been tried, and that they have actually, since the passing of the Local Government Act, obtained a considerable amount of uniformity?—That is the county committee; I was speaking of the central commission.

6065. I beg your pardon; I went at first to the county committee?—I am afraid my experience does not agree with Mr. Hulton's about the suitability of the joint committee for the purpose proposed.

6066. Perhaps you would give me your experience?—My experience, generally, with regard to joint committees is, that the members of the joint committees come frequently, I think I may say generally, to consider themselves as representatives of the interests of the county or county borough by which they are appointed, instead of as members of a tribunal for the purpose of deciding a thing on judicial grounds; and that where interests are conflicting, you do not get harmony of action.

6067. I think I was right in saying what I put to you, because I observe in paragraph 11 of your memorandum of evidence that you agree: "That in general this county committee should be a committee for the geographical county, and think it might well be constituted much in the way suggested by the Clerk of the Peace for Lancashire"—that is the joint committee, practically?—Yes; but you will see, by turning to paragraphs 17 and 18, that I provide for an appeal against what may be a wrong decision of the majority of that committee; I think that is essential.

6068. Still, you do not differ from the chain of local authorities which Mr. Hulton recommends?—No, except that I am in favour of continuing the union assessment committees.

6069. (Mr. Murray.) May I ask whether you have a joint committee in Sussex?—We have no joint committee for the purpose of rating, as between the county and the county boroughs, for the purpose of the division of the Exchequer contribution grant according to the rateable values.

6070. (Chairman.) That is what I asked you, whether there had been any attempt to experiment in the same way in Sussex as they experimented in Lancashire?—There has been no experiment, because we have only two county boroughs. We arranged it satisfactorily with one county borough; with regard to the other, I was satisfied that we should find great difficulty in the solution of the difficulty, and we came to a compromise.

6071. Have you any objections to stating what the nature of the compromise was?—No. I knew what Lancashire had done, and I was desirous of having the relative rateable values of the county borough and of the county settled upon similar principles all through, taking the property tax qualification as a basis; but I found extreme difficulty. I found an indisposition to acquiesce in what I thought to be a fair settlement, and we came to a compromise. I felt sure that if we had gone before a joint committee, there would have been a dispute first of all as to how many there should be on the joint committee, on each side, and if it had been settled that there was to be an equal number on the joint committee, we should probably have had a dispute as to who was to be the chairman with the casting vote.

6072. Do you think it possible, over so large an area as a geographical county, to establish the compulsory system of uniform deductions which Mr. Hulton

suggested?—I think generally speaking that is the condition of the geographical county is such that it is a large area with a great many different kinds of property, the uniform scale of deduction would work well, and would be agreed upon.

6073. You have no doubt of the desirability of trying it if it is at all feasible?—I have no doubt at all about that. I think there would be no difficulty in coming to an agreement for the satisfactory conduct of the work of the joint committee, such as is proposed, provided that the parties had the power of appeal to some central outside and independent authority. I think there would be very few appeals, but the knowledge that the power existed I think would be enough to ensure the work being done fairly.

6074. I am not quite sure whether I apprehend accurately the lesson which you want the Commission to draw from the table which is at the bottom of paragraph 4 of your memorandum?—The lesson I want you to draw from it is that in the first five unions that are mentioned there, there is strong evidence in the last column of that table that they are rated upon uniform principles, because there is only a difference of something like  $\frac{1}{2}$  per cent. when you compare the rateable value of each of those five places according to the poor-rate assessment with the county rate basis, which is made upon uniform principles; but when you come to some others you find great diversity, and a diversity which can only be accounted for on the ground that the assessment committees in those cases do not do their work properly.

6075. You agree, I may gather, that the present system gives a premium upon those who desire to keep their union assessment as low as possible?—Yes, there must be some reason for it, but I cannot see any great advantage in it, because, as paragraph 3 of my memorandum explains, in the county rate basis we practically disregard assessments made by the union assessment committees.

6076. However, any approach to such a uniform arrangement as both you and Mr. Hulton suggest, would cure these obvious defects which you bring to our notice in this table?—I think so; the establishment of a county committee, with proper controlling powers and revising powers, would do so.

6077. At what intervals do you desire that this machinery should be gone through?—Lately, I should say, properties have been changing so much in value owing to the fall in agricultural land, that we find it necessary to have a revision of the county rate basis every three years, and the last suggestion was, and it was a suggestion accepted, that it should be every two years. But I do not think that state of things will continue, and I am very much disposed to think that the revision, at periods of from three to five years, with the same power that the union assessment committees have, of preparing a supplementary valuation list, wherever property is either decreased or diminished in value, or wherever new property is added to the rate, would be all that is necessary.

6078. Do you agree to the surveyor of taxes having a power of expressing his views and of consulting with the committee?—Yes. I think he should be present, and have a power of making representations both to the union assessment committee and to the county committee.

6079. You heard Mr. Hulton's evidence and the questions which were put to him; is there any point on which you would like to speak which he has not covered?—Just one or two points upon the memorandum of the County Councils Association occurred to me while Mr. Hulton's evidence was being given. First he was asked with regard to the salaries of clerks to justices of petty sessional divisions, charged to the general county account, and Mr. Hulton said that in Lancashire he thought the fees were about equivalent to the expenditure. That is not the case in either East Sussex or West Sussex. One reason is that there are a great many fees remitted, on general grounds, which do not take the shape of cash, and do not come into the receipts of the county, but are, under the Act of Parliament, taken into account in estimating the salaries of the clerks, because they are included, of course, in the work done by the clerk, but not in the work for which fees are paid. As regards the hundred bridges, it was mentioned. I think, that it was believed that only in Lancashire were the bridges charged upon the separate

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A County Assessment Committee desirable, but there should be an appeal to an independent authority.

County Rate Committee in Sussex disregards assessments of Union Assessment Committees.

Quinquennial or triennial revaluation sufficient, with power of revision and addition.

Surveyor of taxes should assist the County Committee and the Union Assessment Committee.

County bridges charged upon separate rates in West Sussex and upon hundreds in East Sussex.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 116 to 119.

County Assessment Committee desirable, but there should be an appeal from, and Union Assessment Committee should be retained.

No joint committee in Sussex as in Lancashire as between county and county boroughs. Difficulty of carrying out such a scheme. A compromise effected.



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hundreds. Curiously enough, in West Sussex the county bridges are not a charge upon the rates at large, but the county is divided by a very ancient division into three rapes, and each of those rapes maintains the county bridges of that rape. Therefore, we have special assessments for the purpose. Then we also have hundred bridges in East Sussex which are very troublesome indeed. They are bridges which are repaired out of the rates levied over small areas, which are very difficult to raise.

6080. I am doubtful whether we need perhaps go into all these minute details; is there any other point?—Yes, there is one point which should be mentioned with regard to the relief that the ratepayers of the counties have received from the Exchequer contribution account. I am not aware of any county in which there is a surplus available out of the Exchequer contribution account; but it has not been pointed out to the Commission yet, that I have heard, that the relief which the ratepayers of the county get, is not so much in the county rate as in the poor rate from the payment of the union officers' salaries. Then it was mentioned that I could explain in reference to Table II. C.\* one case where there has been a great fluctuation of rates. If your Lordship will turn to West Sussex, you will find that in West Sussex the rate was only one halfpenny in the pound in 1894-95, and that it afterwards rose to 3d., and has been since about 2½d. That is entirely owing to the fact that there was a very large expenditure on a lunatic asylum incurred at that time, and that we now have to pay on the repayment of loans and interest upon that. The county rates in East Sussex, I think, are about the same as they were before the Act of 1888. The ratepayers of Sussex get a great relief, owing to the poor rates having been reduced in consequence of the county handing over a portion of the Exchequer contribution grant to the payment of union officers' salaries. West Sussex distinctly benefits in the way of county rates, besides the ratepayers benefiting in the poor rate in the way I have mentioned.

6081. (Mr. Murray.) I gather that there is this difference between your proposals and Mr. Hulton's, is there not, that you would retain the existing machinery of the union assessment committee but superimpose on it a revising body, the county assessment committee?—Yes.

6082. Mr. Hulton proposed that the county assessment committee should do the whole work, as I understood him?—Yes.

6083. Then above those two bodies you would have a central commission to control the two?—Yes, there I agree with Mr. Hulton.

6084. That would be three bodies, then, practically?—Yes, but then the central commission would take the place to a great extent of the quarter sessions as the court of appeal in rates.

6085. Would that not involve two appeals?—No, I think not. It might in some cases, but you would very rarely get appeals to this central body from the counties; you would only get an appeal, I think, where there was a prospect of injustice being done between county and county or between county and county borough.

6086. You prefer the existing machinery of the union assessment committee to Mr. Hulton's county assessment committee?—I think you would find it exceedingly difficult to get a sufficient number of gentlemen to do the work that would be necessary. I mention in paragraphs 8 and 9 of my memorandum that in four unions, as to which I have made inquiries, I found that the assessment committees met about 12 times a year in each of those unions—eight to ten gentlemen being present.

6087. They appear to have got over that difficulty in Lancashire?—Well, I do not know. Mr. Hulton's opinion—and Mr. Hulton's is a very valuable opinion of course—is that in Lancashire it could be done, but in Lancashire it is evident there is a uniformity about the rating which clearly does not exist in Sussex. I think, probably they have brought their assessment into a better condition there than is the case in many counties.

6088. Would not the main step to take be to prescribe a statutory scale of deductions?—I think that would help.

6089. Would that not remove nearly all the difficulties that you have got in your mind?—No. I think the

greater portion of the questions that arise with an assessment committee, are questions not of deduction, but questions of gross estimated rental in putting down the rent, especially where it is property not of the usual character—not like one of a row of houses—or where it is property occupied by the owner.

6090. You do not see any prospect of prescribing a uniform system for that purpose by statute?—I think you would help very much by making the surveyor of taxes attend. He would confront any objector of course with the property tax assessment wherever there is an actual rent paid.

6091. Yes; but you would have the same difficulty of arriving at the Schedule A. assessment, I suppose?—Not where there is an actual rent paid, because there you get the rent as the basis of the assessment.

6092. But where you have not that—which is, of course, the case in which all the difficulty arises?—There the surveyor of taxes would help very much, because he could assist the committee, he could refer to properties of the same class.

6093. But he does not know much more about it than the adviser of the assessment committee, I suppose?—No, but then his cue is to keep up the assessment—to assess all the property at its full value upon uniform principles.

6094. No doubt. Is the poor-rate assessment that you give in paragraph 4 the gross assessment?—No.

6095. Is it the rateable?—It is the rateable value.

6096. How can you compare that with the county rate basis, which is based on gross value?—That is just the same. The County Rates Act defines full and fair annual value for the county rate purposes as meaning the net annual value, as the same is or may be required by law to be estimated for the purpose of assessing the rates for the relief of the poor. If both were done rightly, both ought to agree exactly.

6097. Because they ought to be on the same basis exactly?—Yes.

6098. (Mr. Elliott.) With regard to these differences between the county rate basis and the poor-rate assessment, is the difference in such unions as k, l, m, and n uniform as regards the various classes of property rated?—I do not know that I quite follow.

6099. Do you find the same difference between the two assessments in the case of land and in the case of houses?—I could not tell you that. The business of the county rate basis committee is to value equally as between parish and parish, and it is only incidentally that the question of the rating of individual properties comes in.

6100. Then the endeavour of the county rate basis committee is to find out whether the actual property in a particular parish has been fully and fairly assessed?—Yes.

6101. It does not go to the question of the different properties in that parish?—Only so far as may be necessary to find out whether the whole property of the parish is properly assessed or not.

6102. With regard to the information given in Table II. C., which was put in by Mr. Hulton, showing the assessable value and the rateable value of counties, I notice that in the case of East Sussex the rateable value is put at 1,695,814l., and the assessable value at 1,530,739l.; does that difference represent half the value of agricultural land in the county?—I would rather you took it upon the figures in columns 6 b and 6 c, because they are the county rate basis, and that is assessed, I know, upon more uniform principles than the poor rate is. You may take it that the difference between 1,621,960l. in column 6 c, and 1,758,700l. in column 6 b, represents half the value of agricultural land in East Sussex.

6103. And the same reply applies to West Sussex?—Yes.

6104. (Mr. Dalton.) Referring to paragraph 4 in your memorandum of evidence, I see that in every union the county rate basis shows an increase on the poor rate assessment?—Yes.

6105. Does the county rate basis at all correspond with the income tax valuation?—Yes, that is the basis of it.

6106. It absolutely corresponds with it, so far as gross estimated rental is concerned?—Not always, but generally it does, unless reason is shown.

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Surveyor of taxes should attend meetings of Union Assessment Committee.

County Rate Committee endeavours to ascertain whether individual properties are fairly assessed.

Rateable and assessable value in East Sussex.

County rate basis in Sussex is on basis of income tax valuation, and is higher than poor rate valuation.

Imperial contributions. Relief obtained by ratepayers.

Uniformity of valuation. Mr. Hulton's and Mr. Merrifield's proposals compared

Deductions. A statutory scale desirable.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 112 and 113.

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6107. It very nearly corresponds?—Yes, very nearly.

6108. Do you agree that the poor-rate assessment is always lower than the county rate basis?—I am disposed to think that it is always lower than the true value. Everybody is interested in lowering the rating of his own property, but he does not see that he is interested in seeing that his neighbours are rated up to their full value.

6109. That difficulty will apply when your county committee, if it is constituted, take up the valuation of individual properties?—Yes.

6110. That is a difficulty they would have to face?—I do not think it would much matter when the great object is equal rating.

6111. You think they would get over that?—Yes, I think they would.

6112. What would be the size of the county assessment committee for your county if these different authorities were fairly represented upon it?—There are 14 unions; I think each of those should be represented—there should be one representative for each; and then there is the administrative county and the county boroughs.

6113. What representation would you give them?—I was wrong in saying 14, because there is a large parish under a local Act—the parish of Brighton; there are 15 unions or areas equivalent to unions, and there would be three representatives of the county boroughs and the county.

6114. Three for each of them?—One for each, that is three in the whole.

6115. How many for the county?—I am not sure that you need have more than one for each.

6116. One for the county?—One for the county, and one for each of the county boroughs.

6117. Then the result would be that the union representatives would have an enormous preponderance on this committee?—I think so.

6118. They would have 15 to 4?—15 to 3.

6119. Do you think that that being the case, the present system of assessment would be very much altered?—I think it would be altered.

6120. Would they not each be still in favour of keeping the assessment low?—No, because you would have a number of the committees—five of the principal unions appearing on my table—I believe it would be six out of 15—who would wish to assess the property properly, and I have no doubt that when they were brought together face to face with the others, one principle would prevail, or the other, and I have very little doubt that the principle prevailing would be that of fair and proper assessment according to actual values.

6121. Still, is one representative sufficient to give to the county when the county consists of 15 unions?—I am not prepared to say that one is sufficient. That is a matter for consideration. I think it might very likely be that the number ought to be increased, but that is a point I have not considered.

6122. I understand that the difference between your opinion and Mr. Hulton's is, that he is of opinion that this body could do the work in Lancashire?—Yes.

6123. But that you doubt whether such a body as this could do the work in your county?—I very much doubt whether it would.

6124. Would it make it easier for it to do the work if it was a larger body appointing committees to act in the different districts?—I think still there would be very great difficulties attending upon it. You must consider that these assessment committees meet generally, I think, as many as 12 times a year; and then the objection is not only that, but there is the difficulty of the work, and you must remember that you are losing the advantages of the services of persons experienced in assessing, and also possessing local knowledge.

6125. But you would get, as I understand, this knowledge from the representative of each union, and I suppose they would send their best representative?—Is that not rather a large supposition?

6126. On an average they would send a good representative, at any rate, would they not?—I would rather not answer that question.

6127. Then you propose to keep the assessment committees as they are?—To keep them as they are, but,

perhaps, to strengthen them it might be desirable to strengthen them as suggested.

6128. How would you bring about the uniformity, then?—I would have the uniformity brought about in this way, that every valuation list would have to be approved by the county committee.

6129. And if they did not approve of it, if they had one of these lists sent up to them where the whole of it is, say, 21 per cent. too low, and they altered it from top to bottom, what would happen?—Then there is this central commission, the special commission proposed by Mr. Hulton, to which an appeal could be made. I would give any one of the bodies represented on that committee the power of appealing to the special commission. I think you would have very few appeals, because the knowledge that that power existed and would be exercised in case there was a want of agreement and of uniformity would, I think, certainly result in the committee agreeing to uniformity of rating.

6130. But this appeal would be for an enormous number of individual properties, it would not be merely on the principle on which the whole valuation list was prepared?—That would be so. Certainly, I think I would limit the appeal from the county committee to the special commission to general questions.

6131. How would that work practically? Take any one of these valuation lists, consisting of an immense number of different properties, you might find, on the whole, that it is 21 per cent. lower than the county put it at?—Yes, you might.

6132. To put it right they would have to alter nearly every property in it, I suppose?—They would send it back to the assessment committee to alter; they would say "This is a bad list, you must correct it."

6133. But suppose the assessment committee stick to it, and say it is a good list?—Then what I propose is that there should be power to appoint some person to do the work, and charge the union with the expenses. There is a somewhat similar power now. Both the county rates committee and the assessment committee have the power of having a valuation made and charging the expense, under certain circumstances, upon the district by default of whose authority it has been rendered necessary.

6134. Have you had any experience of the working of that arrangement?—No, I cannot say that I have.

6135. Do you know any case in which it has been resorted to?—I know certainly of none in county rate matters, but then we have never had an appeal against the county rate, people have been satisfied that we meant to be uniform and just, and I think they have never carried it to the extent of appealing.

6136. You would admit, would you not, that it is a very different thing having a uniform basis in which you take the whole of the valuations for each parish and give a sum total, from what it would be when you come and alter the assessment of every individual property?—Yes, but I think when the list came up to them as approved by the assessment committee, they would have these cases to deal with—they would have the case, for instance, of people who were individually dissatisfied with the amount at which they are assessed, and who had failed to obtain redress, and they would be dealt with in the way I suggested; but, perhaps, before it came to this stage, they would look at the list and they would find that the whole list was made upon a bad principle, as, for example, in the case of the union which is at the bottom of my list which, I may say, was a union where an assistant overseer complained that the assessment committee had instructed him to put as the gross estimated rental 20 per cent. less than the actual rents paid.

6137. Less than the actual rents paid?—Yes. When they found cases of that sort—and they would infer it whenever they found that the union assessment valuation list was considerably below what the property tax assessment showed—they would send it back to the assessment committee and say, "You have not rated the property as the Act requires you should, and you must be good enough to correct this list."

6138. Do you agree with Mr. Hulton that the probate duty grant should be divided between the different counties upon their rateable value?—That is a point on which I am not prepared to express any opinion. I may say that my experience rather agrees with him to the effect that, at all events, in the area with which I am

Mr. F.  
Merrifield.  
27 May '97

Special Commission could hear appeals of bodies represented on County Assessment Committee from decision of County Assessment Committees.

Proposed County Assessment Committee. Suggested constitution of.

Union Assessment Committees, advantages of retaining them. But they should be strengthened, and the valuation lists approved by the County Committee.

Probate Duty Grant. Basis of distribution.

*Mr. F. Merrifield.*  
27 May '97  
best acquainted, the population and the rateable value taken over a large area come very closely together. We found that to be so in the question very much litigated between the county borough of Brighton and the county of East Sussex of the lunatic asylum there; we found, practically, that whether we took rateable values, or population it made no difference.

6139. If you took Brighton and Hove, for instance, would the result be the same?—That is a small area, and I think that there you would find a great difference.

6140. If Hove was a county borough, and if Brighton was a county borough, and each took its probate duty grant in proportion to its rateable value, the result might be very unfair?—I think it is extremely probable you would find a great difference. I limited my remark to large areas.

6141. You mean a very large area?—Yes.

*Imperial contributions. No surplus in any county at present time.*  
6142. I think you said you did not think there is any county in which there is a surplus at the present time out of this Exchequer contribution account?—I am not aware of any.

6143. But I suppose in the majority of counties after the passing of the Act of 1888 there was a surplus on that account?—I think not.

6144. Was there not in your county?—There was not in either of my counties—neither in East Sussex nor in West Sussex.

6145. Not immediately after the passing of the Act?—No, because there were heavy charges thrown upon the county. The Exchequer contribution account had to pay not only the fixed charges, but it had to pay the main roads; and it also had to pay the expenses of the union officers.

6146. Are you calculating the whole of the cost of the main roads, or only half?—The additional half; you see we paid half before.

6147. You paid half, and you got back a quarter; before the passing of the Act of 1888, the county paid one-half of that expenditure?—Yes, the county paid one-half, and, practically, it came to only one quarter.

6148. What additional charges are you charging against the Exchequer contribution account when you say there was no balance?—There was the very large expense in connection with the salaries of union officers.

6149. I mean on the main-road question—are you charging the whole of the expenses of the main roads?—I should think, probably, they would come into it, but I cannot tell you, as I did not prepare these accounts myself.

6150. Do you think Government grants tend to extravagance when they are not given in proportion to expenditure?—No; I think if they are given in proportion to expenditure they tend greatly to extravagance.

6151. They have not been given in that proportion for a great number of years past?—No.

6152. Do you consider that an improvement?—Yes.

6153. (*Chairman.*) Have you any point which has been passed over which you would like to speak upon?—That point which has just been mentioned reminds me of a point I wanted to mention, and that is a case in which hardship is done to counties, and an extravagant and unnecessary expenditure encouraged in the boroughs, I think, by the law in a way which it strikes me ought to be altered. That is in the case of the police. If the county wants to increase the number of its police force by one person, or to increase the scale of pay, it has to obtain the sanction of the Home Secretary; but the boroughs are under no such restriction; and they are able to increase their police force to any amount, and to increase their pay, with the certainty that half the extra cost of that will fall upon the county rates. The county has to pay half the pay and clothing of the borough police.

*Mr. F. Merrifield.*  
27 May '97

*Imperial contributions, if based on expenditure, tend to extravagance.*

*Police. Boroughs can increase number and pay of their police and half cost falls on county rates. Counties cannot do so without leave of Home Office.*

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

## SEVENTEENTH DAY.

Friday, 28th May 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. SIR J. T. HIBBERT, *in the Chair.*

Sir E. W. HAMILTON, K.C.B.  
C. N. DALTON, Esq., C.B.

H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. EDWARD WOLLASTON NADIR KNOCKER called and examined.

*Mr. E. W. N. Knocker.*  
28 May '97  
6154. (*Sir John Hibbert.*) I understand you are town clerk of Dover, and have been so for a number of years?—Yes.

6155. Since 1868, in fact?—Yes.

6156. That is a long time; you are also borough accountant of Dover?—Yes.

6157. You wish to give evidence, I presume, principally as to the representation on the board of guardians and the assessment committee?—Yes.

6158. Dover is not a county borough, is it?—It is not.

6159. What is the population of Dover?—I heard yesterday from the Registrar-General; he puts it at 35,500 now; it was, in 1891, 33,300.

6160. Of course it is one of the old corporations?—Yes.

6161. Has the Local Government Act of 1888 made any change in regard to Dover?—Decidedly, it made

a great change; under it we paid a county rate for the first time.

6162. You send representatives to the county council?—Yes, we do.

6163. Do you possess, as a corporation, public works in the way of waterworks?—Yes, waterworks, baths, markets, and a school of science and art, and we are now establishing tramways.

6164. Electric tramways, I believe?—Yes.

6165. You have had extensive public street improvements, I see, within the last five years?—Yes.

6166. May I ask whether, as you are within the county council, you have any friction of any kind as to any matters?—We have settled down now, but at first we had considerable friction upon many matters.

6167. I suppose you did not like your autonomy to be interfered with?—That is so. It was a very sore subject with us. There are many points which arose under the Local Government Act of 1888 under which

*Mr. E. W. N. Knocker.*  
28 May '97

*Public undertakings and buildings in Dover.*

*Representation of non county boroughs on Assessment Committee. Local Government Act, 1888, effect of, as regards Dover.*

Mr.  
E. W. N.  
Knocker.

28 May '97

County  
council  
and  
borough  
interest.  
No friction  
now.  
Rural  
represent-  
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greatly  
outnumber  
urban.

Represent-  
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borough  
interest on  
Union As-  
sessment  
Committee  
and Board  
of Guar-  
dians not  
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to repre-  
sentation  
of rural  
portion of  
the Union.  
Dissatis-  
faction  
with  
regard to  
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we went and took the opinion of the court. We put to them about a hundred conundrums in order to settle the questions between us and the county council.

6168. You did not get a hundred conundrums settled by the court, did you?—We did, indeed.

6169. That would be for the benefit of other places?—For the benefit of other authorities.

6170. Would you say you are now in a more comfortable position?—Yes, now we get on pretty well.

6171. What number of representatives have you on the county council?—We have three wards, each sending one councillor to the county council.

6172. What is the size of the council?—I cannot tell you, I am afraid, speaking from memory. It is very large; but I may say that the rural representatives greatly outnumber the urban representatives. That, however, is a matter I am not prepared to go into.

6173. Are there many non-county boroughs in Kent?—There are a good many; in fact, we have only one county borough in Kent, I think.

6174. Which is that?—Canterbury; which was made so, as being the metropolitical city, for some inscrutable reason. It has a very much lower population than ours.

6175. How did it become a county borough?—I cannot tell you how it was done. Mr. Henniker-Heaton did it, I think.

6176. I thought no place was made a county borough unless it had 50,000 inhabitants?—There were a few exceptions, and this was one.

6177. (Mr. Elliott.) A few historical places were made exceptions were they not?—I am not sure.

6178. (Sir John Hibbert.) In paragraph 4 of your memorandum\* you state the populations and rateable values of the borough and of the union, the borough, of course, having the larger population and also the larger rateable value?—About five-sixths of both.

6179. The total number of guardians of the union is 25?—Yes.

6180. Divided into how many for the borough?—The borough sends 9 guardians and the rural parishes 16.

6181. Are you dissatisfied with that arrangement?—We think it is not a proper representation.

6182. I suppose you are not aware that that is the mode of representation in most unions where there is a borough and a rural district combined in the same union?—I am not aware whether it is so or not.

6183. I can say that it is so to a very large extent, of course it is a cause of friction?—Yes.

6184. In what way have you suffered from want of representation?—I had not gone into that question, and I am not prepared to answer any detailed questions on that head; I did not imagine I should be asked them.

6185. Perhaps it is more sentimental than real?—There may be a certain amount of sentiment in it, but I know there is dissatisfaction in the borough; they think it hard that they should be governed in these matters by such a large proportion of rural representatives.

6186. Would that not end if you had power to form the borough itself into one union or rather one poor law district?—That is, in my opinion, what should be done, and I have said so.

6187. Is that not contrary to the spirit of the principles carried out by the Local Government Board in respect to unions?—It may be, but I do not think the Local Government Board is perfect.

6188. I suppose their argument is with reference to the assessment committee rather than with reference to the board of guardians?—Yes, no doubt, but that is where friction more frequently arises.

6189. Supposing that you had an objection owing to not having sufficient representation on the board of guardians, does any injury accrue to your borough through not having that proper representation of the people of Dover in the way of relief?—Of course it is more than relief which is involved. There is, of course, the chance of persons requiring relief in the borough not being considered so much as those having it in the rural parishes, and there is the question of the cost of administration. At the present moment the guardians are spending a considerable sum of

money in making alterations in the union; five-sixths of the cost will have to be paid by the borough, which has only one-sixth of the representation in the union, or, rather, I should say the matter is really determined by an authority which is representative so largely of the rural districts.

6190. It breaks into the principle that representation and taxation should go together?—Yes.

6191. Have you any grievance with respect to the formation of the assessment committee?—The assessment committee consists of eleven members—five borough and six rural members; whereas the representation, according to both population and rateable value, should be—borough nine, rural parishes two.

6192. Have you considered the similar cases in other parts of the country; have you considered whether your grievance is a special one?—I have not. I have been asked by the Association of Municipal Corporations to give this evidence.

6193. Taking up the borough question as a general question?—Yes. I have not looked into the question of other authorities.

6194. Are you one of the witnesses of the Association of Municipal Corporations?—Yes, I am.

6195. (Mr. Clare.) I think you represent the non-county boroughs especially?—I do, and I was asked to give evidence on this special point.

6196. (Sir John Hibbert.) But you have not gone into the other cases?—No, I have not.

6197. Now, with respect to your rates; what are the rates in the borough?—The rates last year in the borough were: The general district rate, 1s. 10d., and the poor rate, including the county rate, and the borough and watch rates, 2s. 5d.; being a total of 4s. 3d.

6198. The general district rate you say is 1s. 10d.?—It was last year.

6199. Do you consider that to be low?—That has been low for some years; but in consequence of the large improvements we have been carrying out, the cost of which is now beginning to fall upon the rates, the general district rate for this year has gone up to 2s. 4d. in the £.

6200. Has the poor rate gone up?—The poor rate has gone up a penny for the first half of this year. I take it that the rates will be about 5s. in the £ this year. I may say that these are very low as compared with most of the boroughs near us—especially sea-side resorts. They are very much lower than many other places near us; in Folkestone, Margate, and Ramsgate they are very much larger.

6201. Do you say that prior to 1896 the borough was composed of six parishes?—Yes.

6202. Have you, under the Local Government Act, 1894, made the whole of those six parishes into one parish?—We have.

6203. Do you find that a great economy?—It will be an economy when the assistant overseers are absorbed, as we hope they will be.

6204. And a great convenience, I presume?—A great convenience in every way—and I think especially to the public—that there should be a uniform poor rate throughout the borough made by one authority, instead of having six authorities to make these different rates over different periods.

6205.\* You have got the power of appointing overseers conferred upon you through the Local Government Board?—Yes, but they refused to give us the appointment of assistant overseers.

6206.\* They leave that with the guardians?—Yes.

6207. I suppose you applied to have both powers?—We did.

6208. Did they hold an inquiry, or was it all done by letter?—I think there was no inquiry.

6209.\* But you have a distinct advantage in the new system—that you have only now two authorities instead of seven?—That is so; but we hope that the Board may give us the appointment of assistant overseers.

6210.\* Are you still pressing that upon them?—We have not applied again, but I think we shall very

Mr.  
E. W. N.  
Knocker.  
28 May '97

Rates in  
the £ in  
the bo-  
rough of  
Dover.

Consolida-  
tion of  
parishes  
in the  
borough of  
Dover has  
been bene-  
ficial.  
Uniform  
poor rate  
in borough  
made by  
one autho-  
rity desir-  
able.

Power of  
Council of  
Dover to  
appoint  
Overseers  
and Assis-  
tant Over-  
seers.  
Action of  
Local  
Govern-  
ment  
Board.

\* Mr. Knocker subsequently wrote: "I find the answers to these questions are incorrect. The Local Government Board gave the power to appoint assistant overseers, except as to existing holders of the office."

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 119 and 120.

Mr. E. W. N. Knocker.  
28 May '97  
Cost of collection of poor rate and district rate.  
Difference in cost.  
Reasons for this.

Boundary of Union and Dover Borough should be contentious.

Suggested that corporation should be the rating and collecting authority for borough.

Corporation should be the valuation authority, or else corporation should be represented on Union Assessment Committee in proportion to rateable value of borough. Representation of urban and rural interests.

shortly. We are very anxious to have the control and appointment of the collectors, for this reason: that by so doing we should be able to have one collector collecting all the rates together in one part of the borough.

6211. Do you find a difference in the cost of collecting rates between the district rate and the poor rate?—We do.

6212. As to your own district rate?—That costs us 2 per cent., and the poor rate costs us 4 per cent.

6213. Can you account for that?—It is in consequence of our having four assistant overseers to collect the poor rate and one collector to collect the district rate.

6214. Have you compounding in both rates?—Yes.

6215. What are your suggestions for producing a more efficient administration of the affairs of the borough?—They are, in the first place, that the boundaries of the borough and union should be contentious.

6216. Would that not leave a very small district outside?—They could be readily apportioned among the two adjoining unions.

6217. You think it could be done in that way by attaching them to other unions?—Yes.

6218. Would the other unions be rural?—Yes, they would.

6219. What are they?—They would be Eastry on the one side and Elham on the other.

6220. Has such a proposal ever been made to the Local Government Board?—I think not.

6221. What is your next suggestion?—It is that there should be one rating and collecting authority for the borough, and that all rates should be collected together. Supposing the corporation were not made the poor law authority for the borough that it should be the rating and collecting authority.

6222. I suppose that if you had the borough made into a union of itself, you would not propose that the poor law work should be done by means of a committee of the corporation, would you?—Yes, I should. I think it would be a great advantage to get rid of as many elections as possible; there might be power to the committee to bring in outside members if thought desirable.

6223. That is a reform of a general character rather than a reform for your own borough?—Yes, certainly.

6224. Such a proposal, of course, has often been made?—Yes.

6225. What do you propose as to the assessing authority?—I think the corporation or a committee appointed by it should be the assessing authority; or, if that should not be done, that the corporation should be represented on the assessment committee of the union in proportion to the rateable value of the borough.

6226. I suppose you are aware that there is a very strong representation going on at the present time for the formation of one assessment for all purposes throughout the country—Imperial and local?—No, I was not aware of that.

6227. Many authorities, both county and borough, have suggested such a plan. At the present time, of course, you merely have your representation on the assessment committee, and you have no power beyond your five representatives?—Of course we have no power at all in the matter.

6228. I suppose you are only one short of the rural representation?—We are only one short of the rural representation, but we should be nine to two in my view.

6229. Have you anything to complain of; have they ground you down in any way?—No; but I think that the majority of the assessment committee, being rural representatives, have no knowledge whatever of the value of the property in the borough.

6230. You have your five men on it?—Quite so.

6231. They have a knowledge of the borough?—Yes.

6232. Perhaps you would suggest that their power is not sufficient to make their knowledge felt?—At all events they are a minority. We do not know what goes on inside the assessment committee you see; we only know the results.

6233. I am afraid most of your objections are rather of a sentimental than of a real kind, are they not?—I

am quite willing that anyone should take that view of the matter. I think that there is good ground for an alteration.

6234. Have you any other point to suggest?—I have not.

6235. (Mr. Dalton.) Have you made any application to the Local Government Board to alter the representation of the urban parishes on the board of guardians?—No, I have not.

6236. When was the number of the guardians representing the urban parishes fixed?—I cannot tell you, but I think it was a good many years ago. I think there was an order of the Board fixing the same number for the six parishes when they were made into one.

6237. But there was no application made at that time to increase the number?—No, not that I am aware of.

6238. If the borough were made into a union, and these rural parishes were added to the unions of Eastry on the one side and Elham on the other, would they be much further distant from the workhouses of those unions than they are from the workhouse of the Dover Union?—They would.

6239. That would be an inconvenience?—To some of them it would be.

6240. Do you know what distance it would be?—I take it that from some of the parishes in Dover Union, now, they have to go five miles.

6241. What distance would they go if they were amalgamated in these neighbouring unions?—Some of them would be about the same distance, others would be further off perhaps.

6242. Do the guardians who represent those parishes come for other purposes more frequently into Dover than they would into the centres of the Eastry and Elham Unions?—I think it is very likely they might, but at the same time a good many of them, if they were put into the Eastry Union, would go to Sandwich, which has a cattle market, which we have not at Dover.

6243. I think you said there has been no application made by anyone to the Local Government Board to add these parishes to the other unions?—I believe not.

6244. Therefore the question has not been gone into from the point of view of the poor law administration at all?—No.

6245. I am not quite sure that I understood you rightly, whether you think that, if the borough was made into a union, it should take over the whole of the duties of the board of guardians, or only those for collecting rates and for assessments?—I am merely giving you my own opinion, and I am not expressing an opinion on behalf of the Association of Municipal Corporations when I suggest that I think the corporation should take up all the powers.

6246. All the powers for the relief of the poor in every way?—Yes.

6247. Is that the view of the association?—No, I do not think it is; I do not think they have passed such a resolution. I am only giving it as my own opinion.

6248. Does the present poor rate assessment of the union correspond pretty closely to the assessment of the county rate basis, or is there any wide discrepancy between the two?—I am afraid I cannot tell you.

6249. I see that on the assessment committee the urban parishes have a larger representation than they have in the whole board of guardians?—That is so.

6250. That, I suppose, has been voluntarily conceded to them by the guardians?—Yes, I suppose so.

6251. You do not know whether they have asked to have a larger representation?—I do not know.

6252.\* Could you say on what ground the Local Government Board refused to give the corporation power to appoint assistant overseers?—I understood it had something to do with their being collectors of rates, or some of them being collectors of poor rates.

6253.\* Collectors of poor rates, I suppose, under the guardians had already been appointed?—Yes, they had in some of the parishes.

6254.\* Then the result would be that if the corporation had the power of appointing assistant overseers

\* Mr. Knocker subsequently wrote: "I find the answers to these questions are incorrect. The Local Government Board gave the power to appoint assistant overseers, except as to existing holders of the office."

Mr. E. W. N. Knocker.

28 May '97

Representation of urban parishes on Board of Guardians No complaint made to Local Government Board.

Alteration of boundaries of unions. Administrative difficulties.

Suggested that if borough was created a union it should take over duties of boards of guardians and of valuation and collection.

Appointment of Assistant Overseers by Corporation of Dover. Action of Local Government Board.

Mr.  
E. W. N.  
Knocker.

28 May '97

Difference  
in cost of  
collection  
of poor  
rate and  
general  
district  
rate.

Constitu-  
tion of  
Union As-  
sessment  
Commit-  
tee.  
Represent-  
ation of  
urban and  
rural  
interests.

Mr. G.  
Swainson,  
F.L.S.

Consolida-  
tion and  
collection  
of rates.  
Method in  
Barrow-in-  
Furness,  
Hudders-  
field, and  
Bolton.

they could hardly exercise it until the determination of the office of the present collectors under the guardians?—We have taken them both on the understanding that they should not be disturbed. That was a special resolution passed by the corporation and sent to the Local Government Board before the matter was considered.

6255. I see the expenses of collecting the poor rate in the borough are considerably higher than the cost of the collection of the general district rate; is the 648l. the expenses of the collection of the poor rate, the total expenses of the overseers for all their work, or merely their expenses of collection; overseers, as you know, have other duties besides the collection of the poor rate?—This only includes the salaries of the assistant overseers and the incidental costs of collection.

6256. Do not the assistant overseers have other duties than those of collection, as, for instance, in connection with the registration?—Yes, but that is not included here.

6257. This is simply the cost of collection?—Simply that.

6258. (Mr. Elliott.) Do you suggest that under the present arrangement any serious evil as regards over or under valuation has occurred?—No, I am not prepared to give you any detail of that.

6259. Do you think generally that the effect has been to bring about an under-valuation of properties or an over-valuation of properties?—That I am not prepared to say; I have not gone into the question really.

6260. Is the feeling much more than that which Sir John Hibbert indicated—a matter of sentiment?—It may be, but it produces an unsatisfactory result.

The witness withdrew.

Mr. GEORGE SWAINSON, F.L.S., called and examined.

6268. (Sir John Hibbert.) I believe you are the Borough Treasurer of Bolton-le-Moors, in Lancashire?—Yes.

6269. How long have you held that position?—For 21 years.

6270. You are also a member of the Institute of Corporate Treasurers and Accountants of England?—Yes.

6271. Have you taken an active part in the work of that institute?—I have.

6272. You have been their president, I believe?—I was their first president, and I have been on the executive ever since.

6273. You have taken a great interest in the question of the accounts of public authorities, have you not?—Yes.

6274. You, I suppose, are prepared to say how you consider these accounts fail to be clear and satisfactory?—Yes, I am prepared to go into that, though that is not in the memorandum\* that I forwarded to the Commission. My memorandum specially deals with the question of local taxation.

6275. Would you take that question first?—In 1887 I retired from the presidency of the Treasurers' Institute, and during the whole of the two years that I held office, I had been going into this question very fully—or for a year and a half perhaps—I felt that the time had then arrived when something should be done towards trying to arrange for the consolidation and collection of the rates, which I was then fully convinced was needful, and which would lead to a very great saving. I particularly obtained information from Barrow-in-Furness, where the borough treasurer was singularly appointed assistant overseer, the overseers themselves being members of the finance committee of the town council. The whole thing worked with so little friction, that it was felt that Barrow-in-Furness was the kind of object-lesson which we should strive to attain.

6276. Why was that; because it was a new place?—No, because the two offices were merged in one, and the administration was practically one when Barrow was made a separate union. A circular was sent round to every member of our institute drawing their full attention to this, and advising them—in fact there was a resolution to come before our finance committee suggesting that they should—when the assistant

6261. It does?—Yes; it creates an impression among the appellants to the assessment committee that their matters are being discussed by persons without any special knowledge of the circumstances.

6262. Does not that arise rather because their view of the matter has not been taken than because any actual injustice has occurred?—I should not say that. I believe the committee do their duty to the best of their ability, and fairly, and so on; I have no reason to say anything to the contrary.

6263. (Mr. Clave.) You represent the Association of Municipal Corporations, and the non-county boroughs in particular?—Yes.

6264. May I ask, from your knowledge of their experience and opinion, whether the present method of assessing property is unsatisfactory, and whether the present system of the dual collection of rates by the poor law authorities and by the municipalities is extravagant and complicated?—Certainly it is so.

6265. That is the universal opinion of the corporations, that there ought to be one rate-collecting authority and one assessing authority in each area over which a rate is laid?—That is so. They passed a resolution I believe to that effect.

6266. So, without going into details as to the exact method of carrying it out, the unanimous opinion of the municipalities is that an alteration of the present system is required so as to bring the assessment under the control of one representative body for each municipality and the collection of rates either entirely in the hands of the municipality or entirely in the hands of the guardians?—Certainly.

6267. (Sir John Hibbert.) Have you anything else to say?—No.

6277. You say that was the case at Barrow-in-Furness?—Yes; in Huddersfield, where I was appointed borough accountant in 1868, I was there met with great difficulties in connection with the precepts of the corporation served upon the overseers. The old Act of 1835 was then in existence, but the present Municipal Corporations Act has the same provisions. We found that the money did not come in at all satisfactorily, and we were constantly having to press for payment. Therefore in 1871 the corporation resolved, in their application to Parliament, to apply for power to take out of the hands of the overseers this collection. I refer you to sections 334 to 360 of the Improvement Act of Huddersfield,\* which I think you will find to contain a very satisfactory settlement of this question.

6278. Was that Act passed before you left Huddersfield?—Some years.

6279. Then you saw the working of it?—For five years. I left in the beginning of 1876 and went to Bolton, and there I found the same unsatisfactory condition of affairs.

6280. Would you just state very shortly what the improvement was that took place under this Improvement Act, and these special clauses?—There was a saving in collection. The same thing applied in Bolton, and I was going to take the two things together so as to save your time. In Bolton we found a similar unsatisfactory state of affairs. The overseers at that time considered that they owned the balance of the rate, and that the bank interest that they made was their own private property, and the auditors at that time declined to consider it; now, I believe, the Government auditors have instructions to deal with it.

6281. Do you mean the borough auditors?—No; the Local Government Board auditors.

6282. But they do not audit the accounts of municipal corporations?—They audit the accounts of the overseers, and I am speaking of the money that the overseers collect for the borough. All that money they retained in their own hands, and would not part with it when they had money in hand to pay the corporation; and they have always been in the habit of getting out of the

Mr.  
E. W. N.  
Knocker.

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One valuation  
and  
one rate  
collecting  
authority  
in each  
area over  
which a  
rate is laid,  
desirable.

Mr. G.  
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Audit of  
accounts.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 121 to 123.

\* Huddersfield Improvement Act, 1871 (34 & 35 Vict. c. 151).

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ratepayers' pockets an undue amount of rate, and keeping it. At the present moment, they say they must have 8,000*l.* in hand to meet the calls, because, they say, overseers are held strictly responsible for the calls of the guardians, and therefore they must have these large sums in hand, in order to be ready at any moment to meet calls. At that time their sole object, in my opinion, was to get a large bank balance which they could use the interest of, because I know, at one time, they went on several rather considerable trips out of this fund.

6283. I am quite aware that those abuses did occur. I want to know whether such abuses can occur now under the new system?—Certainly not in Bolton, because every day's receipts are paid into the corporation's banking account. They are audited both by a professional auditor and by the Burgess auditors; and there is no friction in connection with the collection of the borough rate—not the slightest. The arrangements in Huddersfield did away with the district rate and called it a borough rate, and included the district rate purposes with the quarter for land on certain purposes, as you know, all in one rate, and called it the borough rate. In Bolton, our town clerk felt a difficulty in connection with the various Acts of Parliament that Bolton had obtained and, instead of that, he worded it that the district rate should go on being collected, but that the borough rate, for borough purposes, should be collected by our own staff along with it.

6284. Is that done under your special Act?—Yes.

6285. When was that obtained—are you referring to the Bolton Improvement Act of 1877?—Yes, section 114, the words are, for the corporation “to make, assess, levy, collect, and recover the borough rate in the same manner as, and with and under the same provisions (except as to exemptions from, and reductions in, the assessment), with which they make, levy, assess, collect, and recover any district rate, and they may so make, assess, levy, collect, and recover the same either as a separate rate or with the district rates.” The demand notes are made showing the district rate and borough rate payable together. The school board rate, which we feel rather sorely in Bolton, has been rather a heavy rate, and is shown separately. At the back of the demand note we give details of all expenditure.

6286. Is this done entirely under your local Act?—Yes.

6287. And in that it differs from the general law?—Yes; that is why I thought it was important to come before this Commission and give this information. But now we have had to withdraw the clauses by which we intended trying to get further powers. Lord Morley would not move our Improvement Bill this year in the House of Lords unless we withdrew these clauses, and he said we must come here and make our case known to this Commission.

6288. How many clauses are you referring to?—I will tell you in a moment. I will give them to you. I have a copy of the Bill here. By our withdrawing these clauses the Local Government Board have conceded a point to us. Perhaps I had better put these two Bills in (*handing in prints*)\*. This is the Bolton Tramways and Improvement Bill, as deposited in Parliament, and I am referring to sections 65, 66, and 67 as to the levying of poor rates in the parish of Bolton. We practically wanted to do what we do for the school board—for the guardians to make their demand for our portion of the union upon Bolton, and for the corporation to pay the money over to them, exactly as we do for the school board, and include it in our borough rate. Then, with respect to the assessment in the next clause—clause 68—we ask for one of two things—

6289. Is that a withdrawn clause?—Yes; clauses 65, 66, 67, and 68 are withdrawn. Clauses 66 and 67 were really what are called the Oxford clauses. They were given to Reading in 1881 and to Oxford in 1890, and I have here the proof of the city accountant of Oxford, who was formerly high sheriff of Oxford and chairman of the finance committee—he is an accountant, and he is now borough accountant—he was to give evidence for us, and I have his proof here showing how

extremely satisfactorily that system has worked in Oxford.

6290. For how many years?—Since 1890. At first the guardians did not like it. The corporation make their own assessment for all the property within their borough for their district rate only.

6291. Do they do this under the special Act?—Yes, for the district rate only they make their own assessment. The guardians had the making of their poor rate, which they made under their assessment, but the assessment of the city of Oxford by the corporation has proved so satisfactory that the guardians have given up bringing Oxford matters before their assessment committee.

6292. They adopt the Oxford assessment?—They take *en bloc* the assessment of the Oxford Corporation, and that is what we want in Bolton. As a kind of alternative clause, our town clerk put in clause 68, which meant that, as we were half the union, we should have half of the assessment committee. The assessment committee consist of 12 members, eight of whom are outside the borough and four inside; we are something like Dover, the evidence of whose town clerk I have just heard.

6293. Am I not right in saying that the number of an assessment committee cannot exceed 12?—That is so, and they have 12, and eight of them are for the outside districts, although the population of those outside districts is not one third of the total, and their rateable value is the same as Bolton; perhaps is 20,000*l.* more, but I can give you the exact figures, if you wish them. We asked for that, but I am not pressing for it. We prefer the Oxford clauses, because we think that if we had half the union given to us there would still be friction, and there would still be the causes for it which there are now. I will go into the matter of cost, if you like, because I can answer many of the questions which you have asked of the town clerk of Dover, and which he was not prepared to reply to.

6294. With respect to those Oxford clauses, the Local Government Board at that time, I presume, assented to the inclusion of these clauses in the Oxford Bill?—They were fought, I believe. Mr. Boyce appeared against them, but the Committee were so impressed with the evidence they brought of the unsatisfactory character of the assessments that they gave this decision in favour of the clauses, and as they had already given them for Reading they gave them for Oxford. We have simply asked this year if we could get similar powers.

6295. Do you know of any other places with similar clauses?—I am not sure whether Norwich has them, and I would not say.

6296. Do not say if you do not know for certain?—I am not certain at the moment. I now submit the Bill which has just received the assent of the Commons, and has practically passed Lord Morley. With the consent of the Local Government Board the following clause has been added since I sent my memorandum to you.

6297. And since you withdrew these other clauses?—No, it was done at the same time; it was agreed with Mr. Lowther.

6298. I thought it was a kind of compromise between you?—It was a compromise that if we would withdraw these clauses they would give us the clause that you will find here. This is the new Bill,\* and perhaps I had better read the clause: “(1.) From and after the passing of a resolution in that behalf by the council, the powers and duties of any collector of poor rates appointed by the guardians of the Bolton Union shall cease in respect of the parish of Bolton.” I will give you the reasons of that in a moment. “The Local Government Board may prescribe the form of rate to include the poor rate, borough rate, district rates, water rate or rent, or any other rate or rent, and they may in respect of such rates and rents prescribe a form of demand note, receipt, and other necessary documents in respect of such rates and rents, and any forms so prescribed shall be sufficient in law. Compensation shall be paid by the corporation to every collector of poor rates, and every assistant overseer appointed prior to the thirty-first day of May one thousand eight hundred and ninety-five, who, by reason of this exercise by the corporation of the powers of this

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Valuation of city of Oxford. Satisfactory system there.

Bolton Improvement Act, 1877. Consolidation and collection of rates.

Bolton Improvement Bill, 1897.\* Withdrawal of certain clauses. The Oxford clauses (see 13 & 34 Viet. c. 223, sections 115 & 116.)

Bolton Improvement Bill, 1897.\*

\* The Bill received the Royal Assent on July 15th, 1897 (60 & 61 Viet. c. 134).

\* The Bill received the Royal Assent on July 15th, 1897 (60 & 61 Viet. c. 134).

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"section, or of any thing done in pursuance or in consequence thereof, suffers any loss by abolition of office, or by diminution or loss of fees, emoluments, or salary. Any such compensation may (at the option of the corporation) be by way of annuity or by payment of a sum in gross, and in case of difference between the corporation and any collector or assistant overseer, as aforesaid, as to the amount of compensation payable to him, the difference shall be finally and conclusively settled by an arbitrator to be appointed by the Local Government Board."

6299. What is the number of that clause?—It is clause 77. In my memorandum I gave a history of Bolton matters in connection with the Local Government Board. We have been more successful than any other corporation.

Appointment of Assistant Overseers in Bolton by Corporation; but the Guardians appoint the collector for poor rate.

6300. In what way?—In getting what we wanted from the Local Government Board. We were early in the field. In March 1895 we had an assistant overseer and collector who died, and we brought pressure to bear upon the Board, because we should have had the same scandal that occurred in Salford, where there was a three days' open competition in connection with the vestry; and the result of it was that, rather than face that, the Local Government Board gave us the order.

6301. In what year was that?—1895.

6302. Since the passing of the Act of 1894?—Yes, in March 1895. I think I have the order here.

6303. I do not think you need read the order if you will just state the facts?—The order gives power to appoint assistant overseers. They would not take away the power of the guardians to appoint a collector, but the Bill now does take it away.

6304. It overrides that?—Yes; they would not give us that power then, but they gave us the power to appoint the assistant overseer. On this death, therefore, the corporation at once appointed, in March 1895, the overseers, and the overseers appointed as their chief collector, the gentleman whose name is on the demand note—Mr. Brookbank. He is a chartered accountant as well as chief collector. They appointed him assistant overseer for Bolton, and they saved in salary and fees 135*l.* a year for one portion of the borough only. We applied to the guardians at once that they would not appoint a collector, or, rather, that they should appoint our man; we had already appointed him before they had had their fortnight's notice, &c. I have here the minute of the overseers' committee of the corporation. "The town clerk reported death of Mr. Thomas Platt, assistant overseer for Great Bolton, and the urgent need of steps being taken for appointment of his successor. Mayor, deputy-mayor, chairman, and Alderman Miles appointed a deputation to the Local Government Board, urging the expediency of an order being made vesting in the council the appointment of assistant overseer." That, of course, they got; and then the mayor and a deputation were deputed to confer with the guardians of the Bolton Union as to the appointment of a collector of poor rates for the township of Great Bolton.

6305. What was the result of that?—The result is shown in this newspaper report.

6306. You need not read the newspaper report; just tell us the result?—They had a long discussion, and they were altogether in a contrary mood.

6307. Then the corporation did not get what they wanted?—The guardians declined entirely. They would not give up their own patronage. The resolution was that they should appoint their own collector. As the corporation was thwarted they tried then to make an arrangement that this collector should come to the town hall, where some of the other collectors were already placed. After some little objection, the overseers told him they should not pay for his offices if he took his own house or any other offices, and, therefore, he came. The next step we made was to have the whole of the five townships in Bolton made into one.

Consolidation of Parishes in Bolton.

6308. You can do that under the Act, can you not?—Yes, and the Local Government Board confirmed it. In consequence of this order the collector and assistant overseer for the township of Little Bolton fell in with the wishes of the corporation, and removed his office to the town hall. Negotiations were then entered into with the remaining collectors, but we have not been able to get them to consent until now, when we shall be legally empowered to pay them compensation.

or to deal with them in some other way. In consequence of the difficulties of dividing the collection—that was their reason—no final settlement has yet been come to.

6309. Have you obtained every object that you sought in your Bill?—Except our present wish that we should be able to do away with the separate poor rate collection and deal with our assessments.

6310. You have not obtained that?—We have not obtained that. Even now we have to give separate receipts, as you can quite understand, in those districts where we have got the power of collecting the poor rate. We have to give the receipts separately, but we do not think that is necessary, as the matter of audit, and all that sort of thing, can be perfectly well arranged, and there is no necessity why they should be separate.

6311. Of course, with respect to the poor rate, the Government auditor would have to audit the accounts?—Certainly, and that we are quite agreeable to.

6312. But not anything connected with your borough?—Quite so.

6313. I do not know how you would get over that?—We should be quite agreeable to that. The expenditure, you see, can be met by a precept. The Local Government Board auditor would have to do with the overseers what he does now. He audits the school board rate in identically the same way, and that is why it is so simple when a precept is served upon the corporation for the expenditure.

6314. Would you put it in exactly the same way as the school board?—I recommend this Commission strongly to do so. It clears all the troubles and bothers and difficulties away, and makes the thing as easy sailing as possible. The amount collected by our corporation is 67,150*l.*, 51,822*l.* of which is the borough rate, and 35,328*l.* the district rate; the amount collected by the guardians being 26,862*l.*—really between a third and a fourth. The corporation are desirous that they may pay to the overseers such sums of money as may be required to pay the calls of the guardians and their own legitimate expenses without levying a separate rate. They are desirous to include the demand for poor rate with their demand for borough and district rates, and to give one receipt, and that powers may be given them to make arrangements with the four poor rate collectors that they may pay to the overseers such sums of money as may be required. I come now to the population: the borough of Bolton has a population of 120,000, and the number of cottages assessed at 8*l.* and under is 17,000; the limit for compounding for the poor rate being 8*l.* For our district rate and borough rate the compounding limit is 10*l.* and between 8*l.* and 10*l.* we have 5,000 cottages; therefore, in Bolton, 22,000 assessments are collected direct from the owners. By special Act we have that 10*l.* limit, and we wish that to be retained. The number of the other assessments is 8,000. The rateable value is 471,000*l.*

6315. You have told us very clearly of the great advantages which you have got in Bolton: I presume they work satisfactorily?—Yes.

6316. Do you suggest that this system should be applied generally to all boroughs?—I do, with an improvement upon it on the lines of the school board precept.

6317. Then even that system which you say is so good can be improved?—Yes.

6318. Do you consider that the clauses that you have had to withdraw from the Bill would have improved the system?—Decidedly; the Oxford clauses would settle the question of assessment.\*

6319. Now will you go to the next branch of the subject?—I have for several years past prepared a table of rates levied by corporations, and sent it round—it has been in the newspapers—showing the rating of towns and the price of gas. That table I put in for last year. I do not know that there is any question upon it, but I was at a meeting of the Association of Municipal Corporations when I heard it was understood there was a request from this Royal Commission that

\* The Clauses referred to are sections 115 and 116 of the Oxford Corporation Act, 1890 (53 & 54 Vict. c. 225).

Mr. G.  
Swainson,  
F.L.S.

28 May '97

Auditing of accounts. Poor rate. Government auditor.

School board account, auditing of.

Inclusion of poor rate in Corporation demand for borough and district rates, and one receipt given desirable.

Compounding in Bolton. A 10*l.* limit under special Act.

System of collection of rates, &c. satisfactory in Bolton. Suggested improvements.

Rates of burden or necessity, and rates of benefit or luxury. Return with reference to.



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the information should be tabulated in a little different shape. As a financier and practical accountant, at Bolton, I considered that was my business—that it was really a financial and actuarial matter, and not a town clerk's matter, so I have prepared it. Therefore I have presumed to hand this table to you simply on my own action (*handing in table*).\*

6320. Not as representing any association?—Not as representing anyone but myself. I do not even, in this matter, represent my own corporation; the information contained in this table has been forwarded to me from all the towns named. There are some few towns which I did not ask. I do not think I asked Liverpool, and I did not ask Birmingham, and I did not ask St. Helens.

6321. Why did you leave them out in the cold?—Simply because gentlemen representing Liverpool and Birmingham are on this Commission, and I thought they could add their items to it without my presuming to ask them.

6322. (*Mr. Clave.*) But Liverpool is in the list?—It is not in the second list. There are a few towns in the first list who have not made replies; you will find Manchester, for instance, and Manchester did not reply. They distinctly declined to be included in the list for 1897.

6323. (*Sir John Hibbert.*) It would have been more perfect if you could have included all?—Yes, much more perfect; I have done my best to get it for you, but I believe there is a little feeling in this matter.

6324. Then I have nothing further to say on that?—I have a little feeling myself that we ought to have been asked, as treasurers and accountants, to supply this information by the Association of Municipal Corporations, but, as treasurers, we have really nothing to do with the association, which ignores us entirely, and so I have determined to prepare this return myself. I think there is one item in the table that this Commission would like to see and understand, that is the rates of burden or necessity; in the first column I have the rates of benefit or luxury, and in the second column the rates of burden or necessity. The Commission must notice that I have particularly, in this table, separated the poor rate and the school board rate, over which corporations have no control, and have merely put in the table and arranged it in order according to the amounts of rates for which the corporation is responsible, and then divided that into two items, one the rates of burden or necessity and the other the rates of luxury or benefit.

6325. Is every town treated on the same principle in this division?—Yes; as far as I understand it. I have been able to tell them the lines I wanted them to go upon.

6326. (*Mr. Elliott.*) Did you issue a circular letter to those towns?—I did.

6327. Will you let us have a copy of that circular letter?—I have here the letter which I wrote, it is marked "Private and confidential."

6328. (*Sir John Hibbert.*) I do not think you had better put that letter in, I have seen that letter, and I think there are one or two observations in it that had better not appear?—That is what I felt.

6329. (*Mr. Elliott.*) I only want to get exactly what was presented to the officers in asking them to prepare this return; could you state what were the questions put?—I say this in the letter: "The Commission, we were informed, were specially desirous of differentiating "between the expenditure of the various boroughs for "matters of luxury or local benefit, such as baths, parks, "libraries, museums, &c., which rural England knows "nothing of, and classifying particularly rates of burden "or necessity occasioned by the aggregation of houses "in urban districts." That is all you want, I think.

6330. I think that is all I want unless you said anything more?—No.

6331. (*Mr. Dalton.*) Did you tell them what rates they were to put under each head?—This distinctly tells them.

6332. What rates did they put under the first head; did they put the borough rate and the district rate?—The fourth column is the total; that total is the rate for which the town council is responsible, including both the borough rate and the district rate. That total is divided into two parts; first, we deducted

those of luxury or benefit for the purposes as follows—baths, parks, libraries, museums, &c.

6333. What does the "etcetera" include?—I think I left it to the gentlemen each to form his own conclusion. I put in my technical school a  $\frac{1}{4}$ d. rate. I have here the estimates for the borough of Bolton for this year, and you will see that it includes so much for the parks.

6334. (*Sir Edward Hamilton.*) Did you send round a circular to all the people, and did you exactly specify in your circular what was the information you wanted?—Yes, I sent this circular round, and that explained it better than anything else.

6335. Have you reason to think that all these figures are compiled on the same basis?—I have. Some few that were very heavy I made inquiries about, and I have had to alter one of them because he had included the town hall.

6336. But this does not include in the column of rates of benefit or luxury what is often called a rate, but what is practically a charge for a service performed; I mean to say that it does not include what a householder will have to pay for a supply of water?—Certainly not; our rates do not include anything for water.

6337. Or gas?—Or gas.

6338. This is merely what the town authority itself raises?—As a rate of burden or necessity for the aggregation of houses together in a town.

6339. Is this a complete list of all the boroughs?—It is complete as far as I could obtain the information; it is complete to the extent of the 64 boroughs mentioned.

6340. I think you gave a list of what came under the head of benefit or luxury; what did you put under the other column of burden or necessity?—All the rest.

6341. But you distinguish the poor rate from it?—Because we have nothing to do with the poor rate in the corporation.

6342. Therefore, in order to get at the full amount of what I may call onerous rates, you would have to add to the first column the poor rate?—Yes.

6343. Would you kindly say, then, what are the component parts of the first column—the rates of burden or necessity?—Everything else.

6344. Have you got a list of the details?—Police, fire brigade (I consider that an essential), burial board (it is necessary to bury our dead), town hall (even counties are now getting county offices), the various payments to the county which, as a county borough, we have to make, such as lunatic asylums, county officers, prisons, loans, sea fisheries, rivers pollution, quarter sessions, expenses of the officials in the town hall, main roads—

6345. But in sending out your circular, you did not mention those, did you?—I did not put those in, and I have not finished with the list—I had better finish—expenditure on highways, streets, scavenging the town, night-soil as well as day sweepings, the medical officer of health, and his department, including fever hospitals (because even counties are having now to provide fever hospitals), street lighting. From some of that in Bolton we have rather heavy deductions for our profits on gas and water, but I have taken those profits entirely from my rates of burden, and have put in the rates of luxury at their full extent.

6346. (*Mr. Elliott.*) In order to arrive at your rates of burden, have you deducted the profits of your undertakings?—Yes.

6347. Did you give any instruction to that effect in your circular?—No, but it naturally follows because I have only asked them to give me the total rate laid. You will quite see that that is the answer to it—the total rate laid is bound to have the profits deducted before they can lay the total rate.

6348. (*Sir Edward Hamilton.*) What I want to know is whether, in sending round your circular, you actually specified the information which you wanted?—Yes.

6349. Therefore you have every reason to believe that the compilation is made on the same basis?—Yes. Would you, in your tables, alter the figures opposite Bootle? The borough accountant writes me: "I have included  $\frac{1}{4}$ d. for the town hall; on second thoughts, perhaps I was wrong to include the last item, "as a luxury; if others have not included it, please alter "Bootle accordingly." It has not been included. I

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Rates of  
burden or  
necessity,  
and rates  
of benefit  
or luxury  
Return.  
Character  
of circular  
sent to cer-  
tain towns  
with refer-  
ence to.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 123.

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have checked them over with their accounts as far as I am able, and no other has included the town hall. Town halls have been included as a necessity, as there are town halls now in counties. Therefore you must alter Bootle and increase the rate of burden by 2½d. and decrease the item for luxury by the same amount.

6350. The Bootle item is 2s. 10½d. under the head of "Rates of burden or necessity," and 7½d. for the rates of benefit or luxury?—The 7½d. should be 5½d.

6351. I do not think we need go into those details?—That is the only one that is wrong.

6352. You wish to put in this table as an appendix to the paper you have already submitted to the Commission?—Yes.

6353. (Mr. Elliott.) Did you, in asking for this information, give any instructions to the local officers other than those you read to the Commission just now?—None; but they are local officers who know their business, and they are bound to put the rest in under the other head. I gave sufficient instructions, in my opinion, for an intelligent man to be able to answer it. I am sure of it, from the questions I have asked of those who returned the heaviest rate. I found that the reasons for the heaviness were special reasons. Keighley, for instance, has put in 4½d. for a special grant this year to the mayor for Jubilee purposes.

6354. (Mr. Dalton.) The result of this table is to show an average of 3s. 7d. for the rates of burden or necessity, and 3½d. for the rates of benefit or luxury?—Yes; that is so.

6355. You would not say that none of the rates of burden or necessity are rates of benefit, would you?—Yes, I would.

6356. Would you say that the town gets no benefit from the fire brigade, the police, the burial board, the town hall, the highway expenditure, and the street improvements?—It is just exactly in the same way that the country people receive benefits from the various things of a similar kind.

6357. Do you not consider that a great deal of this expenditure is of benefit to the property in the town, and raises the value of the property very much?—It is absolutely a necessity from the aggregation of houses in a town.

6358. I can understand it if you had kept your column to "Rates of luxury" simply, but you head it "Rates of benefit or luxury"; do not a great number of the rates of burden or necessity include rates of benefit?—You see the word "benefit" there is qualified by luxury; it is those items of benefit that are really luxuries that I put in the second column, and those items of benefit that are in the first column are those of necessity or burden.

6359. But you agree that many of these, although they may be a necessity, do add to the value of the properties in the town?—No doubt the fire brigade, for instance, does.

6360. I do not quite understand now how they are separated; do you not think public baths are a necessity in a crowded population?—No, not absolutely. We have not any in Bolton paid for by the corporation; we have several private baths and the corporation have made bathing places in the parks.

6361. Do you not think a park is a necessity for a crowded population?—No, I think it is a luxury.

6362. How do you draw the distinction between making a wide street, we will say, in a town, opening up an area for giving them fresher air, and having an open space or a park?—I would leave that to the individual judgment of the Commission. I do not think you can divide it satisfactorily. Many men, many minds, on a point like that. What I might think was so, you might say was not—of course I speak respectfully.

6363. It is very difficult, as a matter of fact, to divide a rate of benefit from a rate of necessity, is that not so?—That is what I mean.

6364. We will leave this table and come to the question of the powers of the Local Government Board; as I understand the Local Government Board have done what they can under the existing law to simplify the collection of rates in Bolton, is that not so?—The Local Government Board, after great pressure and constantly urging, have done nearly all that I consider the Act of 1894 ordered them to do.

6365. What have they omitted to do in Bolton that they have power to do in this matter?—To transfer the whole of the powers of the vestry and the whole of the powers of the overseers; they have power to transfer the powers of the overseers to the corporation, and they have failed to do so.

6366. In your Bill\* you proposed, I think, that the corporation should collect the poor rate for the guardians as well as the borough rate?—Yes.

6367. Do you know any town in which that is done at present?—No.

6368. No town?—No town.

6369. Therefore that was an unprecedented proposal?—It was.

6370. No such power was given at Reading or Oxford by the clauses of which you have been speaking?—No, and that is why I come to this Commission to urge that upon them.

6371. You have referred to the irregularities years ago in connexion with the interest on the bank surplus in the hands of overseers?—Yes.

6372. That is not anywhere allowed at the present time, I believe?—I believe that, universally now, the auditors of the Local Government Board pursue those items to their sources. They ought to have done so long before they did.

6373. When you were speaking of that, the time you spoke of was about 1871, was it not?—No.

6374. It was a great many years ago when this took place?—Within the last 15 years.

6375. Fifteen years ago?—Perhaps ten years ago; I cannot be quite certain at this moment, but I believe it is not more than ten years ago since the Local Government Board were pressed and urged into doing their duty. They ought to have done it long before.

6376. It is the auditors you should speak of, I think?—They are the servants of the Local Government Board.

6377. But the auditors have the first jurisdiction in the matter, and the Local Government Board has no power to disallow any payment in the accounts in the first instance; it rests exclusively with the district auditors?—The Local Government Board instructs the auditors what they shall audit and what they shall not audit. Just now I have a very strong contention with the Government auditors on the false method of their audit at present, and of the accounts that they will have. I am very strong on that, and Sir John Hibbert thought I was going into that, because he has known of the papers I have written on that subject; but I did not wish to go into it. Still if you ask me questions about the Local Government Board, of course, I am bound to be honest and to tell you.

6378. All I am asking you is this: had the Local Government Board any power whatever to disallow any of these payments; was it not merely a question whether the district auditor could do it?—The Local Government Board ought to have insisted that the district auditors should do their duty.

6379. Do you mean to say that when these irregularities were discovered, the district auditors did not at once go into these accounts?—Certainly; for years they did not go into them after they had been discovered.

6380. They had been kept from them by the overseers?—Yes; they ought never to have allowed that.

6381. They were not aware of their existence?—What is the worth of a Government audit if they cannot follow these things to their sources?

6382. In the Bill,\* this year, that you introduced, no provision, I think, was made for the audit of these accounts of the overseers; was that not one of the points to which attention was drawn in the report of the Local Government Board on the Bill?—You have the report, I have no doubt. Would you mind reading it to me?

6383. On clause 65 this passage occurs: "No provision is made with regard to the audit of the rate, "The Board look upon this as a most important matter" and one that should be provided for specially in the "clause if the proposed change is accepted"?—If the Board had met us and agreed to our clauses we should

\* The Bill received the Royal Assent on July 15th, 1897 (60 & 61 Vict. c. 134).

Mr. G.  
Swainson,  
F.L.S.

28 May '97

Bolton Improvement Bill, 1897,\* proposed that Corporation should collect poor rate for guardians, which is an unprecedented proposal.

Audit of accounts by auditors of Local Government Board. Present and past systems.

Bolton Improvement Bill, 1897.\* No provision made with regard to the audit of the rate.

Rates of burden or necessity, and rates of benefit or luxury. Classification in table discussed.

Collection, &c. of rates in Bolton. Action of Local Government Board under Local Government Act, 1894.

Mr. G.  
Swainson.  
F.L.S.

certainly have accepted any reasonable audit it could request.

6384. You have no objection to that?—Not the slightest, because, as I tell you, I would arrange it exactly as a school board audit is done—there is no need of anything beyond that. We simply pay the precept of the school board and the Government auditor audits it—that mere one item, that one payment, he audits the expenditure, and he could still audit the overseers' expenditure. It makes not the slightest difference whether the overseers collect it, or whether the corporation hand over 20,000*l.*, say.

6385. All I was drawing attention to was that no provision was made for that in the Bill, and that that was one of the main objections that was taken to the

clause?—It did not need any, in my opinion; however, if they had allowed the clauses to pass, we would have agreed to put something in.

6386. (Mr. Clare.) Your experience in Bolton has been that the consolidation of rate collection leads to economy?—Distinctly so, and very largely so.

6387. In your opinion, would it be an advantage if you had one assessing authority for the whole borough, and one rate-collecting authority for the whole borough?—Decidedly. The Bolton Corporation's Overseers' Committee, last Monday night, passed a resolution endorsing those resolutions that have, no doubt, come to you from Suffolk, Appleby, Westmorland, and other authorities, that there should be one basis of assessment for Imperial, local, and municipal purposes.

The witness withdrew.

Mr. ARTHUR JOHN HARRIS called and examined.

6388. (Sir Edward Hamilton.) I think you are clerk to the Cardiff Union Assessment Committee?—Yes.

6389. You have sent us in two memoranda, the later one\* being practically an amplification of the heads of your original memorandum?—That is so.

6390. What are the main points which you desire to bring out, and have brought out, in this further paper of yours?—I wish to bring out more fully the points as to the provisions of the Act of 1862; the inequalities of the present mode of apportionment of contributions amongst parishes contributing to a common fund; the inconveniences of the dual control, and the lack of interest in the duties of overseers, and then the changes suggested, and also the point as to the precepts being for a specified rate in the £, the proceeds of such rate being paid to the spending authority.

6391. You seem to have gone tolerably fully into most of those points in your second memorandum?—I have.

6392. Are there any points which you would desire to supplement *vis à vis*?—No, I think I have endeavoured to place everything there as fully as possible. Of course there are one or two questions on which I should have spoken a little more in detail.

6393. Of course these are mostly points upon which we have had a great deal of evidence already, and therefore, if I were to put a great many questions to you on them it would be going over the same ground again to a great extent; but are there, from your own personal experience, any particular points which you would like to bring out which you think may not have been already brought before the Commission?—May I shortly refer to those questions I spoke of a moment ago?

6394. If you can do so briefly, yes?—First of all we have found that the provisions of the Act of 1862 for deposits of lists before approval and means of objection beforehand are most obstructive to the bringing into force of lists as speedily as is desirable. We have had, during 10 years, only 40 objections to lists before approval, and we have had to observe all the provisions of the Act of 1862 simply for the sake of those 40 cases, whereas after lists have been approved we have had some 1,279 objections, showing that ratepayers feel that the Act of 1864 affords them all the facilities that they can possibly want for objecting to their assessment. We have recently found that these same provisions in the Act of 1862 are most mischievous; they afford facilities for technical objections by which it has been sought to upset our rates, without alleging that any grievance was sustained by those who have put them forward. I think the fact that on an average four persons a year have availed themselves of the Act of 1862, as against 1,279 who availed themselves of the Act of 1864, shows that there would be no hardship in entirely abolishing all these deposits and opportunities for objecting before lists are approved. Then, with regard to the inequalities of the present mode of apportionment of contributions amongst parishes contributing to a common fund, I find that the method by which expenditure is apportioned amongst parishes in an area does not result in an equality of rates. The various parishes have their own parochial expenses, and their own local circumstances, which cause differences. To take a somewhat striking instance in our union: the larger portion of the Bute Docks is in the parish of St. Mary, and they would collect there, say, 6,000*l.* in one sum, whereas in

another smaller parish they would have to collect that from a very great number of people, and not only would they have to spend more in collecting it, but they would lose a large portion of it in irrecoverables. The result is shown in the actual rates. The parish which is least rated pays an average poor rate over 10 years of 2*s.* 1*d.*; the other parish in the town that I refer to would pay an average of 2*s.* 2½*d.*, making a difference of 1½*d.* in the £ per annum for rates in one town alone. Similar differences may occur in the country. I also wish to point out that the present method of specifying the amount of the rates in the £ does not result in those rates being stated accurately. The overseers very often have to make their rates before they know what burdens will be cast upon them. There are, of course, different local circumstances which cause the rates to vary. They have balances in hand, they have fractions which are difficult to estimate. The result is that you may have a rate set down for a different sum in different parishes, but which is supposed to be actually equal in all. The most striking illustration I ever had of that was when, in one of the rural parishes of the union, the poor rate was taken to be 10½*d.*, whereas in the town it was taken to be 4*d.*; as a matter of fact, they ought to have stated it in the country at 5½*d.* I dare say the inconveniences resulting from the dual control of the board of guardians and overseers have been stated before.

6395. Yes, we have had evidence before us upon that?—And also upon the lack of interest in the duties of overseers; those are two points that I specially desire to emphasise. As a remedy I am suggesting that the union assessment committee should be the sole local authority for making all assessments and collecting all rates; that the committee should be enlarged, and that representatives of all the chief spending authorities, urban councils, rural councils, school boards, county councils, should be added thereto; that the overseers should be abolished and their duties transferred to the assessment committee; that the various spending authorities should send precepts to the assessment committee, and those precepts should not be for fixed sums, which should have to be raised in the best manner possible, but for fixed rates in the £; the result of that would be that over the whole area of the spending authority the rate would be absolutely equal.

6396. (Mr. Dalton.) I understand that you propose, therefore, that the assessment committee should not only assess the properties, but should also collect the rates?—That is so.

6397. Should it collect all the rates?—It should collect one rate in which should be included all rates.

6398. You have heard what Mr. Swainson has said as to the collection of rates in the boroughs?—Yes.

6399. If your proposal was adopted, the union assessment committee, I understand, would collect the rates?—They would.

6400. Not the corporation?—Not the corporation.

6401. So that your proposal is absolutely at variance with his?—Yes, certainly.

6402. In Cardiff is your union coterminous with the borough?—No, it includes urban and rural areas outside.

6403. At the same time your union assessment committee is representative of the chief spending authorities in the district?—That is so.

Mr. G.  
Swainson  
F.L.S.

28 May '97

One valuation and one rate collecting authority for whole borough desirable.

Mr. A. J.  
Harris.

Union Assessment Committee representing the chief spending authorities should be the sole local authority for making all assessments and collecting all rates. Assessment Committee should take the duties of overseers. They should raise fixed rates in the £.

Mr. A. J.  
Harris.

Union Assessment Committee Act, 1862. Criticisms on.

Deposit of lists and objections.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 124 to 128.

Mr. A. J.  
Harris.  
28 May '97

6404. In your own union, what kind of body would it be, and what would be the representation on it—have you thought out what would be a fair representation?—I think that the guardians should retain their 12 representatives and that the other authorities should have another 12.

6405. That is to say, they are going to collect the rural rates as well as the urban?—Yes, everything.

6406. Therefore you would have represented upon it the rural district councils and the school boards as well as the corporation of the borough?—That is so.

6407. The guardians would take, undoubtedly, a larger number of representatives than any of these other bodies?—I think they should retain their half, their present position is that they have the sole control of the assessments.

6408. You would also have to have the county council represented on it?—Yes.

6409. You are giving rather a preponderance to the guardians in the matter, are you not?—I certainly am.

6410. Although the rates raised by the guardians would be very much less than the aggregate of the rates raised by these other bodies?—Yes; considering that the guardians at the present moment have the making of these assessments without any representatives of other spending authorities, I do not think that they should be simply reduced to the level of one of these authorities.

6411. I am not suggesting that; I only want to bring out the difference between the two proposals we have had put before us to-day. Then you suggest that the precepts should be not for a specified amount, but for a specified rate in the pound?—Yes.

6412. I rather understood you to say that the present inequality of rates in the different parishes is owing to irrecoverable rates and matters of that kind to a great extent?—Yes.

6415. Would it not be very dangerous if you gave a uniform rate in the pound? Would not every parish then be disposed to collect it more laxly, and to have more and more irrecoverables?—No doubt that would

be so under the present system. I do not think the proposal is applicable, unless you combine them all under one authority, but I believe with one authority—on which all the spending authorities would be represented—the representatives would all take care that the rates in which they shared were properly collected.

6414. That is the safeguard you would provide for it—you would have a strong collecting body as well as a strong assessing body?—That is so.

6415. Do you think that your proposal that the overseers should be abolished will be generally acceptable to boards of guardians?—I think so. I was at a conference the other day in South Wales, and, I think, probably, in South Wales the feeling in favour of overseers might be expected to be stronger than in England. But I was surprised, on a paper having been read proposing that they be abolished, that they had, practically, no supporters, and that the meeting was almost unanimous in favour of it.

6416. Have any complaints been made of the assessments in your union?—Do you mean complaints as between various authorities?

6417. Yes?—No, I think not; of course, I am not speaking of individual ratepayers.

6418. Does your assessment differ much from the county rate basis, or does it correspond with the county rate basis?—They are very nearly the same; the county rate committee follow our assessment, I think, pretty closely.

6419. Is it pretty much the same as the income tax valuation, Schedule A.?—I cannot say, as I do not know what that is.

6420. (Mr. Elliott.) I have no questions to put to you, but I should like to say that we do very much appreciate this careful and detailed memorandum you have put before us, which really enables us to know your exact position?—I was asked to give this evidence, and I have endeavoured to put what I think is the most useful information before the Commission.

6421. I think you have done so most successfully, if I may be allowed to say so?—Thank you.

The witness withdrew.

Adjourned till Tuesday next at 12 o'clock.

## EIGHTEENTH DAY.

Tuesday, 1st June 1897.

At 16, Victoria Street, S.W.

PRESENT :

THE VISCOUNT EMLYN, *in the Chair.*

Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
T. H. ELLIOTT, Esq.

ARTHUR O'CONNOR, Esq., M.P.  
JAMES STUART, Esq., M.P.  
ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. GEORGE NORTON called and examined.

Mr.  
G. Norton.  
1 June '97

6422. (Viscount Emlyn.) You are the president of the Liverpool Land and House Owners' Association, are you not?—Yes, I am.

6423. You propose to give evidence before the Commission on their behalf?—Yes, I do.

6424. What does your association represent?—It represents a society of owners and agents for owners of house property; a large proportion of that is small property.

6425. Could you give us at all the proportion which is small property and the proportion which is large?—

No, I do not think I could do that. I should say that, probably, rather more than one half would be small property.

6426. You have in Liverpool, have you not, a local Act dealing with rating?—Yes, we have a local Act with reference to the rating of small property.

6427. Would you explain to the Commission what that local Act is?—We come, in Liverpool, under the 13*l.* limit. You will see by the Poor Rate Assessment and Collection Act, 1869, that 13*l.* applies to Liverpool as the limit under which, in regard to the poor

Mr. A. J.  
Harris.  
28 May '97

Union Assessment in Cardiff and the County Rate Basis nearly correspond.

Mr.  
G. Norton.  
1 June '97

Liverpool Land and House Owners' Association.

Mr. G. Norton.

1 June '97

Compounding, Local Act in Liverpool with reference to municipal rates. Owner obliged to pay whether property occupied or not, and gets 50 per cent. for collection.

Owner pays half sewer and water rate in Liverpool.

Compounding in Liverpool. System is satisfactory.

Three classes of assessments in Liverpool with regard to property.

Assessments with regard to poor rate in Liverpool. Seven sets of assessors and seven areas.

rate, they allow a deduction—that is what is called “compounding.” In Liverpool, under a local Act, where compounding property is dealt with for the purposes of municipal rates, the municipal authorities return to the owner for collecting, one half, that is 50 per cent.; but he has to pay, and he is obliged to pay, whether the property is occupied or not; that is peculiar to Liverpool.

6428. Can you tell us how that compounding has answered?—It has answered very well. The municipal authorities found before that they could not collect from the occupiers direct. The compounding of small property in regard to collection from small property is not peculiar to Liverpool, because it is done under the Poor Rate Assessment and Collection Act as well; but, as I dare say you know, where they make the order that an owner shall be rated for property, they allow him 15 per cent., and if he agrees with them to pay whether the property is occupied or not, they allow him another 15 per cent. There are arrangements made by that Act also, by which, outside the question of an order by the authority, an owner can agree by private agreement with the authority, in which case he is allowed an amount not exceeding 25 per cent. In Liverpool also the owner pays one half of the sewer rate and water rate; he is obliged to do that.

6429. He does not compound for that then in any way?—No.

6430. That he pays absolutely?—That he has to pay, and he really cannot get out of that in any way whatever.

6431. Have you formed an opinion as to whether the arrangements made in Liverpool as to compounding are really satisfactory?—Yes. It falls rather hard upon the owner where, for instance, a whole lot of property—a whole street we will say, of property—falls vacant, because of course he has to pay there whether it is occupied or not. That comes hard, but taking it as a rule I do not think it has worked badly—presuming of course that the system altogether of ratepaying is correct.

6432. What do you mean by “presuming that the system of ratepaying is correct”?—What we really wish to put before the Commission is that we are of opinion that the rates should not fall upon what is ordinarily called real property.

6433. But you are going to deal with that a little further on in your evidence, are you not?—Yes.

6434. Therefore, perhaps you had better not mix that up with this compounding question?—Very good. Taking the system as we have got it now it works all right and fairly, I think.

6435. Will you tell the Commission about the different classes of assessments in Liverpool?—Yes. There are three classes of assessments in Liverpool with regard to property. There is the poor law assessment and the assessment for Imperial purposes—income tax purposes—and there is the assessment for the general municipal rates.

6436. How are those assessments made?—They are all supposed to be on the poor rate assessment. They are not altogether so, because, under some circumstances the corporation are allowed to assess themselves; for instance, in regard to the municipal assessments—

6437. By that you mean the assessments for the general municipal rates?—Yes; they follow the poor rate for the last year. In some cases the property alters a bit, in which case the corporation assess themselves; they have powers, I think, if they are not satisfied, to make their own assessments.

6438. You mean that they need not follow the poor rate assessment?—They do generally, but I do not think they are absolutely obliged to do so, and I do not believe that the Imperial authorities are absolutely obliged to do so; but I believe that, as a matter of fact, it is really all based on the poor law assessment.

6439. But more, as I understand from you, as a matter of convenience than as a matter of law?—I believe that is so.

6440. Have you anything more to say with regard to those three classes of assessments that you have now dealt with?—Yes. As regards the poor law assessment, there are seven different districts and sets of assessing authorities in Liverpool. There is the parish of Liverpool, and then there are the districts of Toxteth Park, Everton, Kirkdale, West Derby, Wavertree, and

Walton. The principles on which these assessments are made vary in this way—they do not, as a matter of fact, vary from one another, with the exception that the parish of Liverpool varies from the other divisions.

6441. Are you speaking now of the poor law assessments?—Yes, I am talking of the poor law assessments. With reference to the parish of Liverpool, 10 per cent. from the gross annual value is given—

6442. As a deduction?—Yes, as a deduction from the gross annual value. The rest of the divisions allow 15 per cent., and, as a matter of fact, I think they have agreed amongst themselves as to that. They are not obliged to do so; they are absolutely free to allow what they think fair, but I believe that they have come to an agreement that 15 per cent. is about fair, and that is what they do.

6443. Those variations in the deductions allowed would be upon the same class of property, would they?—Yes.

6444. In one district you would have one deduction, and in an adjoining district, you would have another deduction?—Yes, that is so.

6445. Is that, to your mind, a satisfactory arrangement?—No; that is not satisfactory of course.

6446. Have you any suggestion to make to the Commission with regard to its alteration?—I think that it should be known that there is some deduction which is either compulsory, or which is considered fair, and which should be stuck to right through.

6447. You mean that you prefer a uniform deduction on property of the same class all through?—Yes. It is certainly exceedingly unfair that one side of the street should have such-and-such a deduction, and the other side of the street, for no reason whatever, should have a separate one.

6448. Have you formed any idea yourself as to what that deduction ought to be in the different classes of property?—No, except that I do not think 15 per cent. is unfair.

6449. Whatever it is, in your opinion, it ought to be uniform right through?—Yes, I think that they might allow some things that they do not allow—but that is a long subject. I think perhaps 15 per cent. is not an unfair deduction. Then the collections are multiplied also. With reference to the poor rate, they collect, with the poor rate, the city rate and the school board rate, and they also collect the city library rate.

6450. You say “they,” but who are the collecting body?—The poor law authority. They charge commission for that to the municipal authorities; I do not know why they do that I am sure.

6451. Is that done as a matter of convenience?—I think so.

6452. On that question of collection; have you finished what you have to say?—No. I should like to say, with reference to the question of collection and assessment, that, dealing generally with the different classes of rates, we think there is great waste of both time and money by having so many classes of assessments or different assessments and collections; even if the present system went on the multiplicity of dealings as to collections, assessments, and so on, should be given to one body so as to save the various collections. There are at present three collectors going over the same ground.

6453. Where would that be?—That would be with reference to the collections for the poor rate, for Imperial purposes, and for the general municipal rates. The same ground is gone over absolutely three times for those; that, at any rate, could be saved.

6454. You think you ought to have one body then for assessment purposes?—One body might do the assessment, and one body—the same body—might do the collecting, so that you should not certainly go over the same ground several times.

6455. And as you have already told us, you would also make the deductions uniform?—Yes, I would.

6456. What area are you speaking of, because you have got in Liverpool three unions, have you not?—Yes, we have three unions in Liverpool.

6457. Will you tell us what those unions are, and how they are divided?—The select vestry governs the

Mr. G. Norton.

1 June '97

Deductions in Liverpool. Poor rate valuation. Uniformity.

Deductions. Uniformity desirable.

Collection. Poor law authorities in Liverpool collect poor rate, city rate, school board rate, and library rate, and charge municipality commission.

One body for purposes of valuation and collection desirable in Liverpool. This could be accomplished notwithstanding the city is in three unions.

Mr.  
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parish; then the union of West Derby, which is partly within and partly without Liverpool, and then there is the union of Toxteth Park.

6458. Is that within or without Liverpool?—That, I think, is wholly within Liverpool.

6459. The select vestry which you speak of as governing the parish, is that wholly within Liverpool?—Yes, it is.

6460. Would there be any difficulty in applying one assessing body and one collecting body to all those parts of the unions which you have spoken of as being within the city?—No, I cannot see that there would be the slightest difficulty.

6461. How would you deal with the union of West Derby, which I understand is partly within and partly without the city?—Of course, one would take what was within the city as a part of the city and the other must be left outside, I take it.

6462. Is there a large proportion of that West Derby Union which is outside that city?—Yes, there is a very considerable portion.

6463. How would you propose to deal with that?—I suppose that would have to be taken from the outside altogether, as if the portion which is now Liverpool had been taken off the union.

6464. Does not West Derby Union, even that part of it which is without the city, bear some of the city burdens that are common to the part of the union which is within the city?—No, not city burdens.

6465. None?—No.

6466. There would be no difficulty then, you think, in apportioning the burdens if you separated that union into two parts?—No, I think not.

6467. Your point practically is, that you want to get everything that is within the city of Liverpool under one assessing body?—Yes.

6468. And under one collecting authority?—Yes.

6469. And having done all that, you would, of course, go further and have your deductions uniform under that one body for the same classes of property?—Yes; although we have not the slightest objection to the municipal authorities taking that upon themselves, I am not quite sure that my association would be prepared for the actual municipal authorities taking up that, and I am not quite sure whether there should be a special body—

6470. Apart from the municipal body?—Yes; I am not quite sure about that. Certainly they ought to be one body. Whether they should be absolutely the municipal body or not I am not quite prepared to say, because, of course, the political question comes in there. There are all sorts of difficulties about that.

6471. Does your association hold any strong views with regard to the contributions of different classes of property and the equalisation of the burdens of taxation?—Yes; that is really why I am asked to attend here.

6472. Will you tell us what your views are upon that?—My association think that all classes of property, whether real or personal, should contribute their fair share to local taxation. We think that the support of the poor and the education rate should fall in some form or other on the national Exchequer. Whether that would be by the Government absolutely taking over those departments, or by Exchequer contributions, as is now done to some extent, is a question, of course, for Government arrangement.

6473. Yes; but it is a question upon which we should like to get as much information as we can. Have you any suggestions to make to us as to how things could be more equalised than you appear to think they are at present?—Of course, it is very difficult for a witness who is not a specialist to go into those things. I am quite aware that there is a very great deal of difficulty in localising personal property, and also that there is a very considerable difficulty in doing away with the local control of various matters. Of course the whole subject is an exceedingly difficult one. Still, personally, if I may be allowed to say so—my association may not altogether agree with me—I do not see why a very large portion, at any rate, of personal property cannot be localised.

6474. Could you tell us what personal property you have in your mind?—A manufactory, for instance.

My suggestion is that local taxation should be put upon exactly the same basis as the income tax; that is to say, supposing, for local purposes, a local area and a local body required such and such a sum, that being put on the income tax basis would be put in the form of, for local taxation, so much in the pound. The difficulty as to localising would certainly be met in exactly the same way as it is now by the local authority. The question of localising for that purpose would be, of course, difficult, but in a great many cases it does not appear to me to be so difficult as is generally thought. For instance, taking a manufactory in which certain things are made, I do not see why it should not follow the same law as they have in regard to the Income Tax Acts, and why you should not simply say that the profits should be taken to be those actually made there—not those derived from all parts of the country where they get in and sell goods and so on. Take the ordinary case of a shopkeeper; he gets the benefit of all matters for which local taxation is charged, just as much as a house owner does, and yet for the profits made on his business he does not pay directly one halfpenny towards local taxation. Why his property cannot be localised, I do not see. In regard to those profits which it is absolutely impossible to localise, it is difficult to see why some arrangements could not be made by which an average local taxation rate could be arranged by the Government under which those classes of personal property, which it is found impossible to localise, would pay their proportion of local taxation to a special fund which would be created by the Government from local taxation. I quite agree that it is an exceedingly difficult subject, still there is a feeling that it is exceedingly unfair that this one class of property which, as this Commission is aware, was certainly not intended to bear such a great burden when it was first of all arranged, should bear this very great burden. Personal property, of course, has increased very much more than real property, and what owners of real property say is that it is exceedingly unfair that they, who do not get any more than personal property the advantages of local matters, should be charged these rates, and that the owners of personal property should be entirely let off while real property should bear the whole of the direct taxation for local purposes.

6475. Is there anything else you would like to put before the Commission?—I should like to say, with reference to the poor law administration and the education rate, that we do not see why those should not be made absolutely Government taxes altogether. Whether the Government should take them over absolutely is of course a question which would have to be considered.

6476. Would you propose that Government should administer them also?—I do not know why they should not administer the poor law to a very great extent; there is a difficulty, of course, with regard to education in the case of the voluntary schools which are not under school boards. I can quite see that there would be a great difficulty there. That might, however, be met by a subvention, and subventions would probably get over that difficulty. With reference to the school board, as it is at present, I should like to say that we think it is absolutely unfair; the school board elections—

6477. What is unfair in the school board system—the burden of the rate, or what?—The burden of the rate, the way in which it is got at, and the election.

6478. Keep first to the rate; you say the burden of the rate is unfair now, in what way is it unfair?—The burden of the rate is unfair simply because the burden now falls entirely upon real property generally so called, whether leasehold or not, and that it has been going on increasing very much of recent years.

6479. That has rather something more to do with its amount than with its incidence, has it not?—Yes, it has, but what I want to say is that the ratepayer who has to pay rates has really very little to say in the matter. The reason of it is that, in regard to the matter of election as at present constituted, we do not think it is fair as things are now because the election is really on sectarian principles altogether.

6480. You are referring to the issue that is put before the electors?—Yes. The ratepayers as a body have not a say in the matter, because the voting is cumulative. We say that is unfair. If the ratepayers have got to pay we say that it should not be cumulative. It should be put on the same basis as an ordinary

Mr.  
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Contribution to rates in respect of personal property. Suggested method of carrying this out.

Suggested that expenditure in respect of poor law and education should be paid by Exchequer.

Uniform deductions for the same classes of property desirable.

Contribution in respect of different classes of real and personal property to rates desirable.

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municipal election, then the ratepayers who have to find the money would have some chance of checking the expenditure, which at present is under no control whatever, it appears to me, as far as the ratepayers are concerned, the votes being cumulative and the school board officers being elected for three years—

6481. Do you think that is objectionable?—We say that a third should retire annually.

6482. But all that will not affect very much, will it, the point we are rather on, which is the incidence of taxation and whether it is equally borne by the different classes of property?—That is a different subject.

6483. That is the subject we have got to inquire into, and our inquiry is chiefly restricted to that; I do not think we have got to inquire into the question of elections?—I only refer to that to show that the ratepayers have not anything to say really about the expenditure.

6484. You think, under the present system, they have not sufficient control?—That is what I wish to say.

6485. Are there any other points you would like to refer to before the Commissioners ask you any questions?—No, I think not.

6486. (Mr. Elliott.) Are you able to put before the Commission any figures showing what economy could be gained by this amalgamation of the assessment and collection of rates?—No.

6487. Is it a very important question from a financial point of view?—I think it is clearly so.

6488. Are you able to give any figures?—No, I am not.

6489. In a case like Liverpool, would the saving amount to hundreds or to thousands of pounds?—I should certainly think it would amount to thousands.

6490. Is that based upon any study of the question?—No, I cannot say that it is.

6491. With reference to your general position, I understand that you feel that, as owners of property, you are unduly burdened at the present time?—Yes.

6492. You are speaking now as representing owners of property, not necessarily as representing ratepayers?—It comes to the same thing.

6493. Does it?—Yes.

6494. Do you say, then, that the whole burden of the rates falls upon the owner?—It does with reference to the class with which I am concerned—absolutely.

6495. What class is that?—The owners of small property.

6496. That is because those owners directly pay the rates?—Absolutely.

6497. You think, in that case, the occupier is not at all concerned in the amount of the rates?—Certainly. He does not pay one halfpenny directly, and I do not think he pays anything indirectly; if he does, it is so very small that I do not think it could be fairly taken into consideration. A working man is, we will say, paying half-a-crown up to even 5s. a week for a house, and if he had to pay the rates directly, he would neither pay more nor less rent than he does at present.

6498. Then in what you have put before the Commission on this subject of inequality, you are speaking only for those owners of property who directly pay the rates?—That is the strongest view; but I think I might put it generally, that where you get a larger class of house, there it does clearly, if you carry it to its ultimate conclusion, affect the owner as well as the occupier. Of course, I act, besides, for the occupiers of houses. I appear more particularly, I admit, for the owners. Ultimately, the burden on large property comes back to the owner, because there the question of rates is a considerable thing. For the sake of argument, supposing a large owner had to pay any of the rates, his house would certainly command a higher rent than what he is now getting for it without paying the rates.

6499. You are aware of course that under the present system—indeed you yourself have mentioned it—very considerable grants are made out of personal estate to local expenditure?—Yes.

6500. Do you object to that system?—One does not altogether object to it, but of course it only cures the inequality to a certain extent; and then it must be remembered that real property actually pays more than its fair share of Imperial taxation. Whatever is done by way of subventions could not do away with

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the difficulty to a very large extent—it would only lessen the evil.

6501. Is your suggestion this: that those subventions should be increased by what could be derived from an income tax subvention—a special grant of the income tax?—I do not want to put it as a subvention at all; it would be direct taxation by the locality.

6502. But it would be a subvention in aid of local expenditure, would it not?—No, I should not put it in the form of a subvention at all. It would be direct taxation, only in the form of an income tax; that is to say, you would get from the inhabitants of any local district a rate which would be put upon the same basis as the income tax is now put, that is to say, on their incomes derived either from real or from personal property.

6503. In other words a local income tax?—Just so.

6504. Would you exclude from rating, property which is not income-yielding—pictures, for instance? No, I would put it on the income tax as it is at present.

6505. Income tax is not at present paid upon such property?—No, and I do not suggest that the income tax should be altered.

6506. (Mr. Murray.) I do not quite gather from your answers what classes of personal property you think could be localised without difficulty?—I can only put it in a general way. I think that a large number can, although I admit that there are some which, perhaps, could not be. Perhaps one might go further than that, and say that, for instance, it might be fairly said that dividends derived from foreign securities, we will say, could hardly be said to derive any benefit from local matters, which are the result of local taxation.

6507. How are you to define the incomes which derive benefit from local taxation?—Of course that would have to be done; it is a matter for thought.

6508. I am asking you how you would do it?—I am afraid I am not a sufficient expert to be able to say that. It is a very hard question.

6509. (Mr. Arthur O'Connor.) Have you with you any prospectus or programme or report of your association?—I am afraid I did not think of that. I could let you have one if you wished it.

6510. How many members have you?—Between 300 and 400.

6511. They would represent—some the owners of land and some the owners of houses?—Yes.

6512. Is the sphere of your operations confined within the municipal limits of Liverpool, or does it also extend somewhat beyond?—Practically it is within Liverpool.

6513. Have you any idea how many owners of land there are within your area?—No, I cannot say. I must explain that a very large number of our members are agents, and have to do with a very large quantity of property.

6514. They are not actual owners themselves?—Some of them may not be actual owners themselves.

6515. Your association includes only 400, some who are not owners at all, but only agents?—Yes, only agents having the care of property.

6516. Have you any idea how many separate owners of houses there are in Liverpool?—No, I could not say off hand.

6517. Are those who are members of your association owners in fee simple or leaseholders only?—A portion of them would be freeholders; a very large proportion of them would be leaseholders in the sense of owning leasehold property under long leases.

6518. They have not the fee simple of the ground?—A very large portion of Liverpool property is leasehold for 99 years or 75 years.

6519. Still, it is not fee simple?—It is not fee simple.

6520. You cannot say what proportion among your members are leaseholders and what proportion are freeholders?—No. A very large proportion of the land in Liverpool is leasehold, held under leases for either 75 or 99 years.

6521. Do the members of your association, as a rule, let their houses at less than they are worth?—Not to my knowledge certainly.

6522. Not if they can help it?—I should think not.

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One body for purposes of valuation and collection. Economy effected by this.

Incidence of local taxation on small property owners.

Liverpool Land and House Owners' Association, particulars of.

Local income tax suggested.

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6523. Then may we take it that the rent for the land and the houses is a competition rent, as a rule?—Yes it is a competition rent in the sense, that each one gets as much as he can, I suppose.

6524. He asks as much as he dare, and he takes as much as he can get?—Yes.

6525. On the other hand, the occupier offers as little as he dare, and he pays as much as he must. Is that not it?—That is so, no doubt.

6526. In the character of owners of houses, whether as leaseholders or as freeholders, the members of your association get for their property from the occupants what is called rent, and they get as much of it as they can?—Certainly.

6527. Is it not out of that very rent which they get from their tenants that they find the money for the rates which they say are so burdensome?—That must be so, of course, in the very nature of things.

6528. Then, ultimately, the burden is borne by the occupier, because it is furnished out of the render he makes to the owner, is it not?—No, because that is the interest or return the owner gets for his investment.

6529. Yes, but given the owner of a house—that is the situation—he as owner gets from the occupier a certain yearly or quarterly consideration, and it is out of that consideration that the owner pays what he has to pay, is it not?—Clearly, it is bound to be so.

6530. Then it is the occupier who furnishes to the owner the means of meeting these demands for rates?—If you put it in that way, of course it is.

6531. I do put it in that way; do you see any objection to putting it in that way?—Well —

6532. Is it not the bottom fact?—It is, in a sense; the only thing is that it might be put in another way, of course.

6533. Can you fairly put it in any way which is irreconcilable or in conflict with that?—I do not think it is fair to say, for instance, that the occupier pays the whole of the rates. If we carry it to its logical conclusion, I do not think it could be said that the occupier paid the whole of the rates of the town, and the owner paid nothing; that would not be the fact.

6534. *Qua* owner simply, he is dependent upon the occupier for the income which his property brings him, is that not so?—That is quite so.

6535. Then it is out of the render made by the occupier that his liabilities must be met?—Yes, that is so; but of course, if you take the thing from its commencement, and put it as an investment in property instead —

6536. But we are not dealing with an investment in property, we are dealing with the burden of taxation?—Yes, but you must look at it fairly; take it that the owner of property takes the property as an investment for his capital; out of that he has got to pay certain outgoings.

6537. Certainly?—Part of those outgoings are taxes

6537a. I suppose that if a man does not own land of his own, as he must be on solid earth somewhere, he must be in occupation of the land of another?—Yes, that is so.

6538. And he has to pay rent for it. That being so, you divide the community into two classes, one, the class that own the land and the other the class that do not. The class that do not, whether in Liverpool or in the country generally, have to pay to those that do for permission to occupy whatever piece of land they do occupy?—Yes.

6539. And the owners get from their tenants, not only in Liverpool, but everywhere else, the wherewithal to meet the charges that they have to meet?—Yes.

6540. So that ultimately, however the burden may be placed in form, the practical burden rests upon the occupiers, who furnish the owners the means of meeting their liabilities?—But if you will allow me to say so, the purpose for which I come here, that is to say, to advocate the question whether personal property should, as personal property, bear its share as well as real property—that does not interfere with your argument.

6541. I do not want to be in conflict at all, and I quite appreciate your purpose?—I mean to say it is unfair to the occupiers, taking your point. My argument is quite as good on behalf of the occupiers of land,

or of whatever property they occupy, as it is for the owners of that property. I am not specially setting this out with regard to the owners. I say, that neither the owners nor the occupiers of real property should be called upon to pay the whole of local taxation.

6542. I am not finding fault with anything you say. I only want to put certain considerations to you, and to see whether you agree with them or whether you do not. I suppose that your object in coming here is to secure that the members of your association shall get off with as small a payment of rates as possible?—That is so.

6543. Will you kindly look at your memorandum. I see that in one sentence you say: "Under the Poor Rate Assessment Act, when the local authority has made an order that owners of this class of property shall be rated instead of the occupier, the owner receives 15 per cent. for collecting?"—Yes, that is so.

6544. That brings us down from 100 to 85?—Yes.

6545. You go on to say: "The owner has also power to give the overseers notice that he is willing to be rated whether the property be occupied or not, in which case he is entitled to an abatement of (above the first 15 per cent.) not exceeding 15 per cent.?"—Yes, that is so.

6546. Fifteen per cent. from 85 would bring us down to 72½?—It is a second 15 per cent.; it is altogether 30 per cent. off.

6547. It is not 15 per cent. on 100, which brings it down to 85, and then 15 per cent. on the 85?—No, it is 15 and 15.

6548. That makes it rather worse; because it brings it down to 70, does it not?—Yes.

6549. In the next sentence you tell us that: "Under another section of the same Act, the owner of compound property can agree with the authority to pay the rates, whether the property is occupied or not; in which case he is entitled to an allowance not exceeding 25 per cent.?"—Yes.

6550. That is a different per-centage from the 30?—Yes, that is so. They are under different sections; one is where the local authority makes an order and makes it compulsory; the other is where it is done by agreement, without any order at all, and without any compulsion. There are two separate things; one is that a man may enter into an agreement with the local authority without that local authority making an order at all.

6551. Then he only gets 25 per cent.?—He may then get not exceeding 25 per cent.

6552. But, if the compounding is on the initiative of the collecting authority the allowance is 30?—The allowance in the first place is 15—they are bound to allow him that 15; then he can give them notice that he will be rated whether the houses are occupied or not.

6553. That is under the Act, is it not?—Yes, this is all under the Act.

6554. How does it come, then, that in the parish of Liverpool itself only 10 per cent. is allowed?—Pardon me, in the parish of Liverpool, as I have put it in my memorandum, we are bound to compound, and we get 50 per cent.—I am talking of sanitary rates there.

6555. But I am asking you about the poor rate?—The poor rate is, as I have got it, 15 and 15.

6556. Fifteen and 15, or 25?—Yes.

6557. Then will you look at these words in your memorandum: "As regards the poor law assessment, there are seven different districts." When the Chairman was taking you over this paragraph you told us that, whereas in Toxteth Park and the other places the allowance was 15 per cent., in the parish of Liverpool it was only 10 per cent.?—That is so.

6558. My point is, that there is an apparent discrepancy between that 10 per cent. and the 15?—No; one is the assessment and the other is the payment of rates—the collection of rates.

6559. You are quite right; I did not notice that?—They take off from what is called the gross annual value and bring it to the net annual value.

6560. (*Viscount Emlyn*.) The 15 and 15 are abatements on the rate he has to pay, are they not?—Yes, which is a different thing.

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Compounding. Deductions with regard to poor rate; and also under local Act in Liverpool as regards sanitary rates.

Incidence of local taxation; whether on owners or tenants.



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Persons should contribute in respect of personal property to local rates.

Suggested that expenditure in respect of poor law and education should be paid by Exchequer.

Mr. C. Watkins.

United Property Owners and Ratepayers' Association of Great Britain, particulars

6561. (Mr. Arthur O'Connor.) In regard to paragraph 6 of your memorandum it would help this Commission very much indeed if you would kindly tell us what is a "fair and equal proportion of the burden of local taxation" as between real and personal property?—That each should pay the same.

6562. That real property should pay half and that personal property, however it may be defined, should also pay half; is that so?—That they should be put into one lump and pay exactly the same.

6563. You are a solicitor, are you not?—Yes.

6564. Is not the leasehold interest in a house personal property?—Certainly.

6565. Then your members, being mostly leaseholders—?—I will put real property as a general term, but I mean to include in that house property, which is sometimes, of course, leasehold property. I have put it, perhaps, rather too technically.

6566. (Mr. Elliott.) When you say real property, do you mean rateable property?—Yes, I do.

6567. (Mr. Arthur O'Connor.) Are real property and rateable property convertible terms?—Not entirely, because if you put it strictly real property does not include leasehold property, but I intended to put in leasehold property as well.

6568. We should require certain definitions then?—Yes.

6569. (Mr. Stuart.) I see you propose among other things to transfer the relief of the poor entirely to the central authority?—As far as I am concerned, an exchequer contribution would be satisfactory, but I do not know that I make very much point about whether it is taken over entirely. I think myself that the poor law administration can be taken over just the same as the prisons are, and exactly on the same basis.

6570. You say in your memorandum "That the support of the poor and the educational rate should fall on the national Exchequer"?—Yes, that is so.

6571. Do you propose that that should apply to the borough of Liverpool or that it should apply to the whole of England?—To the whole country.

6572. You know that the relief of the poor is a different thing from the poor rate, and that the poor rate includes many things that are not for the relief of the poor?—I am aware of that.

6573. Do you mean the poor rate itself, or do you mean that portion of it that is for the relief of the poor?—I should have put it in that way, I admit.

6574. You understand that that portion of the poor rate which is taken for the relief of the poor has been; since the time of Queen Elizabeth, a burden upon real property?—It has really not been so up to 1840; it was not considered so, although it has always actually been on real or leasehold property.

6575. You do not deny that property in England has for many generations been bought and sold subject to that burden?—I am quite aware of that.

6576. Then why do you suggest that that particular burden should be transferred wholly from the locality?—Because it is one of those that can be. My general proposition is that now the question of local taxation is being gone into, it would be fair to alter the whole incidence of it so as to place all kinds of property in the same position; and as regards education and the relief of the poor, those do seem subjects from my point of view which could be in one form or another taken over by the Exchequer or the Government itself.

The witness withdrew.

Mr. CHARLES WATKINS called and examined.

6593. (Viscount Emlyn.) You represent an association of property owners and ratepayers, do you not?—Yes; the United Property Owners' and Ratepayers' Association of Great Britain.

6594. Would you explain to us what it is?—The united association is representative of all the other house owners' associations throughout England and Scotland. It has, I believe, about 40 different associations affiliated to it.

6595. What area does it cover?—It covers the whole of the country.

6596. England and Scotland, do you mean?—Yes.

6577. If you were to place the whole of the rate for the relief of the poor upon what we may call the general taxes of the country—that is what you would aim at doing?—Quite so.

6578. Would you consider that if that were done personal and real property would then contribute fairly as between the two to that particular purpose?—Yes.

6579. Why do you select the money for the relief of the poor to be dealt with in that way; why not also take all other local taxes?—Simply because I do not think it is wise to take the local responsibilities away from the localities.

6580. Do you say, then, that the local responsibility for the relief of the poor may safely be taken away?—I think it might be put into the charge of a Government department altogether.

6581. And then there would be no local responsibility for the relief of the poor?—Quite so.

6582. As to the education rate, what is the rate levied in Liverpool just now for educational purposes?—11d. in the pound.

6583. What total sum does that raise for the school board?—I am afraid I cannot tell you right off.

6584. Perhaps you can tell me what proportion of the total expense of the education of the children in the school boards of Liverpool is met by that rate which you have just named?—I am afraid I cannot do that; there are a good many voluntary schools, and so I could not tell you.

6585. I am speaking of what you refer to as the education rate?—I am afraid I could not tell you that.

6586. You propose that the education rate should fall upon the national Exchequer, without any reference to what proportion of the educational expenditure by the school board at present falls on the national Exchequer?—I do not think it would be wise to take over the actual education rate absolutely, as I said you might do with reference to the poor law, because of course voluntary schools would come in and it would be exceedingly awkward to do away with local control in that sense. My point was rather that that might be met by subventions, as practically it is going to be done now.

6587. I understand that your point about the incidence of rating upon the owner and occupier would be that, where the owner pays the rates under the particular arrangements in Liverpool, he is unable to throw the burden upon the occupier?—He is, absolutely.

6588. Then when the occupier pays the rates, which he does in the case of a large amount of property, is he equally unable to throw it upon the owner?—Except by agreement.

6589. Then you mean that where rates are charged upon the owner in Liverpool they remain on him?—Yes, certainly.

6590. And where they are charged upon the occupier they remain on him?—That is so.

6591. (Viscount Emlyn.) Is there anything you would like to add?—I do not think so. The only point I should like to make is that these suggestions of mine have been given simply at your request, and I do not mean to say that in the slightest degree they are given as representing the association—they are simply personal suggestions.

6592. I understand you to say that they are personal, and that you do not want to bind your association to them?—That is so.

6597. And Ireland?—No, not Ireland.

6598. Do you appear to give evidence on their behalf?—Yes; I was deputed at their annual conference to give evidence on their behalf.

6599. What are the particular points which you wish to bring under the notice of the Commission?—The principal point is that the association which I represent consider that real property—and in the term "real property" I include chattels real—bears a most unfair proportion of the burden of taxation.

6600. Can you explain to us in any way how you come to that conclusion?—Yes, because certain rates which are of a rational character are thrown upon

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Suggested that the Poor Law should be administered by a Government Department.

Suggested that education rates should be paid by subventions.

Incidence of local taxation in respect of the burden borne by owners and tenants.

Mr. C. Watkins.

Suggested that expenditure on poor law, education, and police should be paid by the Exchequer. Question of local control.

house property and land to a great extent, to the exclusion of other sources of income. The opinion of the association which I represent is, that as regards such matters as the poor rate and the education rate, they are of a national character and ought not in any way to be thrown upon house property and land to the exclusion of other sources of income.

6601. Take education to begin with; the Government grant is not levied in that way, is it?—With regard to the Government grants and subventions, my opinion is that those subventions are not sufficiently elastic to be fair; the guarding of the poor should be on the same principle as our prisons are managed.

6602. That is going away a bit from the question I was asking as to education; will you follow education first, and tell us what the unfairness is there with regard to the Government grants?—I do not say anything with regard to the Government grants; what I wish to say is, that house property and land bear an unfair proportion of the education rate. The Government grants minimise it to a great extent, but education is of a national character, and should not be borne by house property to the exclusion of other sources of income, in other words, the whole of the education rate should come out of the national revenue, and the national revenue should be augmented for that purpose.

6603. Have you thought out at all how you would conduct your education and the management of your schools?—If there were a Commission of Education appointed to deal with the whole of the schools throughout the kingdom, the management could be either local or otherwise as the Commission might decide. That is a matter of detail.

6604. Do you suggest that you could raise Imperial funds and leave the control of those funds entirely to local administration?—No, decidedly not; the funds would be under the supreme control of the Commissioners of Education, in the same way as the prisons are centrally controlled. With regard to the appointment, or the election, of certain local authorities to manage the schools, that is matter of detail.

6605. It is rather an important detail, is it not?—It is an important detail certainly. At the present moment the local authorities have no direct control over the school board rate.

6606. I do not quite understand what you mean by saying that the local authorities have no control over the school board rate?—The local authorities, that is the vestries, have no control over the rate; they simply collect the money to pay the precept of the school board.

6607. But then the school boards are elected by the ratepayers, are they not?—Exactly; and I would suggest that if the education rate were wholly taken over by the Government, the same system could prevail, and that the question of the management could be dealt with on the same principle as it is at present.

6608. Does it not come very much to what I put to you just now—that you would be raising Imperial funds to pay for the cost of education, and that the local authority, which does not raise the funds, should have the control of it?—I think not. The local authority does not control the school board rate. The school board is quite a different authority to what is known as a local authority. The school board might have the same control as now; they could be appointed on the same system as now.

6609. But the funds to maintain the education would not be raised locally as I understand?—No, the money would not be raised locally; it would come out of the national Exchequer; that is my suggestion, education being a national matter. It is one of those things that could be treated, I think, on the same principle as prisons are now treated. Of course, I do not wish to put the school board in the same category as prisons; but in the case of prisons the cost is spread over the whole of the country and it is managed as a whole, and I say that education can be managed on the same principle.

6610. But you must do away with local control?—There is practically no local control, as regards school boards now.

6611. Is there not?—Only to a very limited extent.

6612. Why so?—With regard to the parish—which is practically the local authority—it has no control over the school board. Take London for instance; the areas of the school board are in no way identical with the areas of the local authorities.

6613. The amount of money that you want and that you spend is surely regulated by the school board, is it not?—It is regulated by the school board authorities, undoubtedly, as they now exist.

6614. Does that not give what you call local control—it strikes me they are representatives of the locality?—I think not; the local authorities have no control over the spending by the school board; the vestries simply pay the precept of the school board.

6615. I take that as your evidence. With regard to the maintenance of the poor, I understand you to think that should be done in the same way?—I should put that on the same footing. The maintenance of the poor is a national matter, and should be placed on the same principle of management as the prisons are now—taken over as a national matter.

6616. Would you do away with all local control?—Decidedly, in that case.

6617. And all local management?—All local management except as before stated.

6618. Do you think that would be an improvement?—As regards the maintenance of the poor, yes.

6619. I am only asking you as to the maintenance of the poor?—As regards the maintenance of the poor, yes.

6620. Then other matters, I think you say, are also of a national character; what other matters do you refer to besides education and the maintenance of the poor?—There is the police; I do not think the maintenance of the police ought to be in any way a matter for local taxation and placed upon house property to the exclusion of other sources of income.

6621. Would you put that entirely as an Imperial charge?—Yes, entirely. I think that the practice of subventions is a wrong one.

6622. What harm is there in a subvention from your point of view, do you think?—Subventions are not sufficiently elastic. They are grants out of certain sources, which do not in any way represent the expenditure on particular matters to which they are allocated.

6623. Have you any other points you want to raise; I see you mention in your memorandum the question of the taxation of house property?—Yes. I take it that the house tax is an anomaly in itself; it is an extra special tax placed upon house property, and it is one of those taxes, having regard to the present burden which house property bears, that should be abolished altogether. I see no reason why house property should bear that extra burden.

6624. What do you propose to put into its place?—If the incidence of local taxation is altered, that would be abolished in the scheme.

6625. You would do away with it altogether?—Yes; I see no valid reason or object in placing that extra special tax upon house property.

6626. (Mr. Murray.) What tax are you speaking of?—The house tax.

6627. Do you mean the inhabited house duty?—Yes, that is the extra special tax for Imperial purposes placed upon house property, as though the idea was that house property bore a very small proportion of the taxation of the country, and this was put on as a make-up; whereas the reverse is the case, and house property at the present moment bears a very unfair proportion of taxation, even without this house tax. Under the circumstances the house tax, I say, is an anomaly, and ought not to exist.

6628. (Viscount Enlyn.) Can you tell us in what way you think house property now bears too great a share of these burdens?—In having to bear an unfair burden in regard to the poor and education. In my opinion, those are the two rates which ought to be national taxes. I would not propose to limit local control with regard to many subjects, all of which, so far as the metropolis is concerned, are comprised under the heading of the poor rate—I refer to lighting, baths, wash-houses, libraries, drainage, and similar local matters. Those I would leave wholly to local control, and those, in my humble opinion, should be subjects of expenditure which house property should bear.

6629. Have you considered, at all, the present manner in which house property is rated. I see you suggest that the taxation of house property for Imperial purposes should be based on the same rateable value as that fixed for local taxation. I presume you mean the

Inhabited House Duty should be abolished.

Suggested that expenditure on poor law and education should be paid by the Exchequer. Assessment in the Metropolis. Different assessing authorities, assessments. Uniformity desirable.

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assessment of it?—Yes. You are probably aware that in the numerous parishes comprised within the metropolis there is for each separate local authority a different assessment. There are, I think, 39 distinct assessing authorities in London alone, and the assessments vary throughout; in many respects some are alike, but in other respects they vary very much indeed. I think that the basis of assessment should be under one authority.

6630. What would that authority be?—I should suggest that the London County Council's basis of assessment should be taken. They have already made a suggestion as to having one uniform assessment, but that has not been adopted by the various assessment committees. I think there should be one uniform assessment. I do not take the question of expense into consideration, because the expenses of assessment committees are very small indeed in the metropolis. At all events the assessments should be uniform throughout the metropolis.

6631. Would that observation apply to country districts and the country at large as well as it would to the large boroughs?—I think it would, according to the evidence which has been given by Mr. Norton.

6632. Do you agree in the view that he has put forward?—I think, probably, as far as the metropolis is concerned, we are not so badly off as some country towns are, yet there is unnecessary confusion incurred in having different modes of assessments and different collections. At the present moment we have the Imperial collection under Schedule A., and the house duty, both of which I may mention are calculated on an entirely different basis. That causes complexity. Then the assessment for Imperial purposes is different from what it is for local purposes. I think there should be one uniform assessment both for local and Imperial purposes.

6633. You would have representation of the local authorities of different kinds, I suppose, upon the authority that has to make the assessment?—I do not quite follow.

6634. You wish to have one authority for assessment purposes?—Yes.

6635. And for collecting purposes?—Yes, and I would suggest that it should be left in the hands of the local authorities to have the collection of it.

6636. You would leave the collection in the hands of the local authority?—Yes, they to account to the Imperial Revenue in respect of the Imperial taxes collected.

6637. Take a county, for instance; whom would you set up as the authority for assessment purposes?—Take the county of London; I should set up the London County Council for settling the basis of assessment.

6638. Take an ordinary county, not a county like London?—Probably the particular council representing the county.

6639. The county council in fact?—Yes.

6640. Are there any other points you would like to mention to the Commission?—No, I think not.

6641. (Mr. Elliott.) Supposing for a moment that the whole burden of maintaining the police, the public elementary schools, and the relief of the poor were transferred to the Imperial Exchequer, what do you think the additional amount required to be raised in taxation would be?—I am not prepared to go into figures of that kind. I am not prepared with figures.

6642. You have not made any inquiries as to what all those services cost?—I have endeavoured to find out, but it is a question I have not yet satisfied myself upon.

6643. It would amount to many millions, would it not?—Undoubtedly.

6644. How would you propose that those millions should be raised?—By increasing the income tax under Schedule D. Of course you might have a local Imperial tax instead.

6645. Let us, first of all, deal with the question of the income tax. Supposing, for assumption, you wanted 10,000,000*l.* that would involve, if you had the income tax as it is now, the addition of 5*d.* to the income tax, would it not?—Yes, probably.

6646. Would you propose to charge, say, a clerk who receives, say, 150*l.* a year, another 5*d.* in the pound?—I think that the existing exemption clause and sliding-scale would meet that objection. I certainly should not throw any extra burden on the poorer classes.

6647. Would you impose that extra burden of 5*d.* in the pound on the man who, having no property of any description, derives his sole remuneration, which might be, say, 4*l.* a week, from his own labour and industry?—Decidedly. It would not work unfairly, because the burden, as regards his house, would be taken from him.

6648. Do you think a man would gain in that way. Do you think a man with 200*l.* a year, who had to pay 5*d.* extra income tax in the pound, would gain?—He would gain in that particular instance, because the house in which he resided would be relieved of a greater burden.

6649. Do you think such a man would have to pay more or less?—In the case you mention he would pay less.

6650. But you have not worked it out?—No, I have not worked it out precisely.

6651. It is a mere general proposition which you put before the Commission?—Quite so.

6652. (Mr. Murray.) If you increase the income tax in the way you suggest, say, by 5*d.* in the pound, that would fall on house property too, would it not?—Of course it would.

6653. And it would be additional?—Yes, instead of the precept being 8*d.* in the pound, as it is at present, it would be that with the addition.

6654. Have you thought at all what kind of machinery would be necessary if your plan was carried out and the whole of the poor law administration was managed by the central government?—Yes. I apprehend that a poor law commission would be formed, and poor-houses looked after and governed on the same principle of management as prisons are now.

6655. It would be rather a larger business than the prisons?—It would, indeed, be a larger business.

6656. Do you think the central government is capable of that kind of work?—I think so; far better than the ratepayers themselves are. One of the reasons I make the suggestion that a great rate, such as the poor rate is, and the education rate is, should be placed under Government is that I think it could be worked more economically than at present. My experience is that the parochial ratepayer has no knowledge of the way in which his particular parish is governed, and that he takes little or no interest in it. In the great majority of cases he does not know how the rates are made out or how the money is spent.

6657. He would take still less interest in it under the other plan, would he not?—I think not. It is a well-known thing that when a Government tax is raised or lowered, it gets the attention of all classes. When the income tax is raised or lowered either 1*d.* or 2*d.*, it gains the attention of the country at large, it affects all people alike and they understand it, whereas when a ratepayer's rates are raised 1*d.* or 2*d.*, or lowered that much, it affects only his particular parish, and is consequently not a matter of universal interest, it affects only the rateable value of his house, and the subject being complex he does not trouble.

6658. He has to pay, I suppose?—Probably.—The Chairman smiles, but I have had some experience on local boards and vestries, and I find that if you ask many of those who pay rates—unless in the case of large ratepayers—what the rates for the maintenance of the poor have been for the last year, or 18 months, they would not be able to tell you, and neither do they make any representations on the subject.

6659. What branches of local government would you leave to the local authority?—Only those matters which affect the locality, such as lighting, baths, wash-houses, libraries, drainage, and, as far as the initial expense went, all paving and road making.

6660. Do you think that would be a popular measure?—I think so. I think the making of the poor rate and the education rate a Government measure would be extremely popular.

6661. Would it be popular to remove the control and the administration from the local authority to the central government?—I think so. There is only the question to be considered of the guardians of the poor. It might be so arranged that, if it were taken over as a national matter, certain persons could be selected from the parish to maintain and govern the particular poor-houses in that particular locality. I think it is a great evil that each particular locality should have

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One authority for valuation and collection purposes desirable.

County Councils should be the valuation authorities in counties, and also in Metropolis.

Suggested that expenditure on poor law, police, and education should be borne by Exchequer. Discussion as to what classes should bear this expenditure, and what administrative changes should take place. Question of control discussed.

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to maintain the poor, who may come from an entirely different neighbourhood. If it were taken over as a national matter that would get rid of the difficulty in that respect. There are poor-houses in which their inmates are treated differently according to the parish, or the guardians who may be in office at the particular time. If it were a national question the poor would be treated alike, on the same principles as the inmates of our prisons are. It is rather awkward to suggest a comparison between poor-houses and prisons, I only do so because of the principle of management involved.

6662. (*Sir Edward Hamilton.*) Such a policy as you advocate is a considerable reversal of all recent policies, which have been intended rather to extend the control of local authorities and, practically, to devolve some of the duties of the Imperial Government upon the local authorities; do you see any difficulty about the reversing of that policy?—I should not like to say that it is reversing that policy. I say that each local authority should have as large powers as possible, but I do not think, as regards the poor and as regards education, they are matters of a local character at all. One particular locality may have a very large proportion of poor compared with another; one locality may require a larger number of board schools than another. I do not think that poor-houses and school boards should be allocated to any particular area any more than prisons are.

6663. I understand that you have not at all thought out the grave difficulties that would attach to raising the revenue by the State, which would be necessary if the State undertook those services, such as the administration of the poor law and the police?—No doubt it would be a large revenue to raise, but then house property would bear its share. My contention is, that all sources of income should bear their fair share of taxation for education and maintenance of the poor.

6664. I understand that, roughly speaking, you have in your mind a large increase of the income tax?—Yes.

6665. But without, if possible, letting the increased income tax fall upon the people with small incomes; do you intend that this enormously increased income tax should extend to all the other people—landlords, for instance?—Undoubtedly.

6666. To all the other schedules of income tax—no not only Schedule D., which I think you mentioned a moment ago, but to all the schedules?—Yes. I mentioned Schedule D. because there you tap a very large source of income. House property would bear its share, but every income should be taxed. As regards matters of national character, every source of income should contribute its fair share.

6667. You do not think it would be transferring the charge from one pocket to another?—No, certainly not. It would simply relieve house property from its present unfair burden. The owners of house property would bear their proper proportion with the owners of other sources of income. The same with the education rate. At present the owners of house property bear an exceptional proportion of it notwithstanding the subventions.

6668. (*Mr. Arthur O'Connor.*) You said that you thought the majority of ratepayers were indifferent to local affairs, and, for the most part, ignorant of them?—Yes, ordinary small ratepayers.

6669. I suppose that the members of the ratepayers' associations take an intelligent interest in local affairs?—Yes, I presume so.

6670. They are, in most parishes where they exist, rather potent agents for the manning of boards of guardians and vestries, are they not?—Not so much house property associations, such as I represent.

6671. No, but we are speaking of them at large?—Ratepayers' associations, as such, go into the questions of elections to the vestries and boards of guardians, and parochial officers. House owners associations are of rather different constitution.

6672. And where they exist they are rather important?—No doubt ratepayers' associations are.

6673. And they are able to have a good deal to say as to the constitution of the local authorities?—Yes, and they do at times.

6674. Not only with regard to the local authorities, but also with regard to municipal purposes, and also with regard to school board elections, sometimes, do they not?—I do not know that there is very much combination with regard to school board elections.

6675. They are mostly composed of tradespeople in the neighbourhood, are they not?—I think, there is very little combination with regard to elections for the school board.

6676. I know, but we are passing from that; these ratepayers' associations are generally composed of tradespeople, are they not?—Of tradespeople and ratepayers generally—not necessarily tradespeople.

6677. In a given parish, say, in London, you would have two boards, would you not—the board of guardians and the vestry?—Yes, there would be the vestry and the board of guardians.

6678. The members of the board of guardians are not allowed to take contracts from their own board, are they?—I think not.

6679. Neither are the members of the vestry allowed to take contracts from their own vestry?—That is so.

6680. But a guardian may take a contract from the vestry, and a vestryman may take a contract from the board of guardians, may he not?—That is a question which I should not like to answer off-hand.

6681. It is a fact, is it not?—I should not like to answer that question off-hand.

6682. The ratepayers' association influences the return to both boards?—Yes, that is their object.

6683. Have you ever heard that boards of guardians give their contracts to members of the vestry and that members of the vestry give their contracts to members of the boards of guardians?—I should not like to answer that question.

6684. You have never heard it suggested?—No.

6685. You do not think it is possible?—I should not like to answer that question.

6686. How many ratepayers' associations do you represent?—The United House Owners' and Ratepayers' Association is constituted by about 40 affiliated associations.

6687. How many ratepayers' associations do you represent?—The secretary is here and he will be able to answer that question.

6688. (*Viscount Emlyn.*) Perhaps he can answer it better than you?—Yes.

6689. I meant to have asked you what your official position is in connection with the association?—I am one of the vice-presidents, and I have taken a great interest in its formation. I also represent some local house-owners' associations.

6690. (*Mr. Arthur O'Connor.*) What are you professionally?—I am a solicitor.

6691. Practising in London?—Yes.

6692. (*Mr. Stuart.*) You, I understand, feel that a rise in taxation is much more keenly felt and resented by the taxpayers than a rise in rates is felt and resented by the ratepayers?—Exactly. A rise in a national tax is much more considered than a rise in the local rates.

6693. There has been a great rise in taxation during your lifetime, has there not?—I have no doubt of that.

6694. And you have seen local contests for the vestry and the guardians, and you have seen parliamentary contests for Parliament?—Yes.

6695. Is it your experience that questions of taxation occupy a larger scale in the one than questions of the amount of the rates do in the other?—I notice this, that, locally, a candidate for local honours often makes retrenchment one of his watchwords, but that does not prevail to so great an extent in parliamentary elections.

6696. You mean that the question of the rise of a rate, say the county council rate, at the last county council election?—?—Is made more of an election cry than it is in parliamentary contests.

6697. You say that the raising of the rate is made more of a cry, locally?—Yes.

6698. Then how do you reconcile that with the fact that you think that the ratepayers pay less attention to a rise in the rate than taxpayers pay to a rise in the taxes?—I say this, that, as regards ratepayers generally, a very small proportion ever take the trouble to inquire into the management of local affairs. We have had instances in the recent elections how few ever vote in proportion to those who vote in parliamentary elections.

6699. I may have misunderstood you, but, as I understood you, your point was as to the amount of the expenditure?—Yes.

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Greater objection taken to a rise in taxes than to a rise in rates.

Indifference of ratepayers to local affairs.

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700. Do you mean that when many candidates appeal to be returned for a vestry on the ground that the old vestry raised the rates they are making a mistake, and are appealing to people who really do not care?—I say yes, most emphatically. The general run of ratepayers do not know what powers the vestry have over the rates; we ourselves know that over the greater proportion of the rates the vestry as a local body have little or no authority, and that they simply collect the money to pay the precepts for expenditure, over which they have absolutely no control.

6701. That of course is a fact, but it is not the point that I asked you upon. The point put to you was whether, in your opinion, if there was a rise in the rates, it interested the ratepayers less than a rise in the taxes interested the taxpayers, and I take it that your answer to that is "Yes"?—I perhaps do not quite follow that question.

6702. I will put it once again: it is that there takes place a rise in the rates, and there takes place a rise in the taxes, the first affects the ratepayers, the second affects the taxpayers—I ask you which resents the rise most?—I say that a rise in the taxes obtains more attention and probably resentment, but I say, with regard to a rise in the rates, the average ratepayer does not understand what power the vestry has over the expenditure of the rates. It is too local a question to ensure general public attention.

6703. That may be an explanation of what you think; what you are decidedly of opinion is that there is a greater responsiveness of complaint, so to speak, against increased taxation than against increased rating?—Yes, decidedly.

6704. There is another point I want to go on to, and only one other point; that is with regard to the question of the transference of the maintenance of the poor, of education, and of police, or of such of those as are not dealt with by the central funds, to the central funds; you are not able, I understand, to say how much that would be?—No.

6705. Just for the purposes of argument, taking what a Commissioner who has already questioned you about the matter put it at, say, taking that it amounted to a 5*l.* income tax, which you would wish to transfer, and taking the same gentleman that he took, one with 200*l.* a year, then that 5*l.* income tax placed upon him would mean 4*l.*, but do you say that he would be relieved because his house would not be taxed?—He would be relieved, if not wholly, to a very great extent.

6706. We will not go into the amount, I want to take the principle first. He lives in a house on which the landlord pays the rates—for probably a man of that kind would?—I should hardly think so in London.

6707. We will assume that he does for a moment; would the landlord charge him less rent?—The tenant in all cases pays the rates, either directly or indirectly, there is no question about that.

6708. Then you differ absolutely from the witness who immediately preceded you?—On that point, with regard to such a tenant as you mentioned, yes, decidedly. But he referred to a very much smaller class of property, he mentioned a rent so low as 2*s.* 6*d.* a week.

6709. It will be on the notes, but I think I got a very different statement from the last witness as to who he felt ultimately paid the rates; without going into what he said, your definite statement is that the occupier ultimately pays all the rates?—Yes, unquestionably, that is my statement.

6710. And you rely upon that for the justice of your proposal?—Exactly. I think there is no question that an occupier, whether he has a small house or a large house, ultimately pays his proportion of all the rates. As a landlord myself, if the tenant desires me to relieve him of the trouble of paying the rates and taxes, I simply add them to his rent. I have done that on

The witness withdrew.

Mr. ROBERT ALFRED BELLWOOD called and examined.

6724. (*Viscount Emlyn.*) You are the general secretary to the United Property Owners' and Ratepayers' Association of Great Britain, are you not?—I am.

6725. That is the same association which Mr. Watkins has been speaking of to the Commission, is it not?—Yes.

6726. You have heard the evidence he has given before us?—Yes.

several occasions. I think that is done in the majority of cases.

6711. Your experience as a landlord would be that if the rates fall or rise that would make no difference to the rent that you would have to charge if the occupier paid the rates?—If the rates rose very largely, the rents would probably be raised accordingly.

6712. You do not mean to say that if the occupier paid the rates, and then the rates rose, the rent would also be raised?—No, decidedly not.

6713. You only mean in the case where the landlord pays the rates?—Certainly.

6714. In a case where the landlord pays the rates, and the rates rise and he raises the rent, that is directly in proof of what you say that the rates fall upon the occupier?—Yes.

6715. Is that your experience in London?—Yes, decidedly.

6716. What extent of experience are you quoting when you say what you are now saying?—My experience is certainly not very large as regards the collection of rents of that kind, but I have had some experience. I have a number of estates now under my control. Take a row of houses where some pay the rates and others do not. It simply comes to this that those who pay the rates have their rents very much lower, according to the amount of the rates. Some tenants say "We have so many of these demands we do not wish to be troubled; will you pay all the rates, and we will pay a lump sum," and that has been agreed to. I have taken into consideration what the rates are from the past, and added on so much to the rent, a little more, perhaps, to pay for the trouble. The tenants are very agreeable to pay that in order to be relieved of the trouble. There is no question about it that the actual paying of these rates falls upon the tenant. With regard to small houses, such as Mr. Norton has mentioned, a tenant of one of those would not pay the house duty. Then there is a certain amount of compounding which brings the rates in that case to so small and infinitesimal an amount that the tenant practically pays no rates and taxes at all. Take the case of the occupier of a house let at 2*s.* 6*d.* a week gross, the abatements and remissions are such that, so far as the rates are concerned, they are infinitesimal, and I agree in that point that such a tenant practically pays no rates at all.

6717. What limitation of tenant then do you say pays no rates?—I should not, in principle, put any limitation; but Mr. Norton has said about 2*s.* 6*d.* a week.

6718. Never let us mind what Mr. Norton said, let me know what you say, which I am equally interested in ascertaining. Mr. Norton's views can explain themselves. You say—I am not combatting the statement at all—that if you have a tenant and you pay the rates, if the rates rise the rent will rise—that is it, roughly, is it not?—Yes.

6719. Do you say there is any inferior limitation to the point at which that will take place. Is there a tenant who pays so low a rent that you will not raise it, or that it will not be raised even if the rate be doubled?—I mean to say this, that in the case of a tenant paying, for instance, 2*s.* 6*d.* per week, a rise in the rates would seldom warrant a rise of rent of even 6*d.* a week. The rates would have to be raised to a very great extent to equalise 6*d.* a week.

6720. Is it the case that he is charged in that 2*s.* 6*d.* a rough estimate of what the rates are?—Exactly.

6721. And that small rise or fall would not reach him?—It could not really affect him.

6722. But I presume if all rates were doubled in the course of years it would mean that his rent would have to be raised?—Undoubtedly.

6723. (*Viscount Emlyn.*) Is there anything you want to add?—Nothing, I think.

Suggested that expenditure on poor law purposes, police, and education should be borne by Exchequer. Effect of this on particular classes.

Incidence of local taxation in respect of the burden borne by owners and tenants. The case of tenants belonging to different classes.

Mr. R. A.  
Bellwood.

6727. May we take it, generally, that you concur in the evidence he has given on behalf of the association?—Generally, I do.

6728. Are there any other points you would like to raise, because, I presume, you would not wish to travel over the ground he has travelled over?—No, I should not. I should like to say that we would wish to emphasise the statement that all classes of pro-

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Bellwood.

Mr. R. A. Bellwood.

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Rates should be paid in respect of real and personal property. Probable effect of this in Liverpool.

erty, real and personal, should bear an equal share of local taxation. Take Liverpool, the place to which I belong, local taxation there is levied now on the owners and occupiers of premises, and up to a 13l. assessment the owners are bound to pay compulsorily.

6729. All rates?—Always. The consequence is that whatever money is required to carry on the administration of the town for local purposes, the burden is bound to fall upon the compounding property owners and upon the remaining occupiers. The empty places escape, so the more empty houses there are the higher the rate is. We, as an association, contend that there is no reason at all why the burden of local taxation, which is increasing in most towns, should be borne by the owners and occupiers of real estate. We represent, I may say, about 50 associations, and we represent a very large number of both ratepayers and owners in different towns. We contend that an alteration should be made. It has been suggested that this local taxation should be put on the basis of the income tax. I have written to the Government authorities for particulars of the income tax assessment, and of the poor rate assessment, but they have not been sent to me. If we take Liverpool we find that the poor rate assessment of Liverpool is something over three millions, and, I believe there are about 60 millions invested in real estate in Liverpool.

6730. Are you speaking of the three unions in Liverpool?—Yes, of the three unions—of the city of Liverpool as at present constituted.

6731. Is not one of those unions partly within and partly without the city?—West Derby is, but I only include Liverpool proper.

6732. You are not speaking of the part outside the city at all?—No. I think the poor rate assessment is 3,500,000l., and that, if you levied the local taxation on the income tax basis, it would be about 13 millions; that is, you would get nearly four times the amount on the income tax assessment that you get on the poor rate assessment, and therefore everyone would pay their share on the income tax basis. Take, for instance, the case of a shopkeeper in Liverpool. I know of a case in one of the principal streets, where the shopkeeper is paying 600l. a year, and his rates are 150l.—one fourth of that, but he is only making a bare living. Take another man who speculates in stocks and shares, and has no office at all perhaps; he is a member of the Stock Exchange or of the Merchants' Exchange—perhaps he is a bachelor and lives in apartments, but makes his thousands, and does not pay a penny towards local taxation. The shopkeeper and the owners of small property are bound to pay these increased rates. In many cases we cannot get increased rents because the people would never stay in the district—they would move over the water or into other places; therefore we would like to urge upon you the necessity of taking this into serious consideration.

6733. Then, taking the stockbroker whom you have just spoken of, would you localise the whole of his income from stocks of all kinds and from speculations of any kind to Liverpool?—That is a matter, I think more, perhaps, for the Commission to deal with—you are gentlemen with more experience than I have.

6734. I only want to know whether you have any solution of it to suggest to us, because of course it is one of the difficulties of the problem?—Yes, localisation is a difficult matter.

6735. Are there any other points you would like to raise. I understand that, generally, you agree with what Mr. Watkins has said?—Yes, generally.

6736. As to the point of raising the money required for the poor rate and for education, do you agree that it should all be raised on the income tax?—Yes; on the income tax basis.

6737. Do you also agree with his view that you should do away with the local control of education and the local control of maintenance of the poor?—Yes; we say those should be national rates.

6738. Are there any other points outside his statement that you would like to mention?—I agree entirely with Mr. Norton as to the multiplication of rate collections. I can speak from some experience of that, because I happen to be in a large way of business as an estate agent. I am called upon by eight different collectors throughout the year; we are never done paying the rates. What I would suggest is that one collection should be made, say, half yearly or quarterly; that would be a great saving.

6739. A saving of expense, do you mean?—Yes; and it would be much better for ratepayers than to be called upon, as I am, by eight different collectors.

6740. Have you thought out what would be the body to whom you would hand over the making of the assessments?—No. Owners and ratepayers only want to be fairly dealt with, and if they are fairly dealt with, I do not see that the other would matter very much.

6741. Are there any other points you would like to mention. Of course I do not want to take you over the points on which you agree with Mr. Watkins?—No; I think all the ground has been gone over so thoroughly that there is nothing left for me to say.

6742. (Mr. Murray.) I do not quite understand the meaning of the paragraph in your memorandum in which you speak of "substituting as a basis income tax assessments, instead of the present poor rate system?"—I would take a town like Liverpool, where the poor rate assessment for local purposes is a little over three millions, but where, if we take as a basis the income tax, it would be 13,487,000l.

6743. What do you mean by the "income tax assessment?"—That is the assessment for income tax purposes.

6744. Under all schedules?—Yes, under all the schedules.

6745. Would you propose to levy a tax on the income derived by a person in Liverpool?—Yes.

6746. From all sources?—Yes.

6747. Wherever he derived it from?—Yes.

6748. How are you to arrive at that?—At present everyone makes a return of his income.

6749. Not from all sources?—As I say, in Liverpool the assessment is 13 millions, and if you base it on that, you get a much better return.

6750. But this 13 millions which you speak of is only the assessment which is returned by people in Liverpool; it is not their income from all sources?—I take it as the amount they have returned of course.

6751. Many of them may not be living in Liverpool at all?—No.

6752. For instance, if you were to take the income tax assessment in the city of London, you would arrive at rather a curious result, would you not?—Yes.

6753. Your plan would be very inequitable would it not?—What we suggest is that everyone should pay their share towards the taxation in that particular district.

6754. In the district in which they live?—In which they live.

6755. Or in which they do their business?—I do not know that that is very important.

6756. Is it not?—In which they do their business I should say.

6757. Not in which they live?—Not in which they live.

6758. Would that not be rather hard on the residential districts in Liverpool?—No, I do not think so.

6759. Suppose a man does his business in the city of Liverpool and lives outside it, then the place in which he lives would get no contribution from him at all, and the city of Liverpool would get the whole according to your plan?—Of course, the apportionment would have to be dealt with in a proper way; I have not gone into the question how to deal with the funds derived in that way.

6760. That is vital to your scheme, is it not?—Of course there might be a special fund provided for these cases. We have all along contended for many years that the burden of taxation should not be laid upon the owners and occupiers of property.

6761. Take the city of London, for instance; how would you deal with that, where nobody resides at all practically, but where they all earn their incomes and are all taxed?—Those engaged in business would have to pay their share based on the income of their business.

6762. Yes, but the places where they live would get no taxes at all out of them?—That would be dealt with, I suppose, in a fair way. It could be apportioned.

6763. (Mr. Arthur O'Connor.) Are you satisfied that all people pay income tax who ought to?—No, I do not think they do.

Mr. R. A. Bellwood.

1 June '97

Personal property, rating in respect of, on income tax basis suggested. Difficulty of localisation.

Personal property. Difficulty of rating in respect of.

Incidence of local taxation.

Personal property. Difficulty of rating in respect of.

Suggested that expenditure on poor law purposes and education should be borne by Exchequer.

One collecting authority desirable.

Mr. R. A.  
Bellwood.  
1 June '97

6764. Then your income tax is not a tax which covers all that ought to be reached?—No, but it is the best thing that we can do.

6765. To that extent it is defective?—Yes, but it is the fairest thing.

6766. It is not exhaustive of mankind?—No, it does not take in everybody.

6767. Do you not think that owners and occupiers of premises do exhaust mankind?—No.

6768. What members of the human family are not either owners or occupiers of premises?—I mean people that do not occupy premises and live in apartments.

6769. Do you not think that when they occupy apartments they occupy premises?—Yes, they occupy a portion.

6770. Let us go to your interesting merchant who is a bachelor, and who lives in apartments. Do you not think he pays a rent for those apartments?—He pays rent certainly.

6771. Do you not think that that rent indirectly is rent for the house?—Yes.

6772. Then he does pay rent, and he does occupy?—Yes, but he does not pay his share towards local taxation which we want him to.

6773. Not directly, but do you not think the lodging-house keeper, who takes his money, pays her rates out of what he pays her?—We think it is the whole basis of assessment that is wrong.

6774. I know, but will you for a moment follow that point. Suppose I am a lodging-house keeper, and I let to a millionaire bachelor who lives in the top attic, if you like, he pays me something; do I not pay my rates partly out of what he gives me?—Yes.

6775. Then whether it is direct or whether it is indirect, the occupiers of premises must furnish forth the wherewithal to meet all these charges?—Yes.

6776. Then as regards the universality of the charge, the owners and occupiers meet the requirements of the case better than the income tax assessment?—No, it is not equally assessed, people are not equally assessed.

6777. I am speaking now merely with regard to the comprehensiveness of the burden?—Yes, as regards that the basis is wrong to start with.

6778. I suppose, if you had your income tax basis, you would have a higher total figure, and you would have a lower rate, would you not?—Yes.

6779. Now about your eight collectors. Are all the eight collectors, who call upon you, collectors for one and the same area?—No. There are in Liverpool proper the sanitary rate collector and a poor rate collector.

6780. For the same area?—Yes.

6781. Do all the eight collectors collect for the same area?—They are in the same area now, because they have within the last two or three years extended the boundaries of Liverpool considerably.

6782. Does each and everyone of those eight collectors collect for the same conterminous area?—Yes.

6783. They are not different collectors for different areas?—No. Take West Derby, Toxteth, Everton, Kirkdale, Wavertree, and Walton, they are all parts of the city of Liverpool.

6784. Does each of those eight different collectors collect for one and the same area, and one and the same area only and exclusively?—Yes, he collects for the same district or area. Take West Derby, Toxteth, Everton —

6785. West Derby and Toxteth do not appear to me to be the same area, and I should have thought they were two separate areas?—Of course Toxteth and West Derby are separate areas; I misunderstood you. Each, that is, West Derby, Toxteth, Everton, Kirkdale, Wavertree, and Walton, is a separate area as regards the poor rate.

6786. Let me assume that this is a chess board, and that your area is the king's rook's square, do you mean to say there are eight separate collectors for that one square of the chess board, and for that one square of the chess board only?—No.

6787. You are an extensive agent, I believe?—Yes.

6788. You are concerned with property in different areas, are you not?—Yes.

6789. Does that not account for it?—I think I can explain it. There are six poor rate areas within the district of Liverpool, and each different poor rate area has a separate collector.

6790. You have extensive dealings all over Liverpool?—Yes.

6791. And so you are called upon by eight different collectors?—Yes.

6792. If you had dealings also in London, you would be called upon by a collector in London, would you not?—Yes, but we suggest that one collector might collect the whole of the rates in Liverpool, both local and Imperial.

6793. What would then be your suggested area for collection—would it be a municipality or a county?—A municipality.

6794. You speak from a Liverpool point of view?—Yes, I should take towns as a rule, of course.

6795. (*Viscount Emlyn.*) Is there anything you want to add?—No.

The witness withdrew.

Mr. WILLIAM KING called and examined.

6796. (*Viscount Emlyn.*) I believe you are the secretary of the Southport and District Property Owners' and Ratepayers Association?—Yes.

6797. And you have come here to speak on their behalf?—Yes.

6798. Will you tell us what that association is?—It is an association of ratepayers and owners of property.

6799. Limited to Southport?—Limited to Southport and the district as far as Waterloo, I may tell you that it is a new one, and that it is one of the associations affiliated with the united association, of which the last two witnesses have just been speaking. Its objects are exactly similar, namely the protection of ratepayers and owners of property.

6800. I think you wish us to confine your evidence to one or two special points?—Yes, the poor rate is the principal one.

6801. Will you tell us what you wish to say as regards the poor rate?—We wish it to be a national rate.

6802. I think you heard the evidence given by the previous witnesses to-day?—Yes, and I have spoken at several conferences on the subject.

6803. Do you agree generally in their view with regard to the way in which the poor rate should be dealt with?—In every sense.

6804. Have you anything to add to what they have said with regard to it? May we take it that you concur in the views of Mr. Watkins?—I concur in everything the previous witnesses have said. They have cleared all the ground and I have nothing now to say upon it.

6805. Of course we do not want to take you over the ground again, but anything you wish to add we shall be very glad to hear?—As I said, I have spoken several times at public meetings on the matter, especially as regards the poor rate and the education rate, and on the way it is levied. It is levied upon one portion of the property of the country, instead of upon all the property of the country, and I think that we, as property owners and ratepayers, pay an unfair share of the burden of supporting the poor.

6806. Do you think, the better plan would be to put the whole of the burden upon an income tax basis?—I do. I have been a guardian for 12 years, and I have been chairman of the largest union in England, that is the West Derby Union, and I have therefore had a great

Mr. R. A.  
Bellwood.  
1 June '97

Collection.  
One collecting authority desirable for local and Imperial rates and taxes in a municipality.

Mr.  
W. King.

Suggested that expenditure on poor law purposes and education should be borne by Exchequer. Question of control of expenditure, and of administration discussed.

Mr.  
W. King.  
1 June '97

deal of experience. I have also been for 10 years an overseer. I do not see any difficulty in the way. The guardians could serve their precepts upon the Chancellor of the Exchequer, and after the Local Government Board had checked their accounts to see there was nothing wrong, let him pay the bill.

6807. You would not give him any authority then, would you?—I would give him all the authority. The spending authority could be carried on as usual by the guardians, and there need be no change in that respect.

6808. Do you mean the guardians would spend the money, and ask the Chancellor of the Exchequer to pay the bill?—That would be done easily enough when put under the control of the Government.

6809. What control would you give the Government with regard to the poor rate?—There is not a pound spent but what the Local Government auditor comes down systematically and checks everything, and if there is any error or inaccuracy, immediately the poor unfortunate guardian who signs the cheques is surcharged. There is always the authority of the Local Government Board held over their heads.

6810. But in spite of that, I think you will admit there is a goodish deal of diversity of practice amongst different boards of guardians?—Yes, there is.

6811. And some guardians are thought to be extravagant and some the reverse?—Yes, some are.

6812. Therefore there is a good deal of liberty given to guardians in the amount they spend on poor relief?—At present.

6813. Would that not continue just the same?—I do not think so. I think they would fear the Government.

6814. Do you mean that they do not at present?—I am not so sure of it.

6815. But why so, unless they have some special control over the expenditure?—I mean under the control of the Government, but they could appoint certain members—at any rate a certain proportion of them—as a spending authority on account of their experience, and to get the benefit, so to speak, of their experience.

6816. Then with regard to the education rate, you wish to say a word as to that, do you not?—I think that should be a national rate. I think all property should contribute towards the support of the poor in every sense of the word.

6817. You would apply that observation to all board schools, I suppose?—I would.

6818. How would you deal with national schools?—Of course, I know there is a little difficulty there, but I think our Government are able enough to meet that difficulty.

6819. You have not any very definite suggestion to make on that point—how they should be dealt with?—I have not.

6820. Are there any other points you would like to mention which have not been touched by other witnesses?—No, I think it has been pretty well threshed out.

6821. May we take it you agree very much in the views they have put before us?—I have exactly the same views in every sense of the word.

6822. (Mr. Murray.) Your scheme of poor law administration is a little different I think from theirs; I gather from them that they would make the Government administer it entirely?—Yes.

6823. But your scheme would allow boards of guardians to administer and for the Government to pay?—For the Government to have the benefit of certain men who are guardians to control it to a certain extent—I do not mean to have complete control of the workhouses.

6824. Suppose for instance that a board of guardians thought it would be desirable to give 5s. a week in outdoor relief to everybody in their union, would you suggest that the Chancellor of the Exchequer should pay the bill when it was sent in to him?—No, I think that if the Government took the control over the workhouses that outdoor relief would be abolished, which I think it ought to be. I know from years of experience that I have had of outdoor relief that it is money which is very much wasted.

6825. I only take that as an illustration?—My opinion is that the Government should have complete control over the workhouses, the same as they have over the prisons.

6826. And over all the operations of boards of guardians?—Let them employ a certain number of them who have had experience, that is what I mean.

6827. And pay them, I suppose?—Yes, pay them.

6828. Pay boards of guardians?—Yes, they ought to be paid. I have spent seven years for nothing as guardian, and I know the labour that is bestowed upon it by many of the guardians, and really, I think, that it ought to be paid for. It is really terrific; it is a very heavy business of itself, I assure you.

6829. Do you think that would be an economical measure?—I do.

6830. To pay the boards of guardians?—Yes.

6831. And let them run up the bill, and then the Chancellor of the Exchequer to pay?—I mean the Chancellor of the Exchequer to pay whatever is to be paid of course.

6832. He would have to pay what they thought was right, would he not?—The Government would, it would be the same.

6833. (Mr. Arthur O'Connor.) Would not the functions of boards of guardians be at an end if your scheme were carried out?—They would.

6834. Then they would not require to be paid much?—Whatever the Government thought proper—whatever they liked.

6835. I suppose you would hand over the duty of finding funds to the Government?—I would.

6836. And you would leave them to settle any little difficulties that might arise in adjusting the matter?—Yes.

6837. I suppose if you assimilated the workhouses to the prisons you would, at any rate, allow local authorities powers similar to those of the visiting committees which now go to the prisons?—Yes.

6838. (Viscount Emlyn.) Is there anything you wish to add?—No.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

Mr.  
W. King.  
1 June '97



NINETEENTH DAY.

Wednesday, 2nd June 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE VISCOUNT EMLYN, *in the Chair.*

G. H. MURRAY, Esq., C.B.  
T. H. ELLIOTT, Esq.

E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. JOSEPH STEPHENSON HORN, called and examined.

Mr. J. S. Horn.  
June '97

burnley union. regulars areas, rateable lue, &c.

valuation lists in burnley. overseers re required to send in supplemental list at least twice a year, and four times per year if they like.

6839. (*Viscount Emlyn.*) You are the clerk to the guardians of Burnley Union, are you not?—Yes.

6840. Have you been their clerk for some years?—Yes, for 15 years.

6841. Have you had any experience besides that in poor law work?—Previous to that I was an overseer of the poor for several years.

6842. Would you describe to us what the Union of Burnley is comprised of?—The Burnley Union consists of 30 townships. The rateable value at the present time is a little over 700,000*l.*, and the union consists in part of urban townships and of rural townships. The urban portion consists of 7 townships, the remaining 23 being rural, or partly rural and partly urban. The great industries of the union are cotton weaving, cotton spinning, loom making, ironworks, and coal mining. The largest municipality in the union is the county borough of Burnley—a borough that has increased very much—and next to that would be the borough of Nelson, which has also had a very remarkable increase. I may state that the county rate committee have just completed their assessment, and I believe that out of the Lancashire unions the one which shows the largest absolute increase is the Fylde Union, the Burnley union coming third; but that as regards per-centage of increase the Burnley Union stands second.

6843. With regard to the system adopted in making the valuation lists for the parishes in your union, we have had, of course, evidence as to the general practice under the ordinary law; I do not know whether there is anything special in your case in Burnley that you would wish to bring under our notice, or whether your practice is practically that of other unions of the same character?—The practice, I think, will be the same as that in other unions of a like character, except this, that the assessment committee in their rules and regulations require the overseers to send in supplemental lists at least twice a year, but four times a year if they like.

6844. Is that at fixed times?—We have fixed times, four times per year, but it is expected that at least twice a year they will send in lists. The larger townships, such as the county borough of Burnley, Nelson, and Colne send in three times, or four times, according as changes take place.

6845. But it is compulsory that they should send lists in twice?—Yes, and we find that of the greatest possible advantage.

6846. Would there be no intermediate lists sent in between those periods? Assuming the practice in a parish was to send in twice a year, would any changes that took place between those not be noticed at once?—They would come in in the four times per year. We send out a circular, for instance—that circular has just now gone out—at the commencement of the financial year stating that the assessment committee would sit upon such and such a day during each quarter in the year, that the list must be deposited for

inspection on such and such a day, and returned to the assessment committee on another day; so that they cannot forget the dates. If, however, the overseers of any township happen to overlook the matter we should sit between times to take it.

6847. Are there any other differences in practice, do you think, between your union and others that you would like to bring to our notice?—I do not know that there is, taking unions similar to the Burnley Union.

6848. Then on the next point, with regard to the principles adopted by your assessment committee in dealing with the valuation lists and in determining the gross estimated rental and rateable value on different classes of property, will you tell us how you proceed with regard to them?—The gross estimated rental in the great majority of cases would be the actual rent paid in the case of shop-property and house-property, because there you can very readily ascertain the rent that the occupier pays to the owner. But when you come to works of a special character, of which there are many in the Burnley union, such as railways, canals, collieries, mill property, works with power, public-houses, and so on, the assessment committee are of opinion that neither their skill nor that of the overseer is equal to ascertaining the gross estimated rental. In cases like that the assessment committee, with the consent of the guardians, appoint the very best man that they are able to get for money to make the valuation for them. Shop property and house-property, in my opinion, is, perhaps, the hardest rated of any class of hereditament, owing to the simple fact that you can get so readily at the value. In order to arrive at the rateable value, different per-centages are taken: for instance, in the case of land, 5 per cent. is deducted from the gross estimated rental; to arrive at the rateable value; in the case of land and buildings it is 7½ per cent.; in the case of shop property and houses above 15*l.* value it is 15 per cent.; in the case of cottages below 15*l.* value it is 20 per cent.; and in the case of works with power it is 25 per cent.

6849. By works with power you mean works with machinery, do you not?—Yes; either steam-power or water-power, but generally it is steam-power.

6850. Is it a uniform fact that with works with any power or machinery they always get a deduction of 25 per cent.?—Yes. But supposing any occupier came before the assessment committee and showed to the committee that the cost of the repairs, insurance, and everything else was greater than 25 per cent., then the committee would take that into consideration. But such a case has never in my experience arisen.

6851. (*Mr. Murray.*) I did not catch what class of property it was that got the 7½ per cent. deduction?—Land and buildings.

6852. Land with buildings?—Yes, a farm.

6853. (*Viscount Emlyn.*) As against 5 per cent. for land alone?—For land, pure and simple.

Mr. J. S. Horn.  
2 June '97

Valuation of different kinds of property. Deductions.

Deduction in case of land and buildings.

Mr. J. S.  
Horn.

2 June '97

6854. (Mr. Smith.) Do you not divide the land from the buildings?—We are obliged to do so now under the Agricultural Rates Act.

6855. Ought you not to have done it before?—No.

6856. Was there not a suggestion before that they should be divided?—There was no Act requiring it.

6857. I thought the Local Government Board had issued some orders about that?—Not within my remembrance, but even then they would only be suggestions to the assessment committee.

6858. Possibly I am wrong?—I may state this, that in the urban districts they were bound in the case of farms to divide the value.

6859. For the purpose of the general district rate?—Yes. That was a matter which they could determine for themselves.

6860. The reason I interposed was to ascertain whether, now that you have to divide them, you continue to give 7½ per cent. over the whole, or whether you deal with them separately?—They are 7½ per cent., but I think that is a question that will still engage the attention of the committee.

6861. Do you take 7½ per cent. off the land as well as off the buildings?—We take 5 per cent. off the land and 7½ per cent. off the buildings.

6862. You told us just now that off land and buildings you take 7½ per cent., and the question I put to you is, now that you have to divide them, what do you take off each?—Off the land 5 per cent., and off the buildings anything between 7½ and 15 per cent.

6863. Then the illustration you gave us just now of farms no longer exists?—That is so; I had in my mind the old practice.

6864. (Viscount Emlyn.) How would you settle the difference as between 7½ per cent. and 15 per cent.?—That would depend upon local circumstances as to the class of buildings, as to whether it was a house or whether it was only a farm building not occupied.

6865. Is there anything more you would like to say with regard to that part of the subject?—I do not think there is in that respect. I would like to add that during the past 15 years the result of all the special valuations has been that we have had no appeal to quarter sessions against them. We have been threatened from time to time, but there has been no actual appeal.

6866. Is that during the whole time you have been clerk to the union?—Yes; with one exception, which took place a month ago; that was the case of a cotton mill, and it was decided against the appellant. That is the only case that I know of.

6867. Would you tell us your practice with regard to levying and collecting the poor rate?—That is a question that I am not practically acquainted with as a clerk to an assessment committee or as clerk to the guardians, although I think I know the general practice. The guardians send out to the overseers a precept for so much money; the overseers then take into consideration how they are to raise that money, together with their own office expenses, and the cost of the preparation of jury lists and register of voters, and so on. In the large townships, I think in five of them, they lay a rate once a year, and in the remaining 25 townships the rate is laid half yearly and is collected by the assistant overseers, and I believe with very great success indeed, that is to say, the amount uncollected is a very small per-centage of the rate laid.

6868. Does that apply to house property as well as to land and houses?—To all classes.

6869. Generally?—To all classes of property. Take, for instance, the township of Burnley which has the same boundary as the county borough of Burnley, the overseers demand amount, for the poor rate only, for the year to 14,166*l.*, and they collected the entire amount with the exception of 673*l.*, that 673*l.* being chiefly on account of empties.

6870. Unoccupied premises, you mean?—Yes, and on account of reductions in valuations; a person may have objected to his valuation, and perhaps got it reduced, or there may have been excuses on account of poverty. The 673*l.* would be made up very largely of unoccupied property.

6871. Are the houses that are unoccupied not rated at all, then; are no rates paid upon them?—No rates are paid upon them.

6872. Not in any case?—Not in any case in the borough of Burnley. In another borough in the union, the borough of Nelson, the district rate is included in the poor rate. In the county borough of Burnley, the county borough collect their own rates, but in the borough of Nelson the poor rate comprises also the general district rate, and there they collect 12,979*l.*, their total loss being 817*l.*; they have compounding there.

6873. Is that the only township where you have compounding in force?—There is another smaller one where there is compounding, Nelson being the chief. As far as I can observe in the borough of Burnley where there is no compounding they do quite as well if not better than in the borough of Nelson where there is compounding.

6874. Can you tell us the terms on which compounding is carried out in the borough of Nelson?—In the borough of Nelson 15 per cent. is allowed, and if the owner pays for the hereditament whether occupied or not they give 25 per cent.

6875. If he pays rates whether the premises are occupied or not then he compounds at 25 per cent.?—Yes. From my own observation in these districts 25 per cent. is a very big per-centage, because that class of property, which is the worst class of property, is, as a rule, generally pretty well occupied. A person lives in a 3*s.* house. Why? Because he cannot get one at 2*s.* 6*d.*; or he lives in one at 2*s.* 6*d.*, because he cannot get one at 2*s.*, or he lives in one at 2*s.* because he cannot get one at a shilling. He wants a shelter, and even if times are bad that class of property you will find to be the best occupied.

6876. Then we may take it that, from your point of view, there is no advantage at all in compounding?—I think there is a positive disadvantage comparing Burnley with Nelson. I would not apply that to every part of the country bear in mind; that is why, I think, it is wise that it is optional with the vestry to put the compounding in force—I am speaking for my own union only when I say that compounding is not an advantage to the union, but rather a disadvantage.

6877. Would you tell us what class of union you think it might be advantageous in—I understand that you think in some unions it might be advantageous?—I can quite understand that there may be an advantage in the slums of London, in the slums of Liverpool, and in the slums of Manchester where a tenant, perhaps, does not even pay his rent, but may go off with the doors or use a good many of the fixtures for firewood.

6878. But it would not be an advantage, you think, with regard to any class of property that you have in Burnley?—Not in the Burnley Union. Further than that I am also of opinion that it tends to greater economy on the part of the governing body, where the occupier pays his own rates and knows the cost of government.

6879. Is there anything else you would like to say with regard to that point as to collection?—No, except that I think in Burnley the overseers do remarkably well in the collection of rates; I mean to say that until just lately, perhaps, the Burnley Union was the best wage-earning district, not only in England, but in the world. Trade has been bad lately, but we hope it will be better.

6880. Do you suggest any alteration that you think desirable with regard to the collection of rates?—Except that, I think, there ought only to be one rate, and that the overseers are the best persons to collect it.

6881. Have you any suggestions to make as to the change in preparing the valuation list or the authority who should discharge the duty?—No, I am of opinion that the assessment committees as at present appointed, are about as good an authority as you can possibly have. They are fairly representative of a large area, and not of one particular part of the union.

6882. Do you think that the assessment committees as at present established get at first hand all the information they ought to have to enable them to come to a conclusion as to the value of property?—At first hand?

6883. Yes, in making their first valuation?—Where they appoint a paid valuer they do get it at first hand, that is to say, in the case of special properties, not properties of the ordinary nature of house property and shop property. The information about that, of course,

Mr. J. S.  
Horn.

2 June '97

Com-  
pounding  
is not an  
advantage  
in the  
Burnley  
Union.  
Economy  
on behalf  
of spending  
authorities  
promoted  
if occupiers  
pay rates  
and know  
cost of  
local go-  
vernment.

Desirable  
to have the  
overseers  
constituted  
the collect-  
ing  
authority  
for all  
purposes.

Asses-  
ment Com-  
mittees are  
the best  
assessing  
authority.

Appeals.  
Only one in  
Burnley  
Union in  
15 years.

Levying  
and collec-  
tion of  
rates in  
Burnley.  
Procedure.

Com-  
pounding.  
Collection  
is rather  
better in  
Burnley  
where there  
is no com-  
pounding  
than in  
Nelson  
where  
there is.

Mr. J. S.  
Horn.

3 June '97

Surveyor  
of taxes  
should  
have a seat  
upon the  
assessment  
committee.

Barnley is  
in two  
admini-  
strative  
counties.  
No incon-  
venience.

One valuation  
for  
local and  
Imperial  
purposes  
desirable.  
County  
authorities  
might  
follow the  
valuation  
of assess-  
ment com-  
mittees if  
surveyor of  
taxes had  
a seat on  
them with  
power of  
appeal.  
But county  
authorities  
should have  
right of  
appeal to  
Quarter  
Sessions.

Triennial  
re-valuation  
desirable.

is not at first hand; it is got through the overseers. I think that is a great advantage, because the overseers being scattered over the various parts of the union are enabled by their local knowledge to get information that no central authority could very well get unless they had returns of rents in the same way that the surveyor of taxes gets a return under Schedule A.

6884. I see you have suggestions further on in your memorandum of alterations which you propose shall be made; but do I gather that you do not think it desirable that the assessment committee should have any one sitting with them to advise them or to assist them outside their own body?—I think it would be a very great advantage if the surveyor of taxes had a seat upon the board; I say nothing as to whether he should have a vote or not, although I should have no objection to that because one vote out of 13 is not a very strong voting power, but I think it would be a very great advantage indeed for the surveyor of taxes to have a seat upon the assessment committee. I have seen the benefit of that under the Agricultural Rates Act, where he has been of very considerable assistance to the assessment committee.

6885. There is one other question I want to ask you about the union of Barnley; it is in two or more administrative counties, is it not?—At the present time it is in two administrative counties, it was in three.

6886. Does any practical inconvenience arise from that?—Not the slightest.

6887. None whatever?—Not the slightest.

6888. Then I understand that with regard to assessment you think there should be only one assessment of any sort or kind?—Yes.

6889. For all purposes?—For both Imperial and local purposes.

6890. Do you propose then to do away with the county valuation?—I think the county people might follow the local valuation, if the surveyor of taxes had a seat on the assessment committee, and if the county authorities were given the same rights of appeal to quarter sessions as are now possessed by the overseers, I think they would be protected in that way.

6891. What do you mean by the county authorities having a right of appeal?—At present the county authorities have their own assessment, but if they are to adopt the assessment of the assessment committee, then I think if they were not satisfied with it they ought to have the right of appeal against it, and it would help, I think, to keep the assessment committee up to the mark if they knew there was another court behind them.

6892. Have you thought at all of the possibility of representation for county authorities upon the assessment committee?—I have, but my difficulty is this, that I am afraid representation like that is not practicable. Take, for instance, the county of Lancaster; there is the county council, then there are a number of county boroughs—there is a considerable number in Lancashire—then in the county there will be probably 30 assessment committees at least, so that it would be a difficult matter to arrange meetings.

6893. You think it is not practicable to carry that out?—I think not.

6894. You prefer to rely upon the right of appeal by the county authority in case of their not being satisfied that the assessment is a correct one?—Yes, together with the fact that the Imperial authorities are represented by the surveyor of taxes.

6895. With whatever powers you give him on the committee?—Yes.

6896. It would be practicable, I suppose, would it not, to give him some power of veto if he did not approve of what was being done?—I would give him the same power of appeal as the overseers now possess.

6897. He would have the power of appeal as well, would he?—Yes, just as he had under the Agricultural Rates Act.

6898. Have you thought at all of the desirability of having periodical re-assessments?—That is our practice in the Barnley Union.

6899. What do you require with regard to them?—We call upon the overseers, or at least give them the privilege four times a year to send in supplemental valuation lists, correcting any changes that may have taken place either upwards or downwards.

6900. I had in my mind rather more when speaking of periodical re-assessments, such re-assessments as would take place every third year or fourth year?—I suggest that it should be done at least every three years.

6901. Would that be in addition to your supplemental lists?—Yes; I think it is as well to revise the list at least once in every three years.

6902. Would you explain to us how you would carry that out; you would first of all have your supplemental lists half year by half year, or quarter by quarter, as I understand?—Quarter by quarter, as the case may be.

6903. So that every year your supplemental lists would be made up satisfactorily?—Yes.

6904. And you deal with your re-assessment, we will say, once in three years?—I should take it as regards the three years, or biennially, as the case might be, that every hereditament should be examined—every one—and in the case of the special properties that a special valuer should be engaged to do the work.

6905. And should revise all the special properties for which you require a valuation?—Yes.

6906. Whether there is any change in the position or not?—Yes.

6907. Of course, in the re-assessment you would have the surveyor of taxes called in at the same time?—Yes.

6908. And sitting upon your assessment committee?—Yes. If, however, the union assessment committee's valuation is not accepted for Imperial purposes, then there is no need of a surveyor of taxes.

6909. Would you not, in any case, get a considerable amount of information for the assessment committee from the surveyor of taxes?—I do not think we should get any more than we could actually get ourselves if we had annual returns from the owners of the rents received in the same way that he has every five years; I believe he only gets it every five years.

6910. You get some returns made to the Assessment Committee that are now made to the surveyor of taxes?—Yes, only they are made annually.

6911. Have you anything you could tell us with regard to the deductions made as between gross estimated rental and rateable value in your union?—I think I have intimated that it is five per cent. on lands and that for buildings of a certain class—

6912. The proportions you have given us; have you any feeling as to the retention of the present system of rateable value or net annual value in the way it is made out?—Personally, I should prefer that the gross estimated rental should be also rateable value, and that all rates should be based upon the gross estimated rental.

6913. I do not quite understand what that means; will you explain it a little further; you start with your gross estimated rental, do you not?—Yes. We will say that a hereditament lets for 100*l.* a year; if it happened to be house property we should deduct 15 per cent., and that would make the rateable value 85*l.* Then the rate in the *£* would be upon that 85*l.*, and my opinion is that it ought to be upon the 100*l.*

6914. You would levy your rate upon the 100*l.*?—Yes, I should abolish that second column.

6915. You would not levy it upon the rateable value?—I should abolish that column altogether; by that means I think that throughout the country there would be greater uniformity. All assessment committees do not adopt the same scale of deductions. In the metropolis I believe it is laid down by statute what shall be deducted from the gross estimated rental to arrive at the rateable value. I daresay the Lancashire unions in the main make the same deductions, but I can easily imagine parts of the country where the farming element was very strongly represented on the assessment committee where they might take a greater per-centage off than the 5 per cent.

6916. What do you propose your reduction to come off—the rate?—No.

6917. You are going to take nothing off the gross estimated rental, I understand?—Nothing at all; that would make the rates so much less in the *£* of course.

6918. I see from your memorandum that you would deduct one-twelfth from the gross estimated rental of certain properties; what do you mean by that?—I say if,

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Horn.

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Valuation.  
Gross  
rental  
should be  
the rate-  
able value.  
Reasons  
for this  
view.

Deductions  
should be  
statutory.

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2 June '97

on the other hand, to base all rates on the gross estimated rental is too sweeping a change, or impolitic, or anything of that kind, then for the assessment I would deduct one-twelfth part from the gross estimated rental on account of all lands, tithes, canals, navigations, docks, watercourses, reservoirs, quarries, brick-yards, sporting rights, woods and plantations; and one-sixth part from the gross estimated rental of all buildings (including farm buildings), mines, railways, gas and water works.

6919. Having done that you would then get what would practically be the rateable value?—Yes.

6920. You would come back to the same thing under that system, would you not?—Yes, only I think it should be laid down by statute what the deductions should be as in the case of the metropolis.

6921. With regard to each class of property?—Yes, although personally I do not see why between one class of property and another there should be that difference. Let me illustrate my point. There are two brothers, say; one takes a piece of land at 100*l.* a year, another takes a shop at 100*l.* a year; they both enter into business at the same time; the farmer brother pays his rates upon 95*l.* and the shopkeeping brother upon 85*l.*, because he gets a greater deduction. On the face of it it looks very hard that the farmer should be paying rates upon 95*l.* and his brother the shopkeeper upon 85*l.*

6922. Is there not a reason for that variation in the deductions?—As far as the tenant is concerned it is not very much; it is on account of repairs and everything to maintain the property in a state to command the rent. But the two individuals are ratepayers. True it may be argued that the farmer brother having to pay his rates upon 95*l.*, that is made a consideration in the rent. Probably it is—it may be so and it may not.

6923. You would like to equalise the charge all through?—Yes.

6924. And not take into consideration whether it costs more to maintain one class of property than another?—No.

6925. Do you think there is no reason for doing that?—I do not think so any more than there is reason to say that in this place you can easily make a profit of 50 per cent., and in the place over the way whatever you do you can only make 5 per cent. Take great works with power, in their case 25 per cent. is taken off, but it is just possible that the money earned in those places is infinitely more than the money earned in a small shop. You might as well, from my point of view, take that into consideration as the cost of the repairs, and so on.

6926. You have cases where the owner pays the rates instead of the occupier, have you not?—Yes, that is the borough of Nelson.

6927. In that case what deduction is made there?—He gets 15 per cent., or, if he pays whether occupied or unoccupied, 25 per cent. Now I say 15 per cent. is too much; it is only for collection, and any rent collector would do it for less than 15 per cent. It gives rise in many places to a good deal of quirk and dodging in order to bring the premises down to the 8*l.* rateable value.

6928. Are there any other suggestions that you have got to make to the Commission with regard to the subjects that have been referred to us?—I think we have already mentioned that there should be one rate for all purposes and that it should come under the purview of the district auditor. I feel sure that in the case of the poor rate where it does come under his purview it is better collected than in the case of corporations where it does not come under the purview of the district auditor.

6929. Is there anything you would like to add?—I may state about the composition of the assessment committee that where the borough and the union have the same boundaries, I cannot see any great objection to members of the corporation having seats upon the assessment committee, but I am not in favour of municipalities being the assessing authority. The municipality is the great spending authority, and I do not think it is wise that the municipality should also be the assessing authority, for a reason which you can see in the case of the Government. The Government do not pay rates but they give a contribution in lieu of rates

putting their own valuation upon their own property, and that is a very different valuation to what the assessment committee would put upon it—it is considerably less. My fear is that in the case of the municipalities if they had to value their own properties, their gas-works, their waterworks, their electric-works, their tramways, their town halls and so on; the value there would be rather depressed and of course other property would have to go up. I do not think, therefore, you would arrive at as fair a valuation.

6930. With regard to the way in which these contributions are paid upon Government property, do you think that is a satisfactory arrangement?—No.

6931. What would you suggest instead?—My suggestion is that there should be no exception on the part of the Government, that their property should be valued just the same as any cottager's house or any shopkeeper's shop, and that if it is wrongly valued the Government should have the same right of objecting and appealing as any other individual.

6932. Is there much Government property in your union of Burnley?—Not a great deal.

6933. It does not affect your union very seriously then?—Not very materially.

6934. But as a matter of principle you think Government property ought to be valued in the same way as any other property?—Yes.

6935. And should pay on the same basis?—Yes.

6936. (*Mr. Smith.*) I gather that you would entirely approve of the practice which I may tell you obtains in the city of Birmingham by which our improvement rate, which is a municipal rate, is collected by the overseers?—Yes.

6937. So that we have in Birmingham anticipated your idea that there should be one collecting authority as distinct from the municipality?—Yes, but I was not aware that that was the fact.

6938. We have, from different points of view, possibly, arrived at the same conclusion. One word about compounding. Do you think that throughout England it would be possible to collect rates from the very floating population of our large towns?—No, I think I guarded myself there by saying that I was speaking from the Burnley Union point of view; I stated that I was glad the Act was optional, so that every district could adopt it or not according to its necessities.

6939. You do not seriously suggest the abolition of compounding?—By no means, only I do suggest a revision of the terms.

6940. You would agree with me that in a place like Birmingham, for instance, it would be almost impossible, with the many changes that we know there are, to collect the rates direct from the occupiers of small house property?—Yes, I quite agree with that.

6941. You think a poor law union or a parish maintaining its own poor, is about as good an area of assessment as can be devised?—I am very strongly of that opinion.

6942. Do you think that anything like a county area would be too large?—It would be too large.

6943. You would probably agree with me that the authorities there would not possess the necessary local knowledge?—By no means. They could not possibly have the local knowledge. Further than that, may I just supplement my answer—that, having a number of assessment committees in the county, each one dealing with an area, the centre is easily reached, and persons who feel aggrieved have a readier means of coming to object against their assessments than they could have against a county assessment.

6944. The union, in point of fact, has been found a convenient modern area for local government?—That is so.

6945. But would you suggest that it would be desirable where a union has the same bounds as a municipal borough that there the town council might be represented on the assessment committee?—I think that is already provided for by section 3 of the Act of 1862.

6946. You are quite right, it is?—I simply stand by that section 3 of the Act of 1862.

6947. With regard to the attendance of the surveyor of taxes, there would be a little difficulty would there not, in his taking part in the business in the ordinary

*Mr. J. S. Horn.*  
2 June '97

Government property should be assessed to rates.

One collecting authority for a municipality desirable.

Compounding should be optional.

Area for assessment should be poor law union, not the county.

Representation of town council on assessment committee.

Compounding in the borough of Nelson.

One rate for all purposes desirable, audited by district auditor.

Assessment Committees. Municipality should be represented, but should not be the assessing authority.

Mr. J. S.  
Horn.

2 June '97

Surveyor  
of taxes  
should  
attend  
assessment  
committees  
and have  
right of  
appeal.

County  
rate basis  
unneces-  
sary, but  
county  
council  
should  
have right  
of appeal.

Valuation.  
Gross  
value  
should be  
rateable  
value.

Com-  
pounding.  
Allowance  
of 25 per  
cent. is too  
high.

Movable  
machinery  
not rate-  
able in  
Burnley  
Union.

way because, as you say, although he might have his experience he would only have one vote out of a large number; what would you say to his having, not a veto, but a right of protest against an assessment?—I think the most powerful protest he can make is to give notice of appeal, and I would give him that power. If he is not satisfied with the decision of the assessment committee he should have the right of appeal to the quarter sessions. I believe that if that power was in his hands the assessment committee would be very careful indeed as to running counter to his judgment.

6948. The same remark would apply to the county council; for the reasons you have given you would not give them representation on the assessment committee, but you would give them a right of appeal?—I would give them a right of appeal.

6949. That would render the county basis unnecessary?—I think so.

6950. I suppose you remember several valuation Bills being introduced into Parliament, do you not?—I have heard of them from time to time.

6951. They seldom get beyond a certain stage, I think?—I think that is generally the case.

6952. A good valuation Act throughout the country would deal with almost all the questions contained in your suggestions, would it not?—I think so.

6953. One word as to your suggestion, which is a novel one, that all rates should be based on gross estimated rental; you would assimilate, then, the practice to that in regard to the Imperial taxes?—To what it was with regard to the Imperial taxes at one time. I think within the last year or two, for what earthly reason I do not know, there has been a deduction made—it is one-eighth in a certain class of property, and perhaps one-sixth in another class of property.

6954. Of course you must recognise that these deductions are the results of the Act of 1862?—Yes.

6955. Which provided that the rateable value was to be subject to insurance and keeping the property in a position to command the rent, and so on?—Yes, but it leads you in this difficulty, that every individual who comes to object and obliges the committee to go into his own special case and show what the average annual cost of repairs is, would have the right of saying "I have nothing to do with your laying down a scale, that is a rough-and-ready method of doing it, and I have a right to my own way."

6956. If the scale were laid down by a valuation Act as I have suggested, that difficulty would be overcome?—Yes, it would.

6957. On the whole, do you not think it would be fairer to take the real value to the occupier rather than the accidental rent that he might be paying?—The real value to the occupier is the rent which he does pay. I am with you there, unless you have made a slip and intended to say the real value to the owner.

6958. The real value to the owner I think I meant?—I take it that it ought to be upon the real value to the occupier.

6959. Although you agree with me that you would not abolish compounding, you think the 25 per cent. much too high?—It is very much too high, because that class of property is generally well occupied, and is bound to be.

6960. Can you tell me—you probably have not personal experience—how they deal with the rating of machinery in the Burnley Union?—The shafting and some other matters are taken into consideration as enhancing the value of the hereditament, but machinery like looms, that can be readily moved by the tenant, and which is the tenant's property, as a rule is not taken into consideration as enhancing the value.

6961. You draw the broad distinction which is familiar to us between movable and immovable machinery?—Yes.

6962. You have not been much affected by the decision of the law courts?—In the Chard case?

6963. The Tyne boiler case, I think, is the important case?—No, we have not.

6964. I want to ask you one word about your assessment committee, we have it in evidence, I think, that, especially in the neighbourhood of London, the large manufacturers are quite unrepresented on the assessment committee.\* How is that in your union?—The

complaint, if there is a complaint, and I cannot say that there is a complaint, is that it is the other way about, and that the large manufacturers, the shopkeepers think, are rather too predominant.

6965. Then I was not far wrong when I suggested that it was mainly in the metropolis that the large manufacturers were not taking their fair share of local government?—Of course I have no experience of it.

6966. In your own case you find them taking possibly almost an excessive share?—I would not say "excessive."

6967. A large share?—They take a fair and an intelligent share. My own assessment committee is fairly representative of the various classes of property; the cotton industry is the chief, and they are well represented and ably represented. The farming interest is also represented.

6968. We have had an illustration given us in London and the neighbourhood of London where a number of very small ratepayers compose the Assessment Committee, and where they rate large manufacturers, you would not have any instance of that in your district?—No.

6969. Do you often have a compound householder on your assessment committee?—He is such a rare person that I do not think so; certainly in my 15 years I do not know of one. We do not believe in compounding at all in our district; we can pay.

6970. As a rule the large manufacturers are fairly represented?—They are well represented.

6971. Are companies represented at all? That is another point we have had, that large companies suffer at the hands of assessment committees, particularly in the metropolis?—I cannot say that that would be a legitimate source of complaint in my own case, not by any means.

6972. That grievance does not extend to the provinces then?—No.

6973. (Mr. Murray.) If you take the gross estimated rental as you propose as the value for all purposes of taxation, how do you propose to arrive at it?—It would be what the hereditament would be likely to let at, just in the same way as it is at the present time to a tenant from year to year; not necessarily the actual rental, but taking the definition given in the Act which defines gross estimated rental to be the rent at which the hereditament might reasonably be expected to let from year to year, and stop there.

6974. How are you going to treat tithe, for instance?—I would take no notice of it. I would take the case of insurance and repairs generally. Bear in mind that it is not a point that I am very strong about, but in the interests of uniformity I think that is rather desirable.

6975. Of course, such items as tithe and land tax would vary very much in neighbouring properties?—As regards tithe, I may say that practically I know nothing at all about it, for we have very little.

6976. How do you arrive at the two rates of deduction, the one-twelfth and the one-sixth?—I have simply adopted from the county rate assessment committee their scale, which I rather think is the one adopted for imperial purposes; perhaps that is one-sixth and one-eighth instead of one-sixth and one-twelfth.

6977. Why, for instance, should you allow a deduction of one-twelfth from tithe?—I really cannot say. I scarcely know what tithe is.

6978. Or from sporting rights?—Neither tithes nor sporting rights are very much in evidence in the Burnley Union.

6979. Or woods and plantations, I suppose?—We have got a few woods and plantations. I suppose the repairs required there would not be so great as in the case where the one-sixth is deducted from mines, railways, gas and water works.

6980. Is it your idea that the one-twelfth and one-sixth represent repairs only?—Repairs and insurance, and the keeping of the premises in a state to command the rent.

6981. Do you think it would be possible to have a uniform deduction to cover all those?—In the metropolis it is laid down by statute what you shall deduct.

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Horn.

2 June '97

Assess-  
ment  
committee,  
constitu-  
tion of, in  
Burnley  
Union.  
Manu-  
facturers  
and shop-  
keepers  
well repre-  
sented, and  
also com-  
panies.  
Case in  
London  
compared.

Valuation.  
Gross  
value  
should be  
rateable  
value.  
Deduct-  
tions.

\* See Mr. Humphreys-Davies' answer to question 4174.

*Mr. J. S. Horn.* 6982. Do you think that is an equitable system?—Personally, I prefer simply to take the gross estimated rental, what the premises would let for.

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6983. (*Viscount Emllyn.*) Is there anything you would like to add?—No, except that personal property should bear a larger share of local rates than at present.

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2 June '97

The witness withdrew.

*Mr. ELIAS HENRY DAVIES, J.P., called and examined.*

*Mr. E. H. Davies.* 6984. (*Viscount Emllyn.*) You are the chairman of the assessment committee of the Pontypridd Union, are you not?—I am.

6985. Have you been chairman for some time?—I am chairman, and I have been a member of the committee for over 20 years.

6986. So you have an intimate acquaintance with the way in which the poor law union is worked in that district?—Yes.

*Assessment committees, different principles adopted by.* 6987. You have had sent to you, I think, the points upon which we wish to get information upon the subject referred to us?—Yes.

6988. I understand you wish to make a statement to us with regard to the principles adopted by the assessment committees in the different counties, do you not?—Yes, more especially in the county of Glamorgan.

6989. The principles adopted in the assessment committees in the different counties are not the same, are they?—No, they are not the same.

6990. Do they differ with regard to the method by which they arrive at the gross estimated rental?—I believe that in our county they try to arrive at the same methods of ascertaining the estimated gross rental but oftentimes with great imperfection.

*Deductions in Pontypridd Union.* 6991. Have you any suggestion to make as to how that could be remedied?—I think that a uniform basis with definite principles applied should be arrived at; in the union of Pontypridd for the small hereditaments we take 30 per cent., being the average amount of rates and taxes paid by the landlord to arrive at the gross estimated rental.

6992. To bring it down to the rateable, you mean?—No, to the gross estimated rental, and then from that we take 15 per cent. for repairs and insurance to obtain the net rateable value.

6993. What do you take the 30 per cent. off for?—For rates and taxes, for instance, a house at 13*l.*—and we have thousands of that class of property—

*Deductions. Uniform system in each county desirable. Results of want of uniformity of deductions on union contributions to county rates.* 6994. You mean assuming the rent to be 13*l.*?—Yes; we take 30 per cent. off in order to give the benefit to the landlord for outgoing expenses, and that will bring it down to 9*l.* 2*s.*; then we take 15 per cent. which will bring it down to 7*l.* 15*s.* rateable, and the assessable value will be 7*l.* 15*s.* In regard to shops we take 12½ per cent. off; for illustration, the gross estimated rental of 20*l.*, we take off 12½ per cent., making 17*l.* 10*s.* as the rateable value, but there are other unions in the same county which take 15 per cent. off and even more. What I would suggest is that we should have a uniform scale of deductions drawn up for arriving at the rateable value.

6995. A uniform system of deductions?—Yes.

6996. What is the effect of the inequality that exists now; how does the unequal practice you tell us of work?—It is unfair, inasmuch as we are obliged to contribute to the county upon the actual assessable value of each union, and when 15 per cent. is taken off in one union and 12½ per cent. is taken off in another as we do in the Pontypridd district, of course, we are under a disadvantage, comparatively speaking, to Merthyr, for instance, where they deduct the 15 per cent.

6997. The result of that would be, would it not, that, as far as the county rate was concerned, in any contributions to the county rate you had to make, you would be paying more than your share as compared with the neighbouring union?—Yes, we should be paying more than our share.

6998. Because of their deductions being heavier than yours?—Yes; there is the margin between 12½ and 15, which would be 2½.

6999. There is a county basis, of course, which embraces both the Merthyr Union and the Pontypridd

Union?—The county basis is supposed to be taken from the aggregate amount of each union, but the assessment committee of the county very often, on account of their holding a different opinion of the assessable value of the parishes, add to it very considerably.

7000. What I was going to put to you is this: does not the county basis put right the inequality? Take your own union and the Merthyr union, you may take 12½ per cent. and Merthyr may take 15 per cent. off, but the county assessment committee will put that right, will they not, because they will deduct whatever they think fit?—They will deduct the amount according to the rateable value of each union.

7001. Fixing the rateable value of each union themselves?—Yes.

7002. Not adopting the assessment committee's valuation?—Not at all times, often above.

7003. Then I do not quite understand how the difference between your deductions and the Merthyr deductions affect you as far as the contributions to the county rates are concerned?—Inasmuch as the precepts from the county will be to cover the liabilities of the county, they will be paying upon a lower scale by 2½ per cent. than we should be paying.

7004. Is that so with regard to the county rate?—Yes, that is so.

7005. Do they adopt for county rate purposes whatever deductions the assessment committee in the union may make?—As a rule they do, and sometimes above.

7006. And vary them from one union to another?—Yes, not always the union basis.

7007. For county purposes?—Yes.

7008. Have you any suggestion to make as to how uniformity of deductions throughout all the unions can be best carried out; how would you suggest it should be done, and by whom should it be fixed?—I think it could be done if we were to have one representative from the county assessment committee to sit with the union assessment committee.

7009. A representative of the county assessment committee?—Yes. I believe it is essential that we should have a uniform basis in each county at any rate with regard to the deductions and the amount deducted from the gross to arrive at the rateable.

7010. You do not suggest that the area should be altered; you still prefer to keep the assessment committees of the unions, I suppose?—Yes, for this reason, that the assessment committee, as a rule, represents the whole union, and its members have the local knowledge of the different parts belonging to the union.

7011. Has it occurred to you that it would be at all desirable to get the surveyor of taxes to sit with the assessment committee; have you thought of that point at all?—I believe that if the surveyor of taxes was allowed to sit with the assessment committee he would be able to render great assistance for this reason, that he obtains returns from the respective occupiers giving full rentals, and whether the property is subject to any lease, and who pays the taxes. For that reason I believe that he would be able to render very great assistance.

7012. In addition to his being present at the assessment committee, you would like to have representatives from the county council?—Yes.

7013. Have you thought at all in what proportions you would get those representatives; what number of representatives you would have representing the county as compared with the number of representatives of the assessment committee?—No; but I think you might have one or two from the assessment committee of the county to sit with the local assessment committee for each union, which would prevent disputes and appeals.

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County Rate Committee do not always accept the valuation of union assessment committee.

Uniformity of deductions in unions in a county could be obtained if a representative of county assessment committee sat on union assessment committee.

Assessment committee of the union should be assessing authority. Surveyor of taxes should sit on it, and representatives of county council. County could then take the actual basis of valuation of the union assessment committee.

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7014. What do you propose to do with your county rate basis committee; do you propose still to have a county rate committee?—I believe that inasmuch as we are supposed to have correct returns from the various overseers to the committees of each union, that the assessment committee of the county should be satisfied and take the actual basis of each union for county purposes.

7015. In fact, you would take steps to strengthen your assessment committees and be quite sure that, at any rate, those committees get a proper valuation of the district, and then you would adopt that valuation for county purposes as well as for others?—Yes.

7016. Is there any other point with regard to that part of the question you would like to say anything upon?—I had thought to call your attention to the Small Tenements Acts. In the metropolis, as you are aware, 20*l.* is the limit; in Liverpool, 13*l.*; in Manchester and Birmingham, 10*l.*; and elsewhere it is not to exceed 8*l.*; therefore the minimum is 8*l.* There is a general feeling, in Wales at any rate, of late years that the minimum of 8*l.* does not meet the requirements of the owners of the various hereditaments. The classes of working men's cottages are now altogether different from what they were at the time of the passing of the Act of 1869.

7017. In what way are they varied?—For instance, houses cost 80*l.* then, and they cost now from 150*l.* to 180*l.*

7018. The same class of house?—A little better. Of course, the various lessors as well as the urban district authorities now require that a certain class of property should be erected according to their form and taste, and also according to the requirements of the Public Health Act, with improved sanitation; so that it costs 180*l.* to do what they would get before for 100*l.*

7019. You propose, therefore, that you should extend in all parishes the Small Tenements Rating and Collection Act, 1868-9, from 8*l.* to 10*l.*?—Yes; that is my candid opinion.

7020. Do you think that is the general opinion in your district?—I believe that is the general opinion in our district. To illustrate this we have recently made a valuation in our union. The present rateable value of our union of Pontypridd is 844,896*l.*; under the previous rules adopted by the assessment committee there were 23,474 hereditaments of 8*l.* and under, but the new valuation, by adhering strictly to estimated gross rentals, has brought that number down to 16,279, or a decrease of 7,195, that 7,195 having to pass over to the next class of rating. The number of cottages which are now from 13*l.* to 15*l.* are 8,869, all of which are workmen's cottages, and would have been contracted out of the Small Tenements Act if it was possible to raise the limit of the standard of rateable value from 8*l.* to 10*l.*, the same as in Manchester and Birmingham. They would still obtain the benefit of the extra 15 per cent. abatement, provided they entered into the usual agreement with the overseers to become liable for the poor rates, whether the hereditaments were occupied or not.

7021. The amendment of this Act raising the amount to 10*l.* would make a very considerable difference in your union, would it not?—It would make a difference; I do not think it would be very great after all, if you take the deductions which we have now to make for unoccupied premises.

7022. Have you many unoccupied premises in your union?—We have, I daresay, 400 to 450 cottages at the present moment.

7023. Is that an average of what you usually have?—That might be beyond the usual number.

7024. Due to some local and temporary circumstance?—It is owing to some of the collieries being at a complete standstill. We have some of the collieries, especially in the Ystradfyfodwyg parish; the London and South Wales Colliery, Dunraven and other collieries have been idle for the last seven years. We have some of the largest collieries in the kingdom in our union.

7025. I suppose your union is almost entirely a coal district, is it not?—It is entirely a coal district, with the exception of few iron foundries.

7026. Therefore the fluctuations of occupied and unoccupied houses would vary a great deal according to the state of the coal trade?—Exactly. The collieries

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and railways pay a trifle over one-half of the rates of the whole union.

7027. What is done with regard to these unoccupied houses as far as their being rated is concerned?—They are closed up, and then the rates are allowed by the overseers at the end of each six months.

7028. No rates are paid upon the unoccupied houses then?—No rates whatever, unless they are compounded.

7029. You have some suggestion to make, have you not, with regard to a uniform system of rating in different parishes; you suggest that the Chairman of the assessment committee should have some powers beyond what he has now?—Yes, I think that the chairman of the assessment committee who generally devotes a great deal of his time in going through the various valuation lists will be the safest one to ascertain from the overseers of the respective parishes as to the amount of deductions that should be actually allowed in each parish in order to have uniformity.

7030. But are not those deductions prescribed by the assessment committees?—Yes, they are prescribed.

7031. Are not they all a mere matter of figures, after once you have settled upon what deductions you are to make for different classes of property?—Of late they are strictly so. In the last assessment they were strictly adhered to, and that brought the number of cottages from 23,000 down to 16,000.

7032. Why did they vary before?—The overseers held different views upon rating questions. The overseers in some parishes thought that they were entitled on account of vacancies, and so on, taking a 13*l.* house for instance, to start it at 11*l.*, and then to apply the usual deductions of the union to the 11*l.* instead of to the 13*l.*

7033. What made them go from the 13*l.* to the 11*l.*?—People absconding and going away without paying the rents.

7034. That would not affect the value of the property as far as the overseers were concerned?—No; but that was their reason; some rural overseers hold most peculiar views.

7035. You think the chairman should act ex-officio with the overseers?—I believe so.

7036. In order to see the deductions properly carried out and properly imposed?—Yes, and that the same deductions should be applied throughout each parish within the union.

7037. Do you think the collection of poor rates is satisfactorily carried out in your district?—No. I should not suggest any alteration in the appointment. The guardians, as a rule, appoint the collectors unless there is a local act. The collectors should carry out the instructions of the guardians and collect the precepts according to the requirements of the different authorities, but they are not at all times looking after those rates which should be paid before the end of the half year, and when the unpaid statement is produced to the overseers they find that a great amount of rates has not been paid.

7038. Are there very large arrears of rates in your district?—As a rule there are.

7039. Can you tell us what sort of proportion?—No, I have not gone into the proportion.

7040. Still it is very considerable?—It is very considerable.

7041. How are the collectors who collect your poor rates paid?—They are paid by the guardians at a fixed salary, 100*l.* or 150*l.*, as the case may be. The collector of rates again may be employed as an assistant overseer, then he will be paid 250*l.* for that work, if it is a large parish; and he will be paid again for preparing the supplemental list, the list of voters, the jury list, and all other work connected with the work of the overseers.

7042. He is not paid in any way by a percentage on the rate levied?—No. But all that brings the amount he gets in the aggregate, to considerably more than what is fixed by the guardians.

7043. What is fixed by the guardians is for definite work done for the guardians?—As collector to the guardians.

7044. Have you had any experience in your union of professional valuers; do you employ them?—Yes, we

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Deductions. To obtain uniformity, chairman of assessment committee should act ex-officio with the overseers.

Collection of poor rates. Appointment and mode of payment of collectors. Arrears are considerable in Pontypridd Union.

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 always employ an expert valuer for valuing collieries, railways, and different properties of that nature.

7045. You have, I suppose, in your union a great deal of property which requires that you should have a skilled professional valuer to assist you?—Yes, we have.

7046. Have you a permanent professional valuer?—No, we have been in the habit of employing different valuers such as Hedley, Fenwick, Eve, and others.

7047. Is there anything in your mind that points to it being desirable to have a permanent professional valuer?—I believe it would be to the advantage of our union, at any rate, to have a permanent professional valuer.

7048. Have you not the power of appointing a permanent valuer, if you please to do so, now?—That may be.

7049. I rather gathered from what you said that you thought there was not a power of that sort?—I think you should make it essential that large unions should employ professional valuers.

7050. Would you extend the valuation to other properties than railways, mines, and property of that kind?—I would extend it to all classes of property the gross estimated rentals of which may be in dispute.

7051. That means, does it not, that you would extend your professional valuer's valuation to all classes of property?—Yes, to superintend all.

7052. You think it is desirable to do that?—I believe so.

7053. That would probably mean far more to your union than it would to many others?—Yes, or any other similar to ours.

7054. Are there any other points you would like to call the attention of the Commission to?—I do not know of anything.

7055. (*Mr. Smith.*) You are in favour of having a uniform scale of deductions over the county?—Yes.

7056. Why not throughout the kingdom?—There might be different burdens which would make the rate in some counties much larger than in others.

7057. That would not affect the scale of deductions, would it?—The deductions are supposed to be on account of the rates or at least to assist people who pay the rates and repairs.

The witness withdrew.

Mr. Tom CUTTER called and examined.

7067. (*Mr. Murray.*) You are the clerk to the Woolwich Board of Guardians, are you not?—Yes.

7068. And also clerk to the assessment committee?—Yes.

7069. I presume you are acquainted with the working of the Valuation (Metropolis) Act?—I am.

7070. The metropolis differs from all other districts in the country, does it not?—It does. I may say I have been connected with both systems, because before I came to Woolwich I was clerk to an assessment committee in the provinces—in the Chesterfield Union, which is a very large union in Derbyshire. I am therefore familiar with the work of both Acts, and I thought perhaps the evidence I could give here as to the working might be an advantage to the Commission generally, because I think certainly the Metropolitan Act possesses great advantages over the other Act in some respects.

7071. Do you think there are any respects in which it is not an improvement on the other Acts?—No, I think there are none. I think that it is preferable in every way, but there might be some local circumstances in the district where you could not perhaps have the same uniformity as you have in the metropolis, I am not aware of any, but there might be.

7072. The main features of the Metropolitan Valuation Act are that the assessment arrived at under the Act is applicable to all purposes of taxation within the metropolis, is it not?—Yes. It varies in this way in the metropolis; it is applicable, as you say, to all rates, and also it is applicable to the Inland Revenue Department, and in the metropolis we have the advantage of the surveyor of taxes sitting with the assessment

7058. Do you not think it is possible to have a valuation Act in England and Wales in the same way as they have for the Metropolis prescribing within certain limits the deductions for all classes of property?—I do not know whether it could be applied to rural districts, especially where there are national schools and where the rates are so much lower than in urban and school board districts.

7059. You suggest that the limited rateable value under the Small Tenements Act of 1869 should be raised from 8*l.* to 10*l.*; are you acquainted with the working of the Public Health Act?—Fairly.

7060. Is there not this additional reason for doing that, that 10*l.* is the limit in the Public Health Act?—Yes.

7061. It would assimilate the two, would it not?—Yes, the basis for the district rate is that they copy the poor rate in order to arrive at their valuation, and they make a certain deduction and exceptions to that of the poor rate.

7062. The limit for compounding is what I am on now, and under the Public Health Act it is 10*l.*, is it not?—Yes, it is 10*l.* under the Public Health Act.

7063. Then your suggestion to raise the poor rate compounding from 8*l.* to 10*l.* would mean to assimilate it to the Public Health Act?—Yes.

7063*a.* That would be an additional reason for it?—Yes.

7064. Of course if your suggestion that the union valuations should be rendered so complete that the county could adopt them were carried out there would be no necessity for the county basis being made out separately?—No, there would not be, but of course every clerk of a union is obliged in December to send in the amount of the rateable value of his union for the current year for county purposes.

7065. I am taking your suggestion that the chairman of the assessment committee should act ex-officio with the overseers, and that some representative of the county should sit upon the assessment committee. If that were the case there would be no necessity for a separate basis for county purposes, would there? You could take the aggregate of the unions?—If that could be done it would meet my views.

7066. It would get rid of one assessment?—Yes.

committee. He has a right of appeal, and he is made respondent of course in all cases of appeal, and notice has to be given to him. Therefore he is with the committee and has his own private information, which of course he always gives to the committee, and I find that that is a very great assistance, because if there has been any attempted favouritism, or anything of that sort, there is a representative of the Crown present who has a right of going to the quarter sessions.

7073. What part does he take in the proceedings of the committee?—The part he takes is this: Of course the lists are made by the overseers in the metropolis as in the provinces: the list is sent to the clerk to the assessment committee by the overseers, and a copy of that list is served on the surveyor of taxes, who has notice given to him when the committee will meet to hear the objections. He looks through the list, and if he has any objection to the assessment as made by the overseers he gives notice of appeal to the clerk to the assessment committee stating what those objections are and he enters in a column provided for that purpose in the list the figures he proposes should be substituted; he also gives notice to the person rated in the list, and of course the assessment committee hear and adjudicate on his appeal as well as on the person rated.

7074. What information have the overseers for the purpose of preparing their list?—For preparing their list they serve a notice in the case of an ordinary tenancy, or in the case of new property or the occupier or owner as the case may be, and he has to make a return stating the amount of rent he pays, whether it is under lease or not—giving full detailed information, in fact.

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Compounding. Limit under Poor Rate Assessment and Collection Act, 1869, should be raised to 10*l.*

County could take the actual basis of valuation of the union assessment committee. Suggested procedure.

*Mr. T. Cutter.*

Preparation of lists in metropolis. Occupiers have to make returns compulsorily in metropolis.

*Mr. E. H. Davies.*

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Professional valuer appointed for valuing collieries, railways, &c. Desirable for large unions to employ professional valuers for all purposes.

Deductions. Uniformity in a county desirable.

Valuation (Metropolis) Act preferable to system outside metropolis.

Valuation (Metropolis) Act. Valuation is applicable to all purposes of taxation. Surveyor of Taxes sits with assessment committee in metropolis. Advantages of.



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2 June '97

Deductions in metropolis. Statutory scale of deductions works equitably. Consultation of rating authorities before the quinquennial valuation.

County rate in metropolis. Advantages of Valuation (Metropolis) Act.

Metro politan (Common Poor Fund.

Valuation is generally uniform in metropolis.

7075. The country assessment committees have not that advantage, have they?—They have not that advantage.

7076. But the information is compulsory in London?—It is.

7077. And that you think is a good system?—I think it is an excellent system.

7078. Then another respect in which the metropolis differs from the country is in the fixed deductions, is it not?—Yes, it is. The scale is fixed by the Act of 1869, or to be more accurate a maximum and minimum scale of deductions is fixed.

7079. There is a maximum in that Act?—There is a maximum and a minimum you may say. I may say that now that has resolved itself into almost a science of assessment, because we have a meeting of all the rating authorities in the metropolis before every quinquennial, they are convened by the county council, and we fix a scale which we apply to the whole of the metropolis for all properties.

7080. Do you find that a uniform scale works equitably?—Very, I think.

7081. And that there is not much complaint of it?—There is very little complaint indeed. For instance, the last quinquennial was made in 1895, and in 1896 we had no appeals to the quarter sessions except in the case of some of the large hereditaments, such as the gas companies, where there is always a difference between the valuers representing each party. We had no appeals to the quarter sessions from any private individuals at all.

7082. I suppose the properties are of a more uniform character in the metropolis than they are in other parts of the country?—Of course there is no agricultural property here, and there are no lands except just a few nursery grounds, market gardens, and that sort of thing. I think it is, of course, as you say, more uniform, and there is not the variety that you get in the country.

7083. Would it be necessary, do you think, if the Metropolitan Act were extended to the country, to have a more elastic scale of deductions?—I should say so, I think there might be a scale of deductions, a maximum and a minimum, but that it should be more elastic. There is another matter I might mention, and that is for the county rate, the metropolitan system is, I think, very much better. The valuation list applies to all purposes, and the totals of these lists are extracted, at least they are sent to the clerk of the county council and printed by him, and that forms the basis for the apportionment of all rates; it is the basis for the metropolitan common poor fund, a fund we have that is purely relating to the metropolis, for county purposes, and indeed for every purpose, the apportionment is made on the total of those lists.

7084. You have experience, of course, of the Equalisation of Rates Act?—Not very much.

7085. Do not the vestries and different local authorities come under that?—Yes, the vestries do; but my authority is more particularly the board of guardians, and we have more to do with the metropolitan common poor fund. That is a similar principle, certain charges in the metropolitan unions are all carried to one common fund called the metropolitan common poor fund; it is apportioned on the rateable value, and there are receiving unions and paying unions, of course; I mean that a very rich union like, we might say, Kensington, with a large rateable value, will have to contribute towards an East End union, that is the general charge of the staff and the maintenance of the paupers, &c. is thrown on this common poor fund, and is apportioned according to the rateable value of the entire metropolitan area. So that there is an equalisation of rates in a sense.

7086. Do you think that under the Valuation (Metropolis) Act the basis of valuation is tolerably uniform throughout the metropolis?—My experience is that it is decidedly so.

7087. And that the assessment committees practically act on one principle?—I think so. Five years ago there was some dispute; the County Council intervened and appealed against a number of assessments. There was not very much in the individual assessments; but in regard to leaseholds, there were a number of appeals in one union, I think; however, in the last quinquennial there were none, and I think practically now they are all acting in uniformity.

7088. How is increase or decrease in value during the currency in the assessment treated?—That is treated in the provisional list. The lists are made, as I think I have said, quinquennially in the metropolis; that is, there is absolutely a new list of everything once in five years; in each subsequent year, if any property has altered in value, either increased by the addition of some rooms or something in that way, or if it has decreased in value the overseers make a provisional list including all such alterations. A provisional list is a list which is frequently made. You may have them once in two months, or once in three months, or once in four months; but the provisional list only affects the rates as between the occupier and the overseers for local purposes, and does not affect the totals at all.

7089. Nor the gross value?—Nor the gross value, it does not affect that, I mean not for general purposes; it is only an alteration in the parish as between the overseers and the individual, and it does not affect the county rate basis or anything in that way for apportionment.

7090. But it does affect the value of the particular property for all purposes?—Yes, for all purposes connected with it; but I mean that for general purposes it does not disturb it; for calculating your contributions or making your apportionment, it does not affect it. Then, at the end of the year—for there is a special period fixed for making lists—there is a supplemental list, and that supplemental list includes every alteration which has been made in the provisional list. Then the totals are taken for the whole year; the increased amount is added to the old figure of assessment, and the decreased amount, whatever decrease there has been, is deducted; and there you have your gross and rateable for the next year. That, of course, is for the county rate, and all other rates throughout the metropolis.

7091. Have the overseers the right of making a provisional valuation?—They have a right to make it, and also an occupier has a right to call upon them to make it. If there has been any change in the value of the property he occupies, he can serve a notice on the overseers demanding a provisional list.

7092. Even if the property is the same in character as it was before?—Yes, the wording of the section is very wide. He can do it if there has been any alteration in value. The interpretation section is fairly wide.

7093. Any alteration arising from any cause?—Practically so.

7094. Your experience on the whole is, that it would be a great advantage to extend that Act all over the country?—I think so, and I think probably the reason is that the Metropolitan Act was passed subsequently to the general Act of 1862, and that they had had a little experience of the working of the other.

7095. What modification would you suggest in it if it were extended?—There is no modification I should suggest in applying the Act generally, but there are just one or two matters I wish to refer to which I think might be altered in the Metropolitan Act. So far as the general principles of the Act are concerned, I think it will apply to the provinces quite well.

7096. Do you wish to put forward this suggestion before us?—The only suggestion I wish to put forward is this: the principal local Act is the Act of 1862, the Union Assessment Committee Act; and by it assessment committees are appointed by the guardians of the union—usually a combination of the parishes, but in the Metropolis there are certain parishes which are so large that they are a union in themselves, and in the case of a number of them one parish forms the union, such as St. Mary, Islington. Under the Metropolitan Act power is given to the guardians of all unions to appoint the assessment committees; and then in those parishes which comprise the union some words are used which I think must have crept in by mistake, about the power to make the poor rate, or something in that way. As a matter of fact, the guardians have no power to make poor rates, the rates are made by the overseers. They would appoint an assessment committee for a separate parish if they had this special power, but as they do not possess it, then the vestry appoints the assessment committee. I do not think that this principle is right, and my reason for it is this: that before the Local Government Act, 1894, it did not matter, inasmuch as the justices appointed the overseers who, in the first instance, made the list; but since the Act of 1894 the vestry appoints the overseers, and the

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Quinquennial valuation in metropolis. Provisional and supplemental lists, how made up.

Valuation (Metropolis) Act should be extended to rest of country. Suggested alterations in the Act with reference to appointment of assessment committees in certain cases.

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same body appoints the assessment committee who revise the work of the overseers.

7097. What is the objection to that?—My objection to that is that you may have in one parish an election, and men of one particular party are put on who wish to favour particular property; they appoint overseers of one kind, and they appoint an assessment committee; therefore the one is not a check on the other. I would suggest that the board of guardians of the parish appoint the assessment committee the same as in other districts.

7098. Do you look upon the assessment committee as a check on the overseers then?—I do.

7099. They have an independent authority apart from the overseers, have they?—Yes.

7100. They could always alter the overseers' valuation?—Yes, they could alter the overseers' valuation, and therefore I think it is necessary that they should be an independent body who would act as a check on the overseers to some extent.

7101. Does it make much difference if they have power to alter the valuation, whether they appoint the overseers or whether they do not?—Yes, I think it does. You may have a certain parish where the property is very much of one nature. Take a union like mine. We have four parishes, there is one parish which is purely residential property, the parish of Kidbrook; then you come to Woolwich, where there are large manufactories; then you come to Plumstead, which has a large artizan population. The different parochial authorities would no doubt appoint men who represented a particular interest. In Kidbrook you could not take any other than a private resident or leaseholder, you put him on the vestry and make him an overseer, and his only interest is residential property; in Plumstead you would naturally take a working man who would be interested in cottage properties. If these people appoint not only the overseers for each of their own parishes but the assessment committee they might appoint who would favour the particular class of property they were there to represent; and therefore it is better, I think, for the assessment committee to cover a larger area and be an independent body.

Professional valuer appointed in metropolis in case of valuing railways, gasworks, &c.

7102. Have you any other suggestion to make?—I think that is the only thing I have to say as to the Metropolitan Act. You have not asked me on the system of the appointment of a professional valuer. That is a thing we generally do in the metropolis in the case of railways, gas-works, and large properties of that kind, which are beyond the powers of the overseers to assess; then the assessment committee appoint an independent valuer. That of course is done once in five years.

7103. He is not permanently employed then?—No. Of course something might happen between the five years if a new railway were made, or if new gas-works were put up or something of that sort, and he would be employed then, but as a rule he is only employed once in five years. We revise those lists, and in revising them, and in valuing them, we take into consideration what is likely to happen during the next five years, and it is a sort of understood thing between the companies and the assessment committee that they shall not be disturbed for five years so as not to have constant litigation and expense.

Valuation (Metropolis) Act is very satisfactory and might be extended with advantage.

7104. (Mr. Smith.) I gather from your evidence that you are thoroughly well satisfied with the working of the Valuation (Metropolis) Act?—Thoroughly.

7105. I think I understood you to say that you had experience both of the metropolis and of the provinces? Both.

7106. Do you remember any valuation bills being introduced for the provinces—are you old enough to remember them?—No, I am afraid not.

7107. But you are fully of opinion that an Act might be so introduced and passed with advantage?—I quite agree.

7108. I want to ask you one question now about the boards of guardians and assessment committees in the metropolis; it has been suggested in evidence that a

large manufacturer has a difficulty in getting represented or in getting fair treatment from the assessment committees in the metropolis; is that so in your union; do you think there is any ground for that suggestion there?—I think not.

7109. Do you find all classes very fairly represented on your board of guardians?—I think so.

7110. I will not refer to the union because we agreed that it should not be mentioned, but there were two or three witnesses from the metropolis who thought they did not get what they considered sufficient attention to their interests from the assessment committees, but you find that all parties, private gentlemen and others, are taking their fair share of local government in your district?—I think so.

7111. That there is not a predominating influence of any particular kind?—No, I do not think there is any preponderating influence. I think there is a great advantage of the union in that way. As I said certain classes of property are in the corner of it, and if you had a sort of parochial body they might favour their own particular class of property, but where you have it spread over an area where all interests are represented it acts better.

7112. Perhaps, being so near the edge of the metropolis you have imbibed a little of the provincial spirit. Do you know much of the circumstances of other unions in the metropolis?—Yes, I think so.

7113. Would you say that there is ground for the suggestion that was made to us that large manufacturers and companies were not quite fairly treated?—I think not. The only thing I can say is that I feel sure affairs are looked into very much closer in the metropolis than they are in certain of the unions I have known in the provinces. I do not, of course, know all the unions in the provinces, but I mean that in the metropolis once at least in every five years the professional valuer inspects these properties. But I think they are assessed on the same basis as other people.

7114. With your double experience you are satisfied that the system in the metropolis is a fair one?—I think it is a very good one. There is one matter I might have mentioned—might I just refer to it now—that is, I do not see the necessity for making two separate rates in the metropolis; I think one might cover the whole.

7115. (Mr. Murray.) You are referring to the general district rate and the poor rate?—Yes. There is no reason for making two rates at all. It seems to me a mere caprice which expenditure is put on the poor rate and which is put on the other rate. For instance, you get in the poor rate the libraries, baths, and wash-houses; and you get in the district rate the sewers' rate and probably the police rate; I am not quite sure, but I think the police rate is included in that, and the school board. One rate might cover the whole.

7116. (Mr. Smith.) Are not the deductions in favour of particular properties different?—No, not in the metropolis; one list is in force for the whole thing. I cannot see any reason for making the two rates; it seems to me a work of supererogation entirely.

7117. (Mr. Murray.) Would it not be as well to earmark the different amounts raised by the different rates?—Quite so, it could be done on the back of the demand note; that could be stated clearly, poor rate so-and-so, district rate so-and-so. That is done now; you get one demand note it is quite true, but you have two separate rates, and very often you have two separate collectors appointed. There is no necessity for it at all that I can see, not the least. I do not know whether that could be extended to the whole of England, perhaps not, because rates are levied on a different basis; there, for instance, is the one-fourth.—

7118. (Mr. Smith.) That is not the case in the metropolis?—No, it is not.

7119. But it would be fatal if the present system of exempting railways and other properties to the extent of the one-fourth were retained, the general district rate and the borough rate could not be collected together?—No, I quite agree, but in the metropolis there is no reason whatever that I can see for the two rates.

Mr. T. Cutter.

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Assessment committees in metropolis, constitution of. All classes are fairly represented, and all interests are fairly dealt with.

Valuation (Metropolis) Act is a good one.

One rate for district rate and poor rate should be made in metropolis, though purposes should be earmarked.

Mr. ARTHUR FREDERICK VULLIAMY called and examined.

Mr. A. F. Vulliamy.

2 June '97

Union and Rural District Clerks' Association.

7120. (Mr. Murray.) I believe you are clerk to the Ipswich Board of Guardians?—Yes.

7121. You are also President of the Union and Rural District Clerks' Association?—Yes, I am.

7122. What is the object of that association?—The object of that association is to look after the interests of union clerks and district clerks, and also generally to assist with regard to local government so far as guardians are concerned.

7123. I believe you have made some inquiries of different clerks of guardians in England?—Yes, I have. Perhaps it might be convenient if I were to show you what those inquiries were; I have the form here (*handing in print*).

7124. These are the questions that you put to them, are they?—Yes, and their replies were all tabulated in a form like that (*handing in form*).\*

7125. Can you put in the questions and the results of the inquiry?—I am going to do so. We issued those questions, and, altogether exclusive of the metropolis, which we handed over to Mr. Cutter (I am dealing with the non-metropolitan part now) we got answers from a little over 330 different unions. Having tabulated them I divided the unions into unions comprising urban and rural districts, of which I have a complete list here, under the different counties, and in that list, unless otherwise stated, the assessing bodies are the overseers (whose assessments are revised by the assessment committee) the county councils, and the commissioners of taxes. The rates levied are the poor rate, highway rate, county rate, and general district rate. The spending authorities are the guardians, the overseers, the county councils, the rural district councils, urban district councils, parish councils, and parish meetings. The rating authorities are the overseers, the town councils or urban district councils, the rural district councils, and the parish surveyors. The spending authorities whose areas are smaller than, and comprised in, the union, other than urban district councils, rural district councils, parish surveyors, parish councils, and parish meetings are specified, and there is no authority other than a county council in whose area the area of the union is comprised. I made a complete list of them, which I hand in, giving all the special particulars with regard to each one of these. Then I made a list of the unions that were wholly rural. In that list, unless otherwise stated, the assessing bodies are the overseers (whose assessments are revised by the assessment committee of the board of guardians) the county councils, and the commissioners of taxes. The rates levied are the poor rate, highway rate, and county rate. The spending authorities are the guardians, the overseers, the county councils, the rural district councils, and the parish councils and meetings; the rating authorities are the overseers and the parish surveyors (where there is a highway rate). There is no spending authority other than a parish council, or parish meeting, or parish surveyors (where there is a highway rate) whose area is smaller than that of the union; and there is no authority other than a county council, in whose area the area of the union is comprised. Also I have got all the special particulars in regard to each union in the same way there. Then I have a list of unions or single parishes maintaining their poor, wholly urban, which are conterminous with urban districts or boroughs. In that the assessing bodies, unless otherwise stated, are the overseers (whose assessments are revised by the assessment committees), the county and town councils, and the commissioners of taxes. The guardians alone appoint the assessment committee; the rates levied are the poor rate and general district rate; the spending authorities are the guardians, the overseers, and the town or urban district councils; and the rating authorities are the overseers and the town or urban district councils. I have made a list with regard to that similarly. Then I have a list of unions partly urban and partly rural, where the urban districts are not wholly comprised in the union. In that list, unless otherwise stated, the assessing bodies are the overseers (whose assessments are revised by the assessment committees), the commissioners of taxes, and the county councils; the rates levied are the poor rate, highway rate, and county rates in the rural parts and urban parts not being county boroughs, and the general district rates in county boroughs and urban district council areas; the

spending authorities are the guardians, the overseers, county councils, town councils, rural district councils, urban district councils, parish councils, and parish meetings; the rating authorities are the overseers, town councils or urban district councils and parish surveyors; the spending authorities whose areas are smaller than and comprised in the union other than parish councils and parish meetings are specified, as are also the urban districts which extend into the unions, but are not wholly comprised in them. I have another list of unions wholly urban, but whose area is not conterminous with those of urban districts or boroughs. In that list, unless otherwise stated, the assessing bodies are the overseers (whose assessments are revised by the assessment committees) and the commissioners of taxes; the rates levied are the poor rate and general district rate; the spending authorities are the guardians, the overseers, and the town councils or urban district councils; the rating authorities are the overseers and the town or urban district councils; and the authorities over a portion of whose area the unions extend are specified. Then I have a list of boroughs in which more unions than one are wholly comprised. Those cover the whole ground. I should mention that with regard to the first of those the list shows that returns obtained from the union clerks in England give 174 unions in which there are boroughs or urban districts wholly situate, besides rural districts; that in 75 of these there are one or more boroughs wholly situate as well as in many cases urban districts, these last being sometimes numerous; in the Halifax Union to 23 and in the Halifax Union to 16. It also shows that the returns obtained from union clerks in Wales give 22 unions in which there are boroughs or urban districts wholly situate, and that in ten of these there are one or more boroughs wholly situate as well as in some cases urban districts. With regard to the second list there are 81 unions in England, and 5 in Wales wholly rural. With regard to the next list—those conterminous, the list shows that the returns obtained from union clerks in England give 26 unions or parishes maintaining their own poor which are conterminous with urban districts, of which 17 are conterminous with a single urban district and 9 comprise 2 or more urban districts. Then of those partly urban and partly rural, where the urban districts are not wholly comprised in the union there are 14 unions partly urban and partly rural, of which 6 comprise wholly at least one urban district in addition to that into which they extend. Going now to the list which gives the unions wholly urban, but whose area is not conterminous with those of urban districts or parishes there are 15 unions wholly urban and, of these, 9 are wholly comprised in a borough, 4 comprise wholly one or more boroughs or urban districts besides extending into another or others. There is only one borough which wholly comprises more than one union, and that is Liverpool. Then I have also prepared a list which I thought might be useful of all the unions in England and Wales which extended to more than one county. There are upwards of 150, some extending into three counties, and some even into four. Then, as it might be considered that after all the number of unions would give but comparatively little information, because some of the unions are so small, I have also prepared a list of the unions from which returns have been obtained with their population. We have obtained returns in England from 312, with a population of 14,267,021; and in Wales we have received returns from 27 unions with a population of 1,082,424, while those we have not obtained returns from number 260 in England with a population of 9,130,943; and in Wales 20 with a population of 436,431, so that we have obtained returns from a good deal more than half of the whole country. I would mention what are the general results. Returns have been obtained from 312 non-metropolitan unions in England, with a population in 1891 of 14,267,021; and from 27 unions in Wales with a population of 1,082,424—I have mentioned these particulars before. The unions from which returns have been obtained may be classed as follows: In England, 174 unions, both urban and rural, whose urban districts are wholly contained in the union, with a population of 7,262,420; 81 unions wholly rural with a population of 941,458; then unions wholly urban conterminous with borough or urban districts: (a) 17 unions, conterminous with a single borough or urban district having a population of 1,367,796; (b) nine unions, comprising two or more urban districts having a population of 1,131,773,

Mr. A. F. Vulliamy.

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Poor law unions in England and Wales extending to more than one county, with population.

\* A summary of the returns is given in Part II. of Appendix to Vol. I. of Minutes of Evidence, pp. 129 and 130.

Mr. A. F. Vulliamy.

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Rating areas, cases where the union or the borough would be the best.

Union assessment committees the best assessing authorities.

One valuation for all purposes desirable. Overseers should be retained, but assistant overseers of experience and skill should be appointed either by the guardians or the borough. Also only one local rate collected.

making a total under heads (a) and (b) of 26 unions with a population of 2,499,569. Then coming to the unions wholly urban but not continuous with boroughs or urban districts there are (a) nine wholly comprised under one borough with a population of 1,028,647, (b) four unions, comprising wholly one or more boroughs or urban districts, and extending into another, with a population of 819,359, and (c) two unions forming portions of two boroughs or urban districts, with a population of 248,726, making a total for (a), (b), and (c) of 15 unions, with a population of 2,096,732. Then unions partly urban and partly rural where the urban district is not wholly comprised in the union, (a) eight unions comprising a portion only of a borough or urban district, with a population of 720,984, and (b) six unions comprising one or more boroughs or urban districts, with a population of 460,480, making here a total of 14 unions with a population of 1,181,464. Then we have two unions forming part of a borough whose area is continuous with the areas of more than one union and having a population of 285,378. Coming to Wales we find only two classes of unions, the first, unions both urban and rural whose urban districts are wholly contained in the union, of which there are 22, with a population of 995,993, and secondly, unions wholly rural, of which there are five, with a population of 86,431. There are no counties in England, except London, and perhaps Northumberland, and none in Wales, that have not unions in them overlapping the county boundaries; there are upwards of 150 unions situated in more counties than one. With regard to the unions comprised in the returns some are so situated that it would seem that the union is the best rating area; there are others where the borough would appear to be preferable, and others where it appears to be immaterial which. They may be divided as follows:—In the case of 274 unions in England with a population of 10,615,490, and in the case of all the unions in Wales, the union is the preferable rating area. Then where the borough is the preferable rating area there are 11 unions in England with a population of 1,314,025; and where it is immaterial whether the borough or the union rating area is adopted there are 27 unions with a population of 2,337,506. I might mention that, of course, population, though an important element, is not the only one; that area has to be considered also. I might mention the instance of Bellingham Union in Northumberland. It has under 6,000 population, but it has an area 2½ times the size of the county of Rutland. Of course, therefore, both those points of population and area must be considered, and though the rural union may seem small as to population compared with a number of other unions yet often the area is very large.

7126. Have you any observations to make on the results?—There are some observations I should like to make. The results point, I think, very strongly to the guardians being the best assessing authority.

7127. In fact, the unions would be the best area for assessment?—Yes; the results point to that.

7128. Have you any suggestions to make for alterations in the law?—Yes, I think there should be but one valuation; and in order that that valuation should be a good one to start with, I think it is important that the present system of appointing assistant overseers should be altered. I think the foundation of all the valuations at present is the valuation made by the overseers in the parish; whatever may be done with them afterwards, that is the foundation and the starting point. I think there ought to be a somewhat skilled official who knows something of the law on the subject, to a certain extent at any rate, and who knows something of the practice in other parishes than one, in order to get anything like uniformity. Therefore, I think it would be advisable that, while retaining the overseers as having special local knowledge, the assistant overseer should be appointed in every case either by the borough or by the guardians. I may mention a country union consisting of 32 parishes, in which there are 28 assistant overseers but if the guardians appointed them they would appoint only four, and each of those four men would be a superior man to the great bulk of the present men, because he would have knowledge of more parishes than one. In that way you would get a better foundation, and a more uniform foundation, for the valuation list than you do at present. Then I cannot see why there should be more than one rate, which I suggest should be called the local rate, because it is hardly fair to call it the poor rate when the relief of the poor is a comparatively small portion of it. Then

there should be a uniform system for compounds. There are three places, as far as I have been able to find, in England, where there is but one rate, namely, Manchester, York, and Gravesend; those three, at any rate, I have been able to ascertain.

7129. Are the whole rates levied under one rate in those places?—The whole of the rates are levied under one in those three places.

7130. Are the rates made by one authority?—The rates are levied by one authority and the others send contribution orders in each case. In York there is no compound at all; the guardians, I think, but I will not be certain, have to levy it and they get contribution orders; I had a form of their demand note to look at.\*

7131. How did the guardians come to have power to make arrangements?—In each case by local Act; it could not have been done except by local Act. Of course the compounds differ, and I do not see the reason for it, I confess. Take a place like Ipswich; the compound for the poor rate is 15 per cent. if there is no agreement as to full or empty, and then 30 per cent., and it goes up to 8l.; but with the general district rate it is 50 per cent. only, and it goes up to, I think, 6l. 15s.

7132. Fifty per cent.?—Yes, and nothing beyond that; you jump at once from 50 per cent. to nothing; I do not see any reason for that difference at all. I think they should be uniform as they are at Manchester for all purposes; there I think it is 20 per cent. in the parish and union of Manchester (the City of Manchester includes portions of others as well), and in the others 25 per cent.

7133. Do you not think that the circumstances over the country differ sufficiently to justify different systems of compounding?—Yes, I am only saying that there is no reason for the difference between the general district rate and the poor rate.

7134. You would not have a uniform system of compounding all over the country?—No. I quite agree that the artisans in large towns pay a higher rent than they do in country places, and than the labourers do, and that therefore there should be a difference in the system of compounding, only I think there is no reason why there should be the two rates.

7135. (Mr. Smith.) Do you see any reason why the limit of the compound should be different?—No, I do not see the slightest reason for that.

7136. The allowance you arrive at may vary, but the limit of compounding should be the same?—I beg your pardon. I think the limit of compounding should vary too, for this reason, that, if you take Ipswich and Birmingham, for instance, at Ipswich for 4s. a week you would get a much better cottage that you would at Birmingham, and therefore a man who is earning 28s. a week would pay a smaller amount for his house at Ipswich than at Birmingham; and as the object of it was rather, I think, to help that class of property, it should be remembered that that class of property goes higher at Birmingham than it does at a place like Ipswich.

7137. (Mr. Murray.) Have you any suggestion to make for equalising the taxation between real and personal property?—Yes, I have. May I just mention before I come to that that one reason apart from what I have given already, why I think the guardians should be the assessing authority, is that I think guardians have to a certain extent the most important work in the country to do; I mean that the way they do their work affects the morals of the people rather than their material welfare, and I think it is important to keep up their status and consequence as much as possible. At present the assessing of property is looked upon, I do not know why it should be so, as the most honourable portion of their work: perhaps because it deals with material interests and not with moral interests. I make a suggestion as to the inequality between real and personal property at the present time, but I do not know that I need mention anything with regard to that because I think I may take it that it is accepted that there is gross inequality between real and personal property.

7138. So far as local taxation is concerned you mean?—Yes.

7139. Without putting in the adjective, I think we may assume that there is inequality?—I would suggest this (and it is founded on what I found to be done in Belgium) there may be a remission of taxation again, and if so I do not see why a portion of the income tax,

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Com-pounding. A uniform system desirable, with regard to general district rate and poor rate.

Union assessment committees are the best assessing authorities.

Contribution to local rates in respect of real and personal property. Suggestion that part of income tax, except that derived from Schedule A, should be devoted to local purposes and distributed on basis of population.

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say one-eighth, should not be devoted to local purposes, that portion being taken to a central fund, an Imperial fund, and divided among the different counties in proportion to their population and then distributed in the different counties to the different unions also in proportion to their population.

7140. That would simply be an increased subvention from the Imperial exchequer?—But it would be a subvention which would particularly affect the people who now pay nothing. I should not take it on Schedule A.; I am not taking it on property, and I ought to mention that. I should take it upon other than Schedule A., as Schedule A. does pay now—all real property does pay now, but the property derived from investments of various sorts and of all sorts does not pay. It would pay then. Of course it does pay income tax and that is the only tax it does pay and it would then directly pay in every case. I do not see any difficulty in doing it.

7141. Does it amount to anything more than an increase of the Imperial subvention to the extent of one-eighth part of the income tax on all the schedules except Schedule A.?—Of course it would be that, and I think anything that is done must be in the nature of taxation of incomes.

7142. Would it not be exactly the same thing for your purposes if Parliament provided that, say, two millions a year should be distributed to the different local authorities in proportion to their population?—Yes it would, except that the other varies with the income, and it would go on increasing as the wealth of the country increased.

7143. Why do you think that under that system personal property would contribute more to local taxation than it does now?—Because personal property is precisely that which does not pay now for local taxation at all. Take the man who is a lodger with an income of 400*l.* a year, he pays nothing, but supposing it were paid as a portion of the income tax he would then.

7144. But if you take a fixed sum out of the total taxation of the country and apply it in aid of local taxation can you say that that is making personal property pay any more than other forms of property?—No, but what I have mentioned would be making personal property pay more than other forms.

7145. Would it?—Yes, because it would be a tax levied upon personal property only.

7146. But consider what has to be done to fill the hole in the Imperial exchequer which your demand is going to make upon it; the Chancellor of the Exchequer would have, say, two millions a year less to devote to Imperial purposes?—It would be equally done if, supposing, he were to make it 9*d.* in the £ instead of 8*d.*, and put a penny in the £ additional aside for that purpose.

7147. That would be one way of doing it?—Yes, and that would not diminish it at all, but it would be making them pay.

7148. Would it make them pay in the right places?—It would not if it were local, therefore I suggest it should be Imperial, and be all concentrated into one fund and then divided according to the population. You would then be making them pay in the right places, which you would not be doing if you tried any local scheme. A local scheme I think is impossible.

7149. Is population a good basis?—I do not think we can have anything better than population; the districts where local taxation is heaviest are, on the whole, populous districts.

7150. Where it is heaviest in proportion to population, do you mean?—Yes, in proportion to population and in proportion to property too.

7151. Do you say that that is the plan adopted in Belgium?—It is a somewhat similar plan that is adopted in Belgium. A man there pays for local taxation a sum (varying from time to time) proportionate to the amount he pays for imperial taxation, as well as rates on his house and on his furniture.

7152. On his income?—His Imperial taxes I should rather say he pays upon.

7153. Not on his income?—No. I do not know whether there is an income tax or not, it is on Imperial taxation. Whether there is an income tax pure and

simple I do not know, but it is put down as Imperial taxation.

7154. What effect do you think that system would have on the economical administration of the local authority?—I think it would follow almost as a necessary consequence that those persons should have votes for local purposes, which they have not now.

7155. Which persons?—Take the lodger, for instance, anybody who pays income tax who does not occupy a house has no vote at all now for local purposes, he has for Imperial purposes, but he has not for local; of course, he ought to have in that case, and you might then have only one basis of representation.

7156. Would you have a new franchise for local purposes the qualification for which would be the payment of income tax?—Yes, the payment of income tax, then you would get, I think, the interest of those people in local taxation too. I think that where we fail a good deal in the country is, that a great many people take no interest in local matters at all. We do not get the interest in those classes which we ought to have in local matters.

7157. They would not be interested in the local expenditure, would they?—If you take the general local expenditure throughout the whole country they would be, to a certain extent, interested in it, but it would not affect the amount they have to pay; that is quite true.

7158. Then I do not see why they should take much interest in it?—I think the very fact that they have to pay towards local taxation would make them turn their attention more to it than they do now.

7159. Have you anything to add?—I have nothing further with regard to that. I know the question of what is done in Scotland has been before you, but I do not know whether there is anything in regard to that in the form of a scheme which they have there of a valuer for the whole county upon which I might speak.

7160. Do they have a valuer for the whole county in Scotland?—They have a valuer of all properties for the whole county.

7161. A professional valuer?—Yes, either the Government valuer, or someone appointed by the county.

7162. I do not think we need go into that?—I was only going to mention that a county in Scotland is a very different thing from a county in England. A county in Scotland is not much more populous than a good sized union in England.

7163. There are two large counties in Scotland?—Lanarkshire and Edinburgh are the only counties which are more populous than the largest poor law union in England; if Edinburgh is, and I am not sure that Edinburgh is.

7164. (Mr. Elliott.) With regard to this proposal of yours as to the income tax, would you draw any distinction between income derived from property, and income derived from personal exertion or brain work?—I should not. Of course if you ask me generally on the whole thing I consider that income derived from brain work ought not to pay in the same proportion as income derived simply from investments.

7165. I rather understood you to propose that the income tax should be taken as it is?—Yes, I do not see how any one can make any difference for that purpose when one does not make it generally. I quite admit it ought to be generally made.

7166. Supposing a clerk to a poor law union, for instance, happened to be a bachelor who lived in lodgings would you require him to pay a penny additional income tax towards local taxation?—Yes, so far as he has to pay on the ordinary income tax and in the same way.

7167. That would not in any sense be a contribution from personal property, would it?—Why not?

7168. He would have no personal property?—Yes, the income he receives is not derived from land.

7169. You would not say that the salary that is paid to the clerk of a poor law union is derived from property, would you?—I should call his income personal property. I think anything that is not real property must be personal property.

7170. Is there any property in the case I put to you, is it not simply a payment for personal exertion?—Yes, I know; but I do not see how you can draw a distinction between that and other incomes.

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Professional  
valuers for  
counties.  
Difficulties  
of such a  
system in  
England  
compared  
with  
Scotland.

Rating in  
respect of  
income  
derived  
from  
personal  
exertion  
and from  
invest-  
ments.  
Should any  
distinction  
be made?

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7171. You see the difference between the person who derives an income of 100*l.* a year from consols and the person in the receipt of a salary of 100*l.*, as the clerk of a poor law union?—Quite so.

7172. But you draw no distinction?—I should draw a distinction for the income tax altogether.

7173. Then, without the re-organization of the income tax, your scheme would not draw any distinction between the two?—Not without a re-organisation of the income tax.

Com-  
pounding.  
Present  
allowances  
give  
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7174. You said just now, with reference to compositions, that the law as it stands was intended to help a particular class of property; did you mean to say that it was intended to give a relief to particular property, or simply to facilitate the collection of rates, and to make it easy for the collecting authority to collect?—I should say to make it easy for the collecting authority to collect.

7175. Not to give any special measure of relief?—No.

7176. Do you think that, under the present arrangement, the owner of property derives more than a proper benefit from these arrangements—do you think it operates so as to give him relief?—Yes, it does.

7177. Do you think that, supposing these allowances were not made, that the union would get more than it does now?—Certainly may I give you a decided illustration of it?

7178. If you please?—I live in Ipswich in a parish where there are no poor at all. There is another parish near where there is a large number of poor. We make our contribution orders upon the rateable value without allowing any compounding at all, and the result is that invariably the poor rate is 2*d.* in the *£* at least more in that other parish than in the parish in which I live.

7179. By reason of these compositions?—Yes.

7180. These compositions do operate, therefore, as a kind of bounty to a particular class of property?—They do.

7181. Do you think that is satisfactory?—No, I think it is too much. I think it is right that there should be some composition, and I am not objecting to a certain amount, but I think the amount now paid is too much.

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7182. I gather from your paper that you propose that there should be one assessing and collecting body in each union?—Yes.

7183. And that that assessing and collecting body should be appointed by the board of guardians?—Yes.

7184. And that their decisions should be binding for all purposes for which rates are collected and for all purposes for which taxes are collected?—Yes.

7185. Do you think that would be satisfactory?—I think if the surveyor of taxes were allowed to attend all meetings, and there were, as I have mentioned, arrangements by which the assistant-overseer, who after all is an important person as starting the thing, should be a more skilled official than he is now, it would be satisfactory.

7186. Do you propose that the surveyor of taxes should be a member of the committee, or that he should simply attend?—I think he should simply attend, but I think it would not much matter which way it was.

7187. Do you think from a national point of view it would be satisfactory that the valuation for income tax should be dependent upon the decision of a local body constituted in that way?—If he had power to appeal, I think the power of appeal would ensure correctness.

7188. At present there are very great variations, are there not, between the income tax assessments and the valuations of the assessment committees?—Yes; of course the income tax starts with the same thing; the surveyor of taxes gets every five years a complete list of all the assessments in every union. Every year he gets a list of all alterations of properties wherever there has been an alteration of property or a re-assessment, but he does not ask for and he does not get reductions made by the assessment committee or increases made by them apart from alterations in the properties. Therefore, though at starting he may have the more correct list, because he supplements the valuation list which he gets from the assessment committee by information which he himself obtains by

sending notice to the tenants and so on, and in that way gets a more correct one at starting, before the five years are over he very likely would have one which is not at all correct. I may give an instance. At Ipswich we have been recently re-assessing all the public-houses; now unless that has been mentioned to him, and he has specially asked for it, that would not appear in his account at all, he would have all the old assessments, and perhaps there would be 3,000*l.* or 4,000*l.* difference in the yearly assessment.

7189. But, still, even taking that into account, it usually happens, does it not, that the valuation, as settled by the assessment committee, is substantially below the valuation as settled by the surveyor of taxes for income tax purposes?—It is very often, not always.

7190. What would you do as regards the county rate? Would you maintain on foot the present arrangement as regards the county rate basis?—No. I would have that for the county rate basis also. May I mention with regard to that, that the county being so large an area the making of a new county basis is an expensive matter, and, therefore, they do it but seldom. I give an instance in our neighbourhood at Brantham; some time ago, after the county basis was made, they established xylonite works; that probably has increased the assessment there for poor law purposes pretty nearly double, as it was a comparatively small agricultural parish. If it had not been that the deputy clerk of the county council was clerk to the guardians in that particular union, that would not have got into the county council's assessment till the next valuation.

7191. Under your scheme would you give the county council any representation upon the assessment committee?—I do not see any reason why they should not have representation.

7192. Then you would not propose simply to keep the assessment committee of the board of guardians as at present?—No.

7193. You would supplement it by the surveyor of taxes and by the representative of the county?—Yes.

7194. Would you give any representation to the boroughs?—I should, certainly, where they are continuous; there is a difficulty where they are not continuous, because then a portion of the union would get double representation.

7195. Would you sketch out to us what would be the constitution of the assessment committee, settled as you think it should be settled, taking all the circumstances into account?—At Ipswich, where it is continuous?

7196. Yes?—I would have the assessment committee appointed by the guardians.

7197. How many members would there be?—Twelve. I should have then, in addition, six, perhaps more, appointed by the town council, and I would have the surveyor of taxes. Ipswich is a county borough, and, therefore, it would have nothing to do with the county in that case, but if it were not a county borough, then I would have a representative appointed by the county council.

7198. Do you think that arrangement would be satisfactory to the town council in your case?—I know it would.

7199. They would be content with half the representation that the guardians have?—They would; they are content as it is, as far as they are concerned. They simply take our lists, and they do not trouble themselves at all further: they are quite satisfied as it is now.

7200. Would you give any representation to any other spending authorities—the school board, for instance?—I do not see why there is any occasion to give it to the school board. I do not want to have too many, and I think the town council may be looked upon as fairly representing other spending authorities.

7201. You think that with the power of appeal to which you have referred you would get a valuation which would be not only good enough for the purposes of the parish, but also fair as between union and union and as between county and county?—Yes, I should like also to say that I think it would be a great improvement if the one local rate were made, as the general district rate is now, for the whole union, and was in no way a parochial rate, but was a union rate so that a poor parish would not have to pay a heavier rate than a well-to-do parish.

One local  
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parish rate.

Mr. A. F. Vulliamy.

2 June '97

Union assessment committee. Representation of town council, to what extent desirable.

Ipswich borough and union are conterminous.

Rates in the £ in Ipswich borough and union. Comparison of urban and rural rates.

7202. Could you give me any idea what the rates are which the union at present administers which are levied for the purposes of the poor law expenditure by the guardians, what is the amount in the £?—With us it is 6d. in the £ each half year—1s. in the £ for the year.

7203. What are the total rates which the town council requires for its expenditure?—Including the school board, for the year it is 1s. 3d., that is its share of the poor rate you understand; then the general district rate is about 3s. in the £.

7204. You think that a town council which has an interest in the valuation to the extent of 4s. 3d. in the £ would be satisfied with half the representation which you would give to the poor law guardians who have an interest in the valuation to the extent of only 1s. in the £?—I know that they would be satisfied.

7205. Do you think that that satisfaction is due to the happy local conditions of Ipswich?—I think they are satisfied with the way the assessing has been done at Ipswich. I think the power of appeal would meet any difficulty where there was anything like injustice likely to occur.

7206. (Mr. Smith.) I want to ask you a question or two about your local circumstances. You have given us a great deal of valuable information about England generally, and I think some of the questions I was going to put to you have been covered by Mr. Elliott's recent ones. Your union is composed of how many parishes?—There are 17 parishes in it altogether.

7207. It includes the Ipswich borough?—It is conterminous with the Ipswich borough.

7208. That is to say, Ipswich borough is contained within the union?—The borough and the union are the same thing now. Since the 1894 Act we have taken into the union certain portions that were in the borough, and we have given to adjoining unions certain portions that were not in the borough.

7209. Then Ipswich is a very large borough in area, is it?—In area it is a large borough.

7210. How many acres?—Speaking from recollection I think about 8,000 acres.

7211. When you say conterminous, that rather implies that the union and the borough are the same thing?—So they are.

7212. Then what becomes of other parishes?—There are no other parishes.

7213. The borough contains all the parishes, does it?—Yes.

7214. Then you have no rural parish, they all pay the borough rates?—Yes.

7215. They all pay the general district rate?—Yes.

7216. And those amount to 4s. 3d.?—Without the union, do you mean?

7217. Without the union, is it?—Yes; with the union it is another 1s., that would be 5s. 3d., and then there is a certain amount to pay the compounds.

7218. I understand that. As you have no country parish you cannot tell us what the rates in the country parishes would amount to?—I can to this extent, because I have acted in appeals on both sides.

7219. Just give me your experience, then?—They vary enormously, they have increased very much of late. With us, in Suffolk, there is the highway rate, which is a separate thing, and the highway rate is parochial.

7220. Not now, is it?—Yes, it is in Suffolk.

7221. I thought it all went to the district council now?—Not now; not in Suffolk.

7222. On what principle are you exempt?—There was a power in the Local Government Act for county councils to continue it.

7223. To keep on the old parochial arrangement for a certain number of years?—Yes, they did so and they have extended it another year now.

7224. That will come to an end some time or another?—It is to be hoped so. You can see at once that that affects us.

7225. I only want to know roughly what the average rates in a rural parish would be?—The average rates in rural Suffolk would be 2s. to 3s. in the £.

7226. And agricultural land now gets half of that remitted?—Yes, it gets half remitted of the poor rate.

7227. Do you think you have very much claim on, say, the artist or musician who is earning a salary, to get some of his income tax to pay your rates?—Yes, I do think so.

7228. How is he interested?—I will put four people side by side in one street: one person will be an artist or musician who is a lodger simply, the next will be a man like myself, a professional man, the next will be a large tradesman, and the next will be a clergyman; we all enjoy the same advantage of having a well-lighted street, well paved, with police—pretty well all the same advantages, but the first pays nothing for that, absolutely nothing if he does not smoke or drink. Then the next one, the man situated as I am—

7229. Are you correct that he does not pay anything?—I do not see that he pays anything at all.

7230. Well go on?—The next one would pay for his house and for an office.

7231. Allow me to suggest that the rent of the first one's lodgings would have some reference to the local rates, would it not?—I think not because it would depend a great deal more upon supply and demand than upon the amount of the rates.

7232. That would be applicable to houses too?—Yes, they pay more or less, undoubtedly, towards the rates according to the demand and according to the situation of the house.

7233. I mean the argument that the supply and demand governs the question of rent more than the question of rates, would apply equally to our friend the compound householder, would it not?—Perfectly. The compound householder in the country where the number of cottages is in excess of the demand, is not affected by the amount of the rates, as his rent, which includes rates, remains fixed.

7234. That has not been recognised, has it, in giving him a vote?—No, it has not.

7235. And allowing him practically to control the expenditure where he is in a majority?—It does not. He should not have been put in that position.

7236. I interrupted your illustration, will you go on please?—I should pay on my house and on my office which might be in the same building. The next one is a shopkeeper, and he must have much larger premises to get the same income that I do with my office, and has therefore to pay much heavier rates; while the fourth will have to pay rates, perhaps on his whole income.

7237. That is the clergyman?—Yes. These four have the same income, derive the same advantages, and yet are very differently taxed.

7238. I have great sympathy with the clergyman, but at the same time he chooses to be a landowner and he must pay as such?—He cannot help being a landowner.

7239. The tithe might have been redeemed. At any rate I understand your point. You did not intend to suggest in addition to my illustration of the artist or musician that he should also pay on his furniture, did you?—No.

7239a. I only wanted to know whether you had adopted the Belgian principle in its entirety?—No, I have not.

Mr. A. F. Vulliamy.

2 June '97.

Contribution to local rates in respect of real and personal property. How far equitable. Position of different classes compared.

The witness withdrew.

Adjourned till Thursday, June 17, at 12 o'clock.

## TWENTIETH DAY.

Thursday, 17th June 1897.

At 16, Victoria Street, S.W.

PRESENT:

The Right Hon. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

Sir E. W. HAMILTON, K.C.B.,  
C. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.

T. H. ELLIOTT, Esq.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. SYDNEY J. ELSOM called and examined.

7240. (*Chairman.*) We know that you are one of the witnesses whom Sir Charles Dilke recommended us to appeal to, saying that you would be able to give us information about the West Dean District, as you have represented West Dean on the County Council since the Council was established, and have worked in the local industry for a considerable time, and have, in fact, spent the best part of your life in that district?—That is so

7241. You are also Vice Chairman of the Forest of Dean School Board and Chairman of the Parish Council of West Dean, and you desire to speak only to facts which affect that particular district?—If you please.

7242. We understand that the township of West Dean extends over an acreage of 10,904, has a population of between 9,000 and 10,000, and a rateable value of 14,960l.?—Yes.

7243. We know that it is a mining district, and that, practically, the whole of its population are employed in the mines?—That is so.

7244. Is it in a prosperous condition at the present time?—It is not in a prosperous condition; it is in a depressed condition, and has been so for some years past, with the exception of a temporary quickening in the trade. We do not participate to the extent that might be expected in a general quickening in the mining trade, because very often when there is a very brisk trade in the coal fields raising steam coal, in a mining district like the Forest of Dean, where the coal is chiefly for household and domestic purposes, the trade may be slack.

7245. Are there any circumstances in the district which tend to keep the population to the district, or do they go about according as work is prosperous or slack?—There would, of course, always be a floating population; but I believe to a larger degree than in almost any other district in the Kingdom there is a larger number who will never leave the district. In times of prosperity they have managed by thrift and industry to purchase from the Crown a little plot of land upon which they have built their cottage, and they cling to it very tenaciously because it is their home. But through the distressed state of trade to which I have already referred, and in some cases through accidents or ill-health, they have been compelled to mortgage their properties, in many instances to the full value; and they find it to be almost impossible for them to leave the district; they still retain some interest in, and a great regard for, their little holdings. There is a large number who never leave the district for those reasons.

7246. Are they freeholders?—Yes, they are freeholders.

7247. Are their cottages built in rows as in some other mining districts, or are they detached?—They are detached, unfortunately; they are built anyhow. They purchase their plot just where they seem to take the fancy.

7248. That adds to the expense of organising sanitary work, and all the other things which a community does in common?—Yes, it does considerably.

7249. You, of course, have within your knowledge the collection of the rates of the district?—Yes, unfortunately.

7250. Are the rates well paid?—The rates are not well paid. At the present moment there is over 1,000l. of arrears of rates, some of them extending back for two years. We happened to have the parish council meeting only last Tuesday, and a large number of people came before us asking to be excused their rates. It then transpired, in answer to some questions that were put to one of the witnesses that four rates are due on one property, that proceedings had been taken before the magistrates for three of the rates, but that there were no effects, and the rates were therefore irrecoverable; another rate has fallen due, and we cannot get that. That is simply a sample of the kind of thing we have to contend with.

7251. What is, first, if you can state it to me, the gross burden per £ which the community of West Dean have to pay?—For all purposes?

7252. If you please, in the first instance; what does it amount to per year?—7s. per year.

7253. What does that 7s. include, could you give me a list of all the rates which are included in that 7s.?—There is a rate for the relief of the poor and other expenses of the Guardians, amounting to 2s. in the £; then the general expenses of the Rural District Council (including highways), amounting to 6d. in the £; then county contributions amounting to 10d. in the £; then expenses of School Board amounting to 3s. 4d. in the £; then the expenses of the Parish Council, amounting to 2d. in the £; and the expenses of the Overseers, also amounting to 2d. in the £. together making a total of 7s. for the year.

7254. I see in the memorandum you have sent in that there are in the various half years from 1894 to 1896 rates amounting in the gross to sums between 42l. and 60l. each half-year, which have been, as you say, "excused on account of poverty"?—Yes. The rate-payers in question have appealed in the first case before the vestry in the old time, and now before the Parish Council; they have stated their case, the case has been fully considered, it has been thought to be a case which deserved consideration and relief; and, therefore, they have been excused their rate.

7255. Do you excuse owners of property from the payment of their rate?—Under certain circumstances we do.

7256. Do you?—Yes, when the property is mortgaged to the full, and a man may be unable to work; in many instances that is so. Then the excused list has to be submitted to the magistrates and to receive their signature.

Mr. S. J. Elsom.

17 June '97

Arrears of poor rates in West Dean are considerable.

Excusals.

Total burden of rates per £ in the West Dean district.

Excusals on the ground of poverty in the case of small freeholders who are mortgaged.

Mr. S. J. Elsom.

17 June '97

Township of West Dean, particulars of.

West Dean District is in a depressed condition. A number of small freeholders reside there who are heavily mortgaged.



Mr. S. J. Elsom.

17 June '97

School board expenditure has been heavy in West Dean with regard to building. The Act for relief of necessitous schools will be a benefit. (50 Vict. c. 15.)

Rateable value of agricultural land in West Dean is comparatively small.

Poor rate in a mining population is high.

Excusals on the ground of poverty in case of small freeholders who are mortgaged.

7257. To what do you attribute the, comparatively speaking, high rate which is levied upon your district?—To two causes, first and mainly to the school board, and secondly, to the demands made upon us for poor relief—out relief. As I am vice-chairman of the school board, might I mention that our school board has spent in purchasing sites for schools, and in building schools since 1876—this is for the whole of the Forest—the united district of the two townships of East Dean and West Dean—45,600*l.*, and at present we owe, roughly, 36,000*l.* of that amount.

7258. I suppose, owing to the character of your district, you have practically had to build schools for the whole population during the last 20 years?—Not absolutely but practically we have had to do so; there are two or three British or Church schools in the Forest of Dean, and that is all.

7259. Can you tell me how much of that school rate is for debt upon buildings which have been erected?—I fear I can not, but I will put that in my proof.\*

7260. Will the Bill, which has become an Act for the relief of necessitous school districts have any operation in your parish?—I believe it will give us some relief. We are unable at present to say how much; but we are hoping that it will relieve us to the extent of about 6*d.* in our rates, and that instead of being rated at 3*s.* 4*d.* for the school board we hope we shall be able to manage with 2*s.* 8*d.* or 2*s.* 10*d.*; but it is all problematical.

7261. Can not you calculate it?—The clerk for the school board is unable to state definitely what we shall get, but he thinks it will range from 6*d.* to 8*d.*

7262. I assume that the Agricultural Rates Act of last year, owing to the character of your district, would not afford you much relief?—Not much relief, but I fear I made a little mistake in preparing my memorandum. I conferred with a man who acted as assistant overseer, and he said that the total rateable value of the farms in West Dean is 155*l.*; but at the parish council meeting on Tuesday that same man told me in a further conversation that he thought the total rateable value would be a little over 300*l.* There are, I believe, only three farms in the township.

7263. Do I understand that the whole rateable value in your district of agricultural land is only 300*l.* a year?—A little over 300*l.* May I further mention that in the past—though it is not so now—the men in the collieries used to have to work in very bad ventilation, and the result is that many of them are weak-chested, and become prematurely old, and, therefore, when other men are able to follow their work, these men must seek parish relief, and the result is that we have a large number of men and their wives, and, in some cases, younger men and their wives and families, constantly on the poor relief books.

7264. It is, of course, a matter of common notoriety that a mining population usually has a high poor rate, as I know from my own district and others?—Yes, that is so.

7265. I do not quite understand this statement which you make in our memorandum, that a number of small properties of the working classes are mortgaged, and in numerous instances, are not assessable to local purposes?—That is so.

7266. Why?—They are mortgaged to their full value, and the men, in many instances, are unable to work; they come to us, and say: "I cannot possibly pay the rates which you demand." Indeed, in some cases they are even getting relief from the parish.

7267. Do you relieve a man who owns property from the poor rate?—Under such circumstances we do.

7268. Do you?—If the property is mortgaged to the full, and he is unable to work, we have relieved and do relieve.

7269. Does your public burden not take precedence of the interest on the mortgage?—No, we cannot get at the man, he has nothing to pay with.

7270. Does he not pay interest on the mortgage?—Yes.

7271. Then is it not the fact that the public burden of the rate takes precedence of the mortgage?—I believe it is so as regards Imperial purposes, but not for local purposes, and there, we think, is an anomaly and an

injustice to the district. For Imperial purposes the mortgagee can be approached, but not for local purposes.

7272. I have now taken you through your memorandum; is there any other point which has occurred to you since writing it which you would like to bring before our notice?—Only this, that, bad as the existing state of affairs is, the prospect is even worse. The industries are declining, and the demands upon out-relief are increasing. The rateable value seems to have advanced a little, but that is through circumstances which could be explained. Until twelve months ago the Crown contribution was not reckoned in the rateable value, as it is only a contribution; but we have been compelled now to add it to the rateable value, and that has seemed to increase the rateable value, though actually the rateable value is declining rather than increasing. Our burdens, our responsibilities, are increasing, but we have decreasing resources.

7273. Is there any other point?—No, except to emphasise the fact that I am not acquainted with a district that is in a more deplorable state than West Dean, though, possibly, East Dean, too, is in an equally distressful condition.

7274. (Mr. Arthur O'Connor.) When you added the Crown contribution to your valuation you said: "We had to do it." What was your object—what was your purpose? Was it to increase your apparent security when you wanted to borrow money?—No. We had not put that in the rateable value because the Crown official, the Deputy Surveyor, if the demand note is handed in to him in the usual form, refuses to pay; the word "demand" must be deleted, the Crown recognising it merely as a contribution. Therefore our authorities thought that we could not put that in the rateable value. In the township of East Dean they had been reckoning the Crown contribution in the rateable value, and as both townships are associated together for school board purposes, the township of East Dean thought it was paying on a higher rateable value than it ought by reason of West Dean not putting the contribution from the Crown into its rateable value; they approached the Treasury, and the Treasury compelled us to put the contribution into our rateable value.

7275. When you went to the Public Works Loans Commissioners, and made a return of your rateable value, in order to show the amount of security that the Commissioners would have, you included the Crown contribution for both districts, did you not?—I am not sure that we did for West Dean; I question whether we did for West Dean, but we do now.

7276. You speak of "the township"; does that include both West Dean and East Dean?—No, they speak of each as a township; there is the township of East Dean, and there is the township of West Dean.

7277. Then you mean in your memorandum merely the West Dean district?—Yes.

7278. You say that the outstanding arrears of poor rates are more than 1,000*l.*?—Yes, they are.

7279. What proportion would that bear to the whole, what is the annual amount of the poor rate?—The annual amount would be, roughly, 8,000*l.*, I think.

7280. Then it is 12 per cent., or so?—Yes, about that.

7281. Twelve per cent. is irrecoverable?—No, I will not say it is irrecoverable; but at the present time these arrears are outstanding. The overseers are contemplating taking many of them before the magistrates unless the arrears are paid.

7282. But you have told us that, bad as the condition is, the future threatens to be worse?—It does, because we have an increasing number who seem to be unable to pay their rates.

7283. Therefore, what you have now as arrears is not likely to be diminished?—I fear not; though they have not taken the steps they ought to take by sending them before the magistrate and getting a return of "no effects." That will be done in the course of time.

7284. That will have an effect in one direction which possibly the increasing distress will countervail?—So I fear.

7285. So that we may assume that this 1,000*l.*, which is your present proportion of arrears, will be likely to remain?—I fear that is so.

Mr. S. J. Elsom.

17 June '97

West and also East Dean are in a depressed condition. Industries and also the rateable value are declining. Expenses on out-relief are increasing.

Contribution of Crown to rates added to rateable value of union.

Arrears of poor rates in West Dean.

\* The witness subsequently wrote: "The amount payable yearly for principal and interest on account of the debt on school buildings is £2,398 for the United School District."

Mr. S. J. Elsom.

17 June '97

Free-holders in receipt of outdoor relief in West Dean.

7286. So I was not far wrong in suggesting that 12 per cent. would seem to be permanently irrecoverable in your district?—I think you are correct.

7287. Under those circumstances do you think that these sums, "Excused on account of poverty," 42*l.*, 49*l.*, 60*l.*, and so on, are very large? A number of your small freeholders are actually themselves in receipt of outdoor relief, are they not?—Yes.

7288. What would be about the average size of their holdings, would it be a quarter of an acre?—Upon an average not quite so much; it would not average a quarter of an acre.

7289. Half a rood?—Yes, I should say about that.

7290. Just a house and a yard?—Yes, and two rooms up and two rooms down, with a back kitchen generally.

7291. There is nothing in the law in this country to prevent outdoor relief being given to a person in the occupation or even in the ownership of land?—I believe not; certainly we have given relief to such persons.

7292. You have no law here to the effect that if a man is in the occupation of land and wants outdoor relief he cannot get it, but must go into the workhouse?—I do not know of it.

7293. In that the law here differs from what it is in Ireland?—I was not aware.

7294. (Mr. Smith.) Upon that last question; surely the regulations of the Local Government Board do not authorise your giving relief to freeholders, do they?—If a man appeals for relief, and he informs us that his property is mortgaged, and that he gets no benefit out of it, we do relieve him.

7295. You treat him as destitute?—Yes.

7296. I suppose there is no other industry than coal mining in your district?—There are some small industries, but not considerable ones.

7297. What would they be?—There is a tin works at Lydbrook, which employs a few men; but Lydbrook is on the borders of The Forest, only partly in West Dean, and the tinworks are now closed, whether permanently or not I cannot say.

7298. Your coal, being household coal, is not useful for manufacturing purposes?—Generally it is household coal, but there are one or two exceptions to that; we have a colliery which is put down at Bream which raises steam coal, and there are one or two small collieries which raise a similar coal.

7299. Of course, previously to the mining, your district was literally a forest?—It was so.

7300. (Mr. Clark.) Are these houses which are owned by the men usually assessed at about 10*l.*?—No, not so much.

7301. How much in rates do you consider that an owner of one of these houses would pay in the year, would it be about 10*s.*?—I should suppose that cottages generally would be assessed on an average at 3*l.* or 4*l.*

7302. Then if a man pays about 8*s.* or 10*s.* altogether for rates during the year, that would be about the most any of them pays?—At present I fear it is more—much more.

7303. How much more?—If he pays 7*s.* in the £, and his property is assessed at 4*l.*, he would pay much more.

7304. Do you seriously mean to say that your school board rate is 3*s.* 4*d.* in the £?—Unfortunately it is so.

7305. And your poor rate 2*s.* in the £?—Yes.

7306. If you have to pay 2,000*l.* a year for outdoor relief, that alone comes to more than 2*s.* in the £?—Yes. In compiling my memorandum I looked at the last return of our Board of Guardians, and took down the names and amount of everyone.

7307. Supposing, for the sake of argument, the total amount of rates paid is 6*d.* a week, do you consider that if you took off all the rates altogether from these small houses it would bring back prosperity to the mining trade in the Forest of Dean?—I think it would contribute towards that.

7308. Sixpence a week?—I think it would be a contribution in the right direction certainly.

7309. (Mr. Elliott.) In what direction do you look for relief?—We have been dreaming in our district of county rating and of all our schools becoming an Imperial charge. If we were relieved of our school

board rate, and if the whole of the other charges were made a county charge, that would give considerable relief to the whole of the Forest—not merely to the cottagers but to the industries.

7310. You would propose, then, that the whole cost of your schools should be made a county charge?—No, I am speaking of the cost of the schools and of the educational cost being made an Imperial charge.

7311. You would throw the whole burden of maintaining your schools upon the Exchequer?—That is so.

7312. Would you increase the guarantees for economical and efficient management?—I do not know that it is necessary when you send the members of the school board back to the ratepayers every three years.

7313. But the ratepayers under the scheme which you propose would not pay; do you think therefore, that the same check would exist?—I should think so.

7314. Have you studied at all the amount of relief that you already get from the Imperial Exchequer?—I have not.

7315. Are you aware that the subventions of one kind and another are very considerable in amount?—Yes, I am quite aware of that.

7316. But you have not gone into the effect, say, of the legislation of 1888?—No, I have not.

7317. Does your evidence amount to much more than this; that the pressure of rates in this particular township is very heavy, and that you would like to obtain some relief?—I fear it does not amount to much more than that.

7318. (Mr. Dalton.) The main cause of your high rates is that you have a very low rateable value and a very large population, is it not?—Yes.

7319. What is the property of which your rateable value is mostly made up; have you any mines?—Yes, we have.

7320. What are they rated at?—At so much per ton on the output.

7321. Can you say what proportion of this 15,000*l.* rateable value is due to mines?—I cannot accurately.

7322. Should you say one-half or one-fourth?—No.

7323. Are the neighbouring parishes equally badly off?—Only the township of East Dean, not the agricultural parishes.

7324. If your parish was merged in any richer neighbouring parishes should you be better off?—Yes, in the matter of the relief of the poor.

7325. And in the matter of your other charges? You have got a very exceptional parish, with a large population and a small rateable value; is there any neighbouring parish with a large rateable value and a small population?—The parish of Lydney is our nearest neighbour, and if we were united with the parish of Lydney we should get considerable relief as regards the charges for the poor, but I do not think it would be practicable to unite West Dean and Lydney for educational purposes—the natural thing is that which exists, namely, the two townships of West Dean and East Dean uniting.

7326. Both of which are poor?—Both of which are poor.

7327. Where do the majority of your population work—in your parish or in a neighbouring parish?—In our own parish—in the township.

7328. How is it that the rateable value of the mines is not higher, if you have got a population of 9,000 or 10,000 people employed in mines? Have you got the right rateable value assigned to your mines, do you think?—I should quite think so.

7329. By being united with other parishes in your union you have a large proportion of the expenses of your poor borne by the parishes out of your common fund?—Yes.

7330. You get back from the other parishes more than you pay?—Yes.

7331. Considerably more?—Yes, we certainly do.

7332. So that, although you pay this 2*s.* in the pound poor rate, you get back in the parish a great deal more than that, probably for outdoor relief alone?—Yes; but, whilst admitting that, my point is that that only further shows the distressed condition of the township.

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Suggested that educational charges should be defrayed by Exchequer, and that other rates should be thrown on the county.

Rateable value low and population large in West Dean.

Coal-mining industry in West Dean.

Free-holders in West Dean. Amount at which their properties are assessed and amount paid in rates.

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7333. I was rather pointing to the fact that if you were amalgamated with some of these parishes for other purposes than the relief of the poor you might get more relief?—I do not think it would be practicable as far as educational purposes are concerned, and that is the main heavy charge. We have a school board for the two townships, but there is no school board in the Forest apart from that—not in the immediate neighbourhood of West Dean or East Dean. They have either National or British schools.

7334. The labourers get their education free at the board schools?—Yes, but I may remind you that many of them are householders and have to pay their school board rate.

7335. What would the school board rate come to—it would not come to very much per week per head?—I quite agree.

7336. They get their full benefit from it?—I quite agree.

7337. How does it come about that you have so high a county rate as 10*l.* in the pound in your county; because the county as a whole is not a poor county, is it?—No. We spend rather much on our highways, but we pride ourselves that we can show value for the money spent, and we have thought that our county council was almost a model county council. I do not think any extravagance could be pointed out in the expenditure of our county council.

7338. Although your county rate is high your local highway rate is low; I suppose that is owing to the main roads being taken over by the county?—I am the chairman of our district council. We have 10 or 12 miles of main roads, not more. I think, and we do manage to keep them in good condition at a very low rate. I may explain that although we have a surveyor we only pay him 16*l.* a year, and we only give the labourers 2*s.* 6*d.* a day. Thus we manage our local highways at a very cheap rate.

7339. What is the land in your parish worth an acre?—The Crown used to charge 240*l.* in West Dean, and 320*l.* in East Dean.

7340. Does that cover the whole of the land of the parish?—Chiefly; it is all Crown land except the freeholds that the people have bought.

7341. It comes out to about 6*d.* an acre, then, for the whole of the parish, I think?—I do not quite understand you.

7342. The area of your parish is 10,000 acres?—Yes.

7343. Do you say that is let at a rental of 240*l.*?—I beg your pardon. I thought you asked me what was the usual charge when a piece of land is bought.

7344. (*Mr. Smith.*) You were referring to freehold value?—Yes.

7345. (*Chairman.*) Would the sum which you gave include mineral value as well?—No. We have a peculiar set of rights and privileges existing in the Forest of Dean in reference to the mines. We have what are called "Free Miners' Rights." A person who has been born in the Hundred of St. Briavel's, and worked a year and a day in a coal mine in the Forest of Dean, and who is above 21 years of age, if he knows of a piece of unallotted mineral coal, has the right to go to the Crown representative, and ask that that be granted to him, and the Crown must then accede, unless there be conditions which make it impracticable.

to that application; a certain dead rent is at once fixed, and when coal is raised a royalty is fixed. No one else can have a tract of coal granted to him except a free miner, and the person who is interested in the surface has no interest whatever necessarily with the mineral below it. Of course the whole of the Forest was originally Crown property. If a collier went to the deputy surveyor and said "I want half an acre of land in West Dean," he would charge him at the rate of 240*l.* an acre for the half acre; but if a collier in East Dean went and made a similar request he would have to pay at the rate of 320*l.* an acre.

7346. (*Mr. Dalton.*) That is the purchase price?—Yes.

7347. That, if it was an annual value, would be about 10*l.* an acre, I suppose—that would be the rateable value of it, would it not?—Yes, I suppose so. But you will not find, if I might mention it, one cottager in ten with more than half an acre. They simply buy enough to put their little cottage upon and to raise the necessary vegetables to supply themselves and family for the year, and that is all.

7348. But I cannot understand how the rateable value of the township is only 11,960*l.* while the arrearage is 10,000?—I ought to have mentioned before, possibly, that there is a large quantity of woodland and of open forest belonging to the Crown. Upon the open forest the foresters have what they call a right of turn out. The Crown is obliged to pay nothing, of course, but upon the woodland they pay at the same rate as is paid for similar properties owned by private individuals.

7349. Is the greater part of the parish forest land?—Yes; I ought to have mentioned that before, possibly. In West Dean there are 2,474 acres of enclosed woodland, having a rateable value of 1,235*l.* There are also 3,772 acres of open woodland and 1,515 acres of open waste, neither of which are rated.

7350. (*Chairman.*) Is there anything you would like to add?—No.

7351. (*Mr. Arthur O'Connor.*) I do not quite understand your figures yet. You told us that the rateable value was about 15,000*l.*?—Yes, roughly.

7352. That your rates amount to 7*s.* in the £?—Yes.

7353. That would give 5,250*l.*, would it not?—Yes.

7354. Just now, when I asked you what the total was, you said it came to about 8,000*l.*, and that this proportion of 1,000*l.* in arrear represented 12 per cent.; but 5,250*l.* is a very different figure from 8,000*l.*?—I beg your pardon. You may have noticed that I hesitated; I had not gone into the figures, and I hesitated before answering your question; I merely gave it as an opinion, off-hand and I was mistaken. The exact figures are as follows:—Rateable value, 14,960*l.*; yielding, at 7*s.* in the £, in round numbers, 5,236*l.*

7355. We may assume that the rateable value is really 15,000*l.*?—At present, yes.

7356. And that your rates are 7*s.* in the £?—That is so.

7357. And that your arrears are 1,000*l.*?—Yes.

7358. That makes, you see, 20 per cent. of almost permanent arrears?—Yes. We have threatened the defaulters, and we are hoping, when we take proceedings, to get some of the arrears.

7359. That is some of the present arrears?—Yes.

The witness withdrew.

MR. ALFRED DUDLEY CLARKE, called and examined.

7360. (*Chairman.*) I understand that you are a land agent of 30 years' experience in the management of landed estates in Worcestershire, Shropshire, Oxfordshire, Sussex, Hants, and Suffolk?—That is so.

7361. You are a Member of the Surveyors Institution, and have contributed articles upon the subject of local taxation to various publications in the hands of agricultural societies?—Yes, that is so.

7362. The Worcestershire Chamber of Agriculture have asked you to come here to-day, to speak upon the points included in the terms of our reference?—Yes.

7363. As a matter of course, I suppose your evidence will go chiefly to the points which affect agricultural land?—Yes, it will be mainly confined to that.

7364. What are the chief points which you wish to make?—In the first place, that personal property, which receives a large share of the benefits from local taxation, does not contribute to the expense; and, secondly, that of the properties which do contribute, land is assessed at very much more than its equitable share.

7365. Taking the first of these two propositions as you put it; is it true that personal property does not contribute?—It is true that it does not contribute direct.

7366. I am taking your own memorandum, and I ask whether it is a fact. Personal property does contribute through the Imperial subventions, does it not?—Yes, it contributes indirectly.

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Rateable value of West Dean and rates in the £.

Arrears of poor rate in West Dean.

County rate is high in Gloucestershire, but management is economical.

Freehold value of land in West Dean. Local customs called "Free Miners' Rights."

*Mr. A. D. Clarke.*

*Mr. A. D. Clarke.*

Contribution should be made to local rates in respect of personal property in a larger proportion than is now done through the Imperial contributions.

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7367. Your point, then, is not that it does not contribute, but that it does not contribute in a proper proportion?—That it does not contribute in a proper proportion, and contributing, as it does, on such an inequitable basis of assessment that the contribution which arises from it is so badly applied that it does not adequately relieve incomes which I consider require it most, and does relieve those that do not require it so much. Applied on the present basis of assessment, I think that land does not receive the benefit that it ought to receive.

Valuation. Present system is inequitable when applied to different classes of persons.

7368. You complain of the injustice of the present system of assessment; would you develop that a little more, and tell us why you think it unjust?—I should like first to refer to the Local Taxation Returns of 1893. Those returns show that for the year 1891-92 the average rates in rural districts in England and Wales amounted to 2s. 3d. in the £.

7369. The average rate is not quite the point; I used the term "assessment," and I am referring to what we should otherwise, and, perhaps, more accurately, call the valuation?—I do not quite follow.

7370. There are the expressions the "assessment," the "assessment roll," and so on; the assessment roll

contains a list of the annual values of the various properties, does it not?—Yes.

7371. When you said that the assessment is inequitable, I thought you meant that the valuation was inequitable?—The valuation is inequitable, because it is made upon an inequitable system.

7372. I want you to explain to us why. It is not a question of the rate per pound; the question I put to you is why the system is inequitable?—In order to explain that I have prepared a statement in a tabular form showing the percentage of rates upon the income of the various inhabitants of a rural parish.

7373. That will not quite do. When we talk of the inequity of the assessment, as the word has always been used by those who come here, we mean the inequity of the way of making up the roll: is that what you mean to speak to, or do you mean to speak to the inequity of the burden which the people bear after the roll is made up?—That is so; I refer to the inequity of the burden as apportioned by the present system.

7374. I understand your point now; let us see how you wish to prove that?—I will illustrate that by handing in this tabular statement. (The witness handed in the following table):—

"STATEMENT showing the PERCENTAGE of RATES upon the INCOME of RURAL RATEPAYERS.

Occupation.	Property Assessed.	Ratepayers' Income.	Rent of Property.	Rateable Value.	Amount of Rate at 2s. 3d. in £.	Percentage on Income.
Farmer	House and Land	£ 150 0 0	£ 300 0 0	£ 222 0 0	£ 25 0 0	16½
Clergyman	Tithe	400 0 0	400 0 0	340 0 0	38 5 0	10
	House	50 0 0	50 0 0	42 0 0	4 14 6	
Tradesman	House and shop	150 0 0	30 0 0	26 0 0	2 18 6	2
Professional man	House and surgery	400 0 0	50 0 0	42 0 0	4 14 6	1½
Gentleman owning personality	House	1,000 0 0	55 0 0	45 0 0	5 1 3	½

Note.—In estimating the income of the farmer, one-half the rent is taken on the income tax principle; and the rateable values are arrived at by taking off the usual statutory allowances for repairs and other expenses."

Amount of rates paid by different classes of persons. Hypothetical illustrations given to show that the burden of rates paid in respect of land is too great. But payment of Imperial taxes by these classes should also be taken into consideration.

7375. This statement, which you have handed to me, is a statement showing the percentage of rates upon the income of rural ratepayers; now, perhaps, you would develop it, so that the Commission can understand what you mean?—The occupation is first of all taken. A farmer occupies a house and land; his income is 150l.; that income arises from the rent of property amounting to 300l.—

7376. (Mr. Elliott.) Are these actual cases that you are now giving us?—No. I might explain that in taking the farmer's income I have adopted the Imperial system of taking it at one-half the rent. This is a case where a man pays 300l. a year rent, and he is assessed for Imperial purposes at one-half that rent.

7377. (Mr. Arthur O'Connor.) But you know that is not right; it is not in accordance with actual facts?—I should be very sorry if it was not right. Sometimes it is too much, and sometimes it is too little; from my knowledge of farming at the present time, I think that it is a fair average.

7378. (Mr. Elliott.) Are you aware that that law has been altered, and that the half is no longer taken, but that it is one-third instead?—Yes, I am aware of that; but, approximately, I have taken it at the half. I have stated that the farmer's income is 150l., and his rent 300l., and that he is rated upon that 300l. rent at the sum of 222l.; that is after allowing the statutory deductions for repairs and other matters. The amount of poor rate which he pays, taking it at the local taxation return average of 2s. 3d. in the £, on that income would be 25l. in the 12 months, and that amounts to 16½ per cent. on his income. I will take next a clergyman occupying tithe of 400l. a year, who is rated at 340l. a year; the amount of his rate at 2s. 3d. in the £ comes to 38l. 5s.; he is rated on his house, say, 50l. rent, 42l. rateable value at 2s. 3d. in the £, which comes to 4l. 14s. 6d.; that makes the percentage on income of the tithe and house, taken together, 10 per cent. Then I will take a tradesman occupying a house and shop, with an income like the farmer's of 150l.; he occupies a place rented at 30l.; he is rated to the poor on that at 26l., which, at 2s. 3d. in the £, amounts to 2l. 18s. 6d.,

or 2 per cent. on his income. Then I will take a professional man occupying a house and surgery, with an income of 400l. a year, and a rent of 50l.; he is rated at 42l.; the total amount of his rate is 4l. 14s. 6d., or 1½ per cent. on his income. Then, lastly, I will take a gentleman owning personality, who is assessed for the house he occupies; his income from the personality, we will assume, is 1,000l.; his rent is 55l.; he is rated on 45l.; and the amount of the rate he pays is 5l. 1s. 3d., or one half per cent. on his income.

7379. (Chairman.) What is the inference you wish us to draw from this table?—These examples would show the results of a system which will be made apparent on the examination of almost every rural rate-book in the country.

7380. What is the inference you wish us to draw from it?—That the assessment, so far as land is concerned, is extremely inequitable, and that land pays a higher percentage on income than any other property.

7381. To rates?—To rates. A farmer earns an income of 150l. in a parish, and he pays 32 times as much in proportion to the income of the gentleman who lives there and has 1,000l. income from property in the funds.

7382. Just take those two instances for a moment; you are dealing only with local burdens?—Yes.

7383. Do you not think that in considering the relative amount upon which the two men are assessed, you must take into consideration Imperial as well as local burdens?—I do not quite follow the question.

7384. You know that every resident farmer and gentleman alike pays in the main two classes of subventions to the public service; he pays the local rates, and he pays the Imperial taxes?—Yes.

7385. When you are making a calculation of how much one man is burdened for public purposes in comparison with his neighbour, do you not think that you ought to take into consideration the amount that he pays to both those great sources of burden to him, and not to only one?—To a certain extent; but, broadly

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speaking, I should say that every man ought to pay to taxation, as near as we can arrive at it, in proportion to the benefits that he receives.

7386. What do you mean by taxation?—Either local or Imperial.

7387. In that case, before you can expect us to draw any inference from this table, ought you not to put in a calculation of what the gentleman and the farmer, respectively, pay to Imperial burdens?—They pay, so far as I know, alike.

7388. Would they? Would the farmer who has an income of 150*l.*, and the gentleman who has an income of 1,000*l.*, pay the same income tax, for example?—They would be liable to pay the ordinary income tax, and they would be exempt, or not, according to their income.

7389. Would they? That is just the point; would the farmer pay any income tax at all?—If his income—

7390. Wait a moment. You take him as having an income of 150*l.*; would he pay income tax?—No, neither would the tradesman.

7391. You take two instances. You put forward the farmer and the gentleman. I am taking your own instances, and I am following them out. We find that the farmer would not pay income tax?—Because his income is under 160*l.*

7392. Wait one moment; let us get at the facts. He would not pay income tax?—No.

7393. Would the gentleman?—Yes.

7394. When you are making a calculation of this kind, do you or do you not think it fair—I am asking for your opinion, I am not expressing my own—to take into account both classes of the burden that these individuals have to meet?—I do not think it would be fair or necessary to do so.

7395. Very well, that is your answer, and that is all I want?—Not for the present purpose.

7396. I take your answer that for the present purpose it is not fair. I only want your opinion, as I have said, and I am not expressing my own?—If one went into that question it would involve a good many points, and I should have to refer to what land pays.

7397. You say it is not fair. You are going, apparently, to lead up to the view of rating the gentleman who has an income of 1,000*l.* a year for local purposes on his 1,000*l.* a year, are you not?—It depends upon what one means by local purposes. In dealing with the poor rate, which is a kind of omnibus rate of 2*s.* 3*d.* in the *£*, I would dissect that, and one portion, I should say, ought to remain local; but the other, I think, probably, ought to be Imperial.

7398. Have you any other remarks you want to make on this table?—I wish to emphasise the fact that farmers, according to their income, pay 32 times as much as the gentleman owning personally to the local assessment.

7399. That is your point on the table, and that is not an inference from it. We need not have that over again, because that is what you have already said. Is there any other point on the table that you have not mentioned?—I should like to comment further upon the results made apparent by that table.

7400. If you please?—If we bear in mind that a farmer uses land, which he does to a certain extent, as a manufacturer would use a raw material and his machinery, I think it will be apparent that the farmer is very badly handicapped, and I question whether any other industry which is taxed to that extent could hold its own; that is to say, if we bear in mind that land not only pays this very inequitable sum to the poor rate, but that it also pays a peculiar charge in the shape of the land tax and the tithe. If we take the average land tax as being 9*d.* in the *£*, and the average tithe as being 3*s.* 6*d.* in the *£*—figures which were given by an authority at the Surveyors Institution a short time ago, and which have never been questioned—we shall find that it makes up a total of 6*s.* 6*d.* in the *£* paid by land really for local purposes. The tithe is almost like a local tax—at least, from my point of view—and the land tax is almost a local tax.

7401. Tithe is rather a rent than a tax, is it not?—It is a tithe rentcharge, but it is a burden on land.

7402. Is not tithe a rent as far as the farmer is concerned, rather than a tax?—Yes, but it is a burden upon land, broadly speaking.

7403. So is rent?—Yes.

7404. What is the difference, from a farmer's point of view, between tithe and rent?—There is no difference, but I am not speaking entirely from the farmer's point of view.

7405. You are putting forward the farmer's case here, are you not?—I am pleading for land generally. I look upon land as affording a means of occupation and livelihood for three classes, that is, the owner, the occupier, and the labourer; but if you take it, as I said before, as a raw material, that they have all three to live out of, and that that pays 33 per cent. for those taxes independent of the income tax, then I say it is taxed very heavily, and I do not think that it is possible for any other industry so taxed to hold its own for any length of time.

7406. You do not want me to include tithe as a tax, do you?—I merely mentioned that incidentally to show that land, as it has to support the church and to pay the remains of an old tax like the land tax—which was really a tax on personalty at one time—having still to pay these charges, should not be treated inequitably and harshly in the matter of the poor rate, but it ought to be treated on favourable terms.

7407. Of course you have told us quite candidly that the figures on your table, placed opposite to the different professions, are fictitious, but they are what you think might fairly be got from the examination of any valuation list?—Just so. I do not think I have exaggerated them at all.

7408. I put it right to you, did I not, in that last question?—Yes.

7409. There would be nothing to show that the column headed "Ratepayer's income" was exhaustive of the income to the particular ratepayer who is mentioned?—No.

7410. It might be much more?—It might be more or less.

7411. Or it might be much less?—Yes, I speak from my experience having lived in rural parishes all my life, and having managed properties, and, also, I speak from general observation.

7412. You agree with me that it might be much more, or that it might be much less?—Yes.

7413. If they are either much more or much less, it would break down the value of any inference which could be derived from this table, as to the amount of relative burden which the particular individual was really bearing?—Just so.

7414. Then, I think you said, secondly, that as between the properties which bear the burden of local rates, land contributes more than an equitable proportion?—Yes.

7415. Do you want to add anything on that sub-head?—I have already, I think, made that apparent by what I have said. I am not surprised that an industry which is so over-burdened with taxation should fail to find employment for the rural population.

7416. That is rather wide, I think, of our reference. As regards the statement which appears in one of your answers, that, as between properties which do bear the burdens of local rates, land contributes more than an equitable proportion, you do not wish to add anything, do you?—No.

7417. I believe you wish to give us some detailed particulars of the poor rate in rural districts, taken from the local taxation returns?—Yes.

7418. Would you proceed to do that now?—The average rate of 2*s.* 3*d.* in the *£* is apportioned according to the local taxation returns for the poor rate at 1*s.*—that is poor rate, pure and simple—and the county rate 5*d.*; the sanitary rate 2*d.*; the highway rate 6*d.*; and the school board rate 2*d.* I should like to deal with the poor rate entirely separate, because I think that it is a distinct charge, which, in order to obtain the proper redress, ought to be dealt with on different principles to the others. That brings me to the question of remedy, if I may be allowed to offer a few suggestions.

7419. Certainly. You have nothing more to say as to the examples and by way of comment on the examples?—No.

7420. Then we will take you now, if you please, to what your remedy will be?—I must say that I approach

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Amount of rates paid by different classes of persons. Hypothetical illustrations given.

Burdens upon the land. Tithe and land tax. Tithe is a rent.

Maintenance of the poor and certain other expenses included in the sums raised by poor rates are subjects for national payment. Reasons given for this suggestion.

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the subject, which is a very difficult one, with a considerable amount of diffidence; but at the same time I think it is the duty of anybody who will take the trouble to come here and complain, to offer some suggestion of some kind, with a view to remedying the state of matters which they complain of. For this purpose, I should like to deal with the average rate of 2s. 3d. in the £ in a dissected form. First, as regards the 1s. in the £ for the maintenance of the poor, I consider that this expenditure relieves the incapable, the improvident, the idle, the worn-out and the honest bread-winner, who is no longer able to keep himself or his dependants, and that, broadly speaking, they are the residuum arising from the labour used, by means of which it has been possible to accumulate all forms of property, both personal and real. I think it is impossible to say with any amount of accuracy upon whose shoulders the cost of maintaining or relieving this residuum should fall. It seems to me that the only possible thing to do is to nationalize this portion of the poor rate. It must be evident that the owners of personalty have reaped a very great deal of advantage from the labour which has caused this residuum, whereas the cost of the relief falls, under the present system, almost exclusively upon real property. I think it would be a matter of impossibility to rate personalty locally for this reason, that in the case of a millionaire living in a small village, if we could collect the rate upon his personalty, it would be improper and impracticable almost to distribute it locally.

7421. I think the difficulties of practically carrying out the rating of personalty locally are very present to the minds of the Commission, and I do not think you need to expand that?—They have been so to me. That is my reason for making it a charge upon the nation's wealth. As the nation already has got such an excellent means of collecting taxes for Imperial purposes from all classes of property, I think that machinery should be made available to collect funds for local purposes; that is, as far as this poor rate is concerned.

7422. As far as concerns 1s. of the 2s. 3d., you have been speaking about?—Yes.

7423. Perhaps it would be convenient if you could tell us at this stage how you divide the other 1s. 3d. of the 2s. 3d., so that we may have your view before us; we shall probably have some questions to put on what you have already said?—The second portion comprises the county rate, which the returns show to be 5d. in the £; that is for the cost of pauper lunatics, police, main roads, prosecutions, reformatories, and general sanitary supervision.

7424. I want to know the average divisions that you are going to make for the balance; that represents 1s. 5d. of it, what is the other 10d. for?—That would be for the district highway rate, 6d.; the general sanitary rate, 2d.; and the school board rate, 2d.

7425. Now tell us about the 5d.?—As regards the 5d., for what is generally known as county purposes, that is the lunatics, police, prosecutions, main roads, and general sanitary supervision, I think it is so obvious that personal property derives a benefit to a very considerable extent from this expenditure, that I should not think it was a hardship, or inequitable, if we treated this portion of the rate in the same way as I have proposed to treat the 1s. poor rate—to nationalize it in fact. At any rate, if one did not collect the whole of the 5d. by means of Imperial machinery, a certain fixed proportion of it could be so collected, and the remainder could fall upon the local authorities. As regards the remaining portion of the 1s. 3d. that is the 10d., which includes the 6d. for the district roads, and 2d. each for the sanitary and school board rates, I think these are for distinctly local purposes, and that they might be continued to be raised locally, but on a more equitable basis of assessment. Land, I think, should contribute only in proportion to the extent to which it is benefited by each particular item of expenditure. It would seem that something in the nature of a local income tax would be a fair thing to suggest to meet the case.

7426. Is that not just running into the very difficulty that you indicated was very present to your mind, namely, that a local income tax was almost an insoluble difficulty?—No. I was going to say that that should be based upon the value of the houses and farm buildings, shops, and manufactories; and that a smaller proportion of the amount required at a smaller ratio should be collected from land for such purposes as it could be shown that land was benefited by. I think as

regards the general sanitary rate of 2d. in the £, that the benefits from it to land itself are so infinitesimal that it hardly deserves to contribute at all. The same I might say with regard to the school board rate. I omitted to say that, in nationalizing the poor rate, it would be very unwise to do so without there were considerable safeguards against extravagance of expenditure. It has occurred to me that the suggestion made at page 132 of the little book on Local Taxation, of which Messrs. Rathbone, Pell, and Montague are joint authors, is a very good one. They have there suggested that local authorities should still continue to administer this fund if it was collected on an Imperial basis, and that they should be allowed an Imperial capitation grant of so much per head for every pauper, and that that amount should be fixed at a little less than the minimum on which it had been found possible to keep a pauper.

7427. You would recognise this, at any rate, that any attempt to pay larger proportions of the Poor Law charge from Imperial funds would be likely, unless most carefully safeguarded, to lead to local extravagance?—Yes. There is another point as regards the poor rate of 1s. in the £. If this were collected on the basis of Imperial taxation, those incomes which at present are rated for the poor in the present assessments, and which are under 160*l.* would escape, because those persons are not liable to pay income tax.

7428. Do I understand you to propose to put all these charges upon the income tax?—Not exactly to put them upon the income tax, but that the income tax machinery should be used, and that so much in the £ as might be found necessary should be collected for the poor, and for these portions of the rate.

7429. Apparently, the basis of your proposition is, that, assuming the present rates reach an average of 2s. 3d. in the £, 1s. 5d. of that is to be transferred at once sweep to the Imperial Exchequer?—Yes, for purposes of collection.

7430. Is that to be put on the income tax?—No.

7431. Where is it to be got from; what is your idea?—That it is to be collected the same as the income tax for a local taxation fund.

7432. How do you mean collected the same as the income tax, if it is not to be put on the income tax?—For instance, the present income tax is 8d. in the £; it should be understood in collecting it that there would be, say, 1d. or 2d. for local taxation, or whatever it might be, and that should be paid over to a separate fund.

7433. Have you made any calculation to show what would be the effect of putting the 1s. 5d. for local rates upon the Imperial funds? Have you calculated what it would mean to the income tax?—No. I think this, at least so far as I am concerned, that we should arrive at those who receive the benefits from this expenditure, and that those persons should pay for it, let whatever changes may be take place.

7434. Have you calculated what similar charges to the 2s. 3d. for the rates would be in boroughs?—I have nothing to do with the boroughs. I think the local taxation is about 3s. 6d. on the average.

7435. You may have nothing to do with the boroughs, but I am afraid that those who went practically into such a scheme as you are indicating would have to take the borough population into account, would they not?—I have no doubt you will.

7436. Would you suggest that, as well as transferring all these from the counties to the Imperial fund, similar treatment should be given to the boroughs and cities?—Yes; any charge that I propose to relieve land of, and to put upon a broad Imperial basis, I should consider that property in towns ought to be similarly relieved of.

7437. But you have not calculated in any way, and you have no suggestion to make to us as to what the effect upon the Chancellor of the Exchequer's arrangements would be in consequence of these proposals?—No, not as a whole, but I have thought of it as a unit. For instance, in my own case I pay, like the professional man that I have quoted in my table, on 1½ per cent. of my income; but my neighbour, a small farmer, pays about 12 times in proportion to his income what I do.

7438. For local rates?—Yes. If I was charged so much more on the income tax, I should be relieved of what I do pay on the poor rate; if it is taken from the poor rate and put on an income tax basis, I should

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Purposes of expenditure which should be paid for by local taxation and Imperial taxation classified. Suggested method of raising such taxation.

*Mr. A. D. Clarke.* have to pay on that. But then I should be benefited in this way, that the whole of the immense accumulations of personal property which do not contribute would contribute to that Imperial fund. Although it amounts to 1s. in the £ collected locally on the present basis of assessment, it would not amount to anything like that; it would be very much less if it was spread over all classes of property.

7439. You do not know what it would amount to; you have never thought it out?—No. One cannot do everything. I am dealing with units, and I think, if we can show that unfairness and inequity exist, the remedy ought to be forthcoming at any cost.

7440. I think I have taken you through the memorandum which you have sent in; is there any point which you would like to add?—Yes, there was one point which I touched upon just now. If this is collected on an Imperial basis—

7441. If what is collected on an Imperial basis?—The cost of the poor.

Duty on imported wheat suggested.

7442. The 1s. 5d. ?—Yes. If that is collected on an Imperial basis, it is evident, of course, that those incomes which are under 160l. would escape altogether. They do not escape at the present time, because however small a man's income is, if he simply owns a cottage, or occupies a 10l. house, he pays something towards local taxation. It would not do to let those incomes escape altogether. There would have to be some means of getting at them. They are got at for Imperial purposes by means of a tax on popular articles of consumption. The man who does not pay income tax direct pays it on his tobacco, or his tea, or his beer. It seems to me that in collecting for local taxation one must levy duties of a similar kind, or otherwise these people would escape altogether. If that is not done, one will have to lower the amount, and instead of their being an exemption up to 160l., one would have to make it 60l. or something of that kind. But probably it would be better to impose a duty upon some popular article of consumption. I do not think it would be unfair to have a small registration duty on wheat to meet that; 1s. or so a quarter would probably only touch the middlemen up.

7443. I think we are getting now a little beyond our terms of reference, and I think we had better not, perhaps, go into that. Have you any other point?—It was necessary for me to explain that it was part of my remedy that there must be some means of getting at those incomes.

7444. It amounts to this, does it not, if I may put a general question, that you are not only going to relieve land, but you are going to put a tax on one of the chief products of land at the same time?—Not necessarily, I only offer that as a suggestion failing a better one.

7445. I mean to tax importation; because you do not mean, of course, to tax home-grown wheat with a registration fee of 1s. ?—Certainly not. My point is this: I quite understand that a suggestion of that kind would meet with a great deal of opposition, and that I should be told at once in certain quarters that I am taxing a necessary of life; but then, if you go and talk to the old lady in the village, she will tell you her tea is just as necessary as her bread, and the old gentleman will tell you that his tobacco is the same.

7446. I think we are getting rather wide again. Is there any other point you would like to speak to?—Yes. In addition to the average rate of 2s. 3d. in the £ there is a rate which is sometimes collected, and now more frequently than formerly, called the special sanitary rate for small sewerage and water schemes which have to be undertaken by local authorities, on which a special charge is made—under Act of Parliament, of course. To this special rate land is assessed at one-fourth of its value. Not only are these schemes brought about by the increased activity of sanitary authorities, but there has been a decision as regards sewers which has made a sewer of any drain which takes the drainage from two cottages, and such sewers have been consequently thrown upon local authorities to be kept in repair: they are their property in fact. One or two owners in the district in which I live have taken advantage of that, and have simply refused to drain cottages which they used to drain where two joined, and then these become small drainage schemes, which have to be undertaken and maintained at the cost of the local authorities, and which are chargeable as special expenses. Land is at a very great dis-

advantage in regard to this, and with your permission I should like to give an instance.

7447. You have mentioned that, and I think that is enough; I do not think we could take detailed instances of small things of that sort. Perhaps you will give us the reference to the decision so that we may consider it?—I will supply the reference to the decision in my proof.\* I have here a communication from a gentleman upon the matter which I should like to read.

7448. If you will leave the document with me I will read it, but we cannot cumber the evidence with the details of one person's grievance?—Might I say that this special sanitary rate for one of these schemes amounts to 1s. 4d. in the £ in a parish with which I am acquainted?

7449. You had better give us the name of the parish?—It is Clifton-on-Teme, in Worcestershire.

7450. As regards the details, leave the papers so that we may read them, and we will return them to you, but I do not think we can put them on the notes?—I should like to explain an important feature in regard to this. The owner who has to pay this 1s. 4d. in the £ for this drainage scheme on another person's property has himself only one cottage on his land, and he has spent 100l. in improving that.

7451. That is quite possible, but we cannot go into details of that sort; we must deal with broad general statements, and I say that if you will leave me the papers I will read them, and if we want any further information we will ask you for it?—I do not know whether it is much use to leave them; I should be very pleased to do so.

7452. I thought you attached importance to it?—I attached importance to the principle the papers illustrate.

7453. Unless I see them I cannot see how they do illustrate it?—I do not think your Lordship would understand the documents, they are not clearly drawn.

7454. Very well, then, it is no use leaving them?—Very good, my Lord.

7455. (*Sir Edward Hamilton.*) Have you had any experience of the working of the Agricultural Rates Act of last year?—Not much. I do know something of it, as I am a member of an assessment committee; but I have not followed it very closely.

Agricultural Rates Act, 1896, has proved beneficial.

7456. You do not know how it is working out, whether it is affording relief where it is most wanted?—I think it is affording relief, and that it is very welcome in one or two instances that I know of. I have just had the first demand notes under it for rates come in within the last few days, and I find there is a very distinct relief to be got.

7457. (*Mr. Arthur O'Connor.*) You say that land bears the burden, whereas personally rather gets a benefit out of proportion to any burden that it bears?—Yes.

Burdens borne in respect of real and personal property contrasted.

7458. Let us take your farmer, and let us take your millionaire, a man who has personally only derived from the dividends, say, earned by an Indian railway. Will you kindly tell me how his personal property is benefited by the local taxation?—If he occupies a house he is benefited by it.

7459. I am dealing with his personally, which is shares in an Indian railway. How does the local expenditure or income affect his personal property in that Indian railway?—Where would he live? Are you assuming that he did live in a country parish?

7460. Now you are asking me questions, but I want you to answer mine?—I should take it in this way, that he would enjoy that income, and expend it somewhere in England, and he would get the benefit of police protection, and all these other charges which fall upon local income.

7461. Then do you think, if he did not live in that particular parish, and get those advantages, it would be better for the parish that he went elsewhere, and did not become a charge for police purposes on the district?—He would have to live somewhere, and probably it might answer his purpose better to live out of the country.

\* The witness subsequently wrote: "This case is *Travis v. Utley*, 1884; reported in 1 Q. B. 233 and 63 L. J. M. C. 48; see also *Acton Local Board v. Button*, 28 Chan. D. 253, and L. J. Chan. 251."

*Mr. A. D. Clarke.* 7462. Does a man, by spending an income of 1,000*l.* a year derived from Indian Railway shares, benefit the district in which he lives, or does he burden it?—He would benefit it, I expect.

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7463. Then the district, so far, has no complaint to make of him?—No.

7464. With regard to the roads and all the other charges met with locally, do they not benefit the district itself in which the land is?—Certainly.

7465. Then the land gets a benefit, at any rate, from the expenditure?—Yes. My intention as regards the roads is to leave them a local charge, except the main roads.

7466. You have had great experience as a land agent in a number of important counties for 30 years?—Yes.

7467. I suppose during those years, and especially of late years, you have found farmers exceedingly anxious to come and offer competition rents for land; and they are offering more and more every day, are they not?—Oh, dear me, no.

7468. They are not?—No.

7469. Is there any difficulty in letting farms anywhere?—Yes.

7470. There is?—Yes; I have one under my charge I should be very glad to let now.

7471. It is the landowner who seeks the farmer, rather than the farmer who seeks the landowner?—Yes.

7472. Then the farmer has something to say in the amount of rent that he will be willing to pay?—Yes.

7473. In offering rent, I suppose he is aware of the amount of charges in the way of rates that he will also have to pay?—Yes.

7474. When it comes to paying money out of his pocket, it does not very much matter to him whether he pays 10*s.* in rent and 4*s.* in rates, or whether he pays 15*s.* in rent and 5*s.* in rates—it comes to the sovereign, does it not?—Yes, it does not matter.

7475. If the rates were very low, possibly he might be willing to pay, and have to pay, a higher rent?—He might if he was taking a farm, and making his bargain every year; but, of course, tenancies run on.

7476. Your experience runs over 30 years; during the last 10 of those years a good many adjustments have been made as between landlords and tenants?—Yes.

7477. In view always of increasing rates?—In view of general circumstances affecting farming.

7478. I mean the farmers who take farms know perfectly well that such things as rates exist?—Yes. But may I add that I am not arguing from the farmer's point of view altogether; I am arguing from the point of view of the land.

7479. I am rather anxious to get at facts. You told us, at any rate, that you think the proportion of burden upon real property and the proportion of burden upon personal property are not equitable?—They are most inequitable.

7480. Will you kindly tell us what proportion is inequitable?—I consider that every person should pay according to benefits received. It would be very difficult for me to give an answer to a question in the abstract like that.

7481. You see we have, if we can, to furnish an answer to that question, and I thought you might possibly, as you have evidently so thoroughly and carefully thought it out, give us some practical assistance?—I can only do that by reference to the evidence I have given already in dissecting the poor rate, and first of all taking the 1*s.* for the poor—

7482. Now we are concerned with the proportion as between real and personal property; what proportion would you say is equitable?—I say it is impossible to answer that; I have already said that one must make a national charge for the poor payable out of the nation's general wealth derived from all classes of property.

7483. What proportion of contribution would that secure?—That would be similar to the income tax basis.

7484. What proportion does that secure?—That every £ of property, or annual value, you may term it, arising from personalty, should pay for the maintenance of the poor, the same as that which arose from realty.

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7485. And what proportion is that?—A similar proportion.

7486. What proportion does personal property bear, and what proportion does real property bear in contribution to income tax?—Similar, or nearly so; of course there are deductions.

7487. Could you give me the percentage and how much is contributed by personalty and how much by realty?—Real property certainly contributed more for Imperial purposes in proportion than personalty, because it used to be paid on the gross rent instead of on the net; but there are now statutory deductions which make up for that to a certain extent, but not fully.

7488. I take it that you have not quite in detail cyphered it out as regards proportions; if you have, perhaps you will give us the figures?—For Imperial purposes?

7489. The proportion paid under income tax from personalty and from realty?—Not as a total, by reference to statistics, I have not done that. It could be done in no other way, I think.

7490. You gave us a very interesting division of the interests in land as being between the labourer, the farmer, and the owner?—Yes.

7491. The labourer is the man who does the work on weekly wages, is he not?—Yes.

7492. The farmer is the capitalist who superintends the labourer and the utilisation of the land?—He puts the floating capital into the land.

7493. And the owner is the gentleman who takes the rent?—He puts in the fixed capital and takes the interest upon it, which is a very poor one at the present time.

7494. "He puts in the fixed capital." What is that. Is that the earth, the mould?—No. Very often the money applied to the land as fixed capital for drainage, fencing, building-houses, putting up farm buildings, and rescuing that land from its prairie condition, amounts to a sum which would not yield at the present time 2 per cent. for rent, let alone anything for the original value of the land itself.

7495. As I understand it, then, if you look at a farm upon which rates are charged, there is, first of all, the brute earth, and then there are the improvements which the landlord has made?—Yes.

7496. Those improvements were paid for by money, were they not?—Yes.

7497. Money is personalty?—Yes.

7498. The charge on the farm for the rent is little more than the interest on the capital sunk by the landlord in improvements; a charge on a farm, by way of rent, will, therefore, be a charge on his sunk personal capital?—Precisely.

7499. Is that not contribution by personalty?—Yes, that which was once personalty.

7500. According to your theory you know the rent received scarcely represents a fair percentage of income or interest on the capital sunk?—In many cases.

7501. Therefore, in many cases there is absolutely nothing paid for the land as land?—Just so.

7502. And therefore the land, as land, does not bear any burden?—I should hardly go that length, I think. The land does bear a burden, because, taking the case of woods, where there are no improvements at all, we assess them at their natural value—

7503. Now we are going out of the question?—No; woods are land and are assessed in every assessment, and we assess nearly all woods at their natural value as land.

7504. The question I am putting to you was a farm, provided and made a going concern by the landlord—if we get into the woods we shall lose our way?—The parishes are made up of farms and woods.

7505. (*Mr. Smith.*) I think you were deputed to give evidence on behalf of the Worcestershire Chamber of Agriculture?—Yes.



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Personal property. Contribution to Imperial taxation.

7506. Did they see the memorandum which you have furnished before you gave it to us?—No, but in reference to that I have ready to hand in resolutions on the subject which they have passed.

7507. I only want to know whether they would agree with you in stating that personal property does not contribute to local taxation?—They would. I can show that by reference to these resolutions.

7508. You yourself are now satisfied that it was a mistake to say that, are you not?—Dear me! No.

7509. I must put the question, then. Are you not satisfied that it was a mistake to say in your memorandum that personal property does not contribute to local taxation?—No.

7510. I thought you distinctly admitted to the Chairman that you were mistaken in that statement?—Oh! Dear me, no! Not for one moment that I was mistaken.

7511. Do you still say that it does not contribute to local taxation?—Most decidedly and emphatically; that is, not directly.

7512. That it does not contribute?—That it does not contribute; that is, broadly speaking. Railways contribute a little.

7513. It is speaking very broadly, I should think, is it not? Surely you admitted, in answer to the Chairman, that any subsidy made out of the general taxation of the country was to that extent or to some extent a contribution from personalty?—I do not think the question of subsidy has been mentioned.

7514. (Chairman.) Subvention was the word I used?—Quite so.

7515. (Mr. Smith.) You adhere to your original statement, that personal property does not at present bear any part of the burden of local taxation?—Yes. It does indirectly by means of the subventions; but then, notwithstanding those subventions, the results shown in my table are what they are.

7516. Do you think it is fair to state broadly that personal property does not contribute to local taxation? You are an expert, you know, and you have had 30 years' experience, and you are a member of the Surveyors' Institution. Would you adhere to that as a simple statement of fact?—It contributes to a certain extent indirectly by means of the subventions; but they are only makeshifts, and they may be altered any moment. I want to do away with all makeshifts.

7517. You have stated that 2s. 3d. was the average rate that you found in rural districts?—That is the average shown by the local taxation returns for the year 1891-92, but they are increasing.

7518. Have you ever made inquiry as to what it is in boroughs?—No, I have not made any inquiries. I have studied the local taxation returns slightly. I believe that it amounts to a good bit more.

7519. You have not thought it worth while to go into that?—I have been interested in it; but then in boroughs a great deal of it is local service. A man living in a borough has his ash-bins emptied and so on.

7520. I am going to show you in a minute that a good deal of yours is local service. You probably do not know that we have had it in evidence that it is about 6s. on an average of 150 boroughs; would you be surprised to learn that?—I should be rather surprised to find it was as much.

7521. You are not prepared to substitute any other figure?—No.

7522. I want to ask you a question or two as to your hypothetical parish, and the occupants of the land in it; how much land did you assign in your mind to the farmer whose rent was 300l. a year, I think you said?—Say 300 acres, which is a very common rent.

7523. The occupation of how much land did you assign to the equally hypothetical gentlemen who had 1,000l. a year from some unknown source?—A little garden such as would go with a house of 55l. a year.

7524. Half an acre?—Half an acre altogether, with what the house stands on.

7525. I am going to put to you very seriously the same question that Mr. O'Connor did: Is not that man's living in that agricultural parish a great advantage to the parish?—Probably.

7526. Would you say that those two persons, the farmer and the gentleman, are equally benefited by local expenditure?—What do you mean by local expenditure? Local expenditure is under four or five different heads. If you will tell me the particular item of local expenditure to which you refer, I shall be pleased to answer it.

7527. Is the gentleman who lives in that house as much interested in the highways, for instance?—The highways are of two classes—which do you mean, the district highways or the main roads?

7528. Of course we all know that they are of two classes; I mean the highways generally?—I have divided them into two classes.

7529. Does the gentleman keep the same number of wheels to run upon the roads as your farmer?—No.

7530. That is an illustration?—Do you mean the county roads, that is, the main roads, or the district roads, because I have dealt with them on separate principles?

7531. I do not think it is necessary to differentiate, I speak of highways generally. Is the one as much interested in the highway expenditure as the other?—Yes. I should say, as regards the main roads, that the owner of personalty who probably rides his bicycle, and has some delicately adjusted carriages, and so on, receives as much benefit from the expenditure on main roads as the farmer; but, as regards the district roads, they are now repairable by district authorities at an average cost of, I think, 6d. in the £. Probably the farmer would get more benefit from these than the private resident. My idea is that the cost of the district roads should remain a local charge.

7532. Is he equally interested in the provision of a good supply of labour?—Yes, I should say there would not be very much difference.

7533. How many people ought a farmer to employ with 300 acres?—As a matter of fact they employ very few now.

7534. How many ought he to employ?—There would be the farmer himself, and two sons probably at work with him, and he might have four men.

7535. How much would the resident want for his half acre?—He would have a groom or two, and a gardener and a lad perhaps.

7536. On a thousand a year?—Yes, he would probably employ from three to four persons, and they would have families who would require schooling and everything just in the same way as the farmers' men.

7537. You seriously put that forward, do you?—Yes.

7538. Just one question as to your landowner, who is so very much injured by the special sanitary rate. He is only injured because he is a landowner in a parish where there is some scheme of drainage or water supply, is that not so?—Yes.

7539. Does that not imply that where there is a scheme of drainage or water supply, the land is growing from an agricultural into an urban district?—Not in the slightest degree.

7540. Does it not?—This a remote rural parish, and this scheme is half a mile from his property; he has put his own property in order at a considerable cost, and he has to contribute to the cost of putting the neighbouring proprietors' property in order by means of the rates.

7541. It is only a question of hardship as between landowner and landowner?—Or occupier; these rates first fall upon the occupier.

7542. I am quite aware of that; but you put it on the ground of hardship to the landowner, and I am placing it there?—On its general inequality.

7543. Of course you admit that he only pays one-fourth?—Yes, but he absolutely receives no benefit whatever and never will, and he has to spend the money on his own property.

7544. Is this a little town which has been drained or supplied with water?—No, it is a remote country village, and probably the drainage might extend to only about a score of houses.

7545. Would your suggestion be to make a special sanitary district of that?—Certainly, the owner of those houses who may be benefited by the scheme,

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Special sanitary rates prove burdensome to owners and occupiers of land.

Rates paid a rural and urban districts compared.

Amount of rates paid by different classes of persons. Hypothetical illustrations given.

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which has cost a thousand pounds in this case, ought to contribute everything to the whole cost of making the sewer.

7546. Have you ever considered the difficulty of making special drainage rates all over England?—This is a special drainage rate.

7547. I mean a special district for a special drainage rate?—There may be a difficulty; but I think that if the principle is gone upon that everybody should pay according to the benefits received there need be no difficulty.

7548. That is very good as a general statement?—If I might offer a remark, any land which might have a prospective benefit by drainage schemes should be made to pay a certain fixed sum when it was built upon towards the initial cost of the sewer.

7549. Do you not know, as a practical man, that the difficulty is that directly you make a special drainage district people go and build just outside it?—I do not see that that affects the question.

7550. (Mr. Arthur O'Connor.) Is not this only the result of a construction put by a court of law on one of the sections of the Public Health Act, 1875, which made what was considered before to be a drain to be a sewer?—No; we are speaking now of a special sanitary rate levied under the authority of the Public Health Act.

7551. (Mr. Elliott.) I think you said that although you have not submitted these particular proposals to the Worcestershire Chamber of Agriculture, that Chamber has nevertheless passed resolutions which are generally in sympathy with the views which you have submitted to the Commission?—Yes, mainly, or generally, as you say.

7552. Do you think that feeling on the part of the Worcester Chamber of Agriculture reflects the feeling of the agriculturists generally in the districts of which you have a knowledge?—Undoubtedly.

7553. That feeling, I take it, may be summed up thus, that persons who derive an income from agricultural property are unduly burdened as compared with persons who derive an income either from industrial property or from property of a personal character?—Exactly so.

7554. Is that feeling a strong one?—It is.

7555. Do you think that sufficient knowledge has yet been gained of the effect of the legislation of last session?—No, I do not think sufficient knowledge has been gained of it. I think when farmers receive the actual remissions given by the Agricultural Rates Act they will be more appreciative of what has been done.

7556. I am very much struck by this that the evidence which you have given us might really have been given almost in the same terms before the legislation of 1888, and before the legislation of 1896; is that so?—Yes. I look upon the legislation of 1888, and the legislation of 1896, simply as makeshifts, and I think that the time has come when makeshifts in the shape of subventions and relief acts should be done away with. The existence of these is a practical admission of evils which I think are now admitted to be so extensive that the system ought to be entirely altered and these makeshifts done away with.

7557. Why do you call them makeshifts?—To begin with, the Agricultural Rates Act of last year is only a temporary one for five years, and I take it that that is to relieve land in a temporary way, while this Commission is making its inquiries and formulating its report with a view to getting some alteration which will permanently help land.

7558. Supposing that that legislation, instead of having been made temporary for a period of five years, were to be made permanent, would it go to any considerable extent to remove the grievances that agriculturists feel?—It would, but at the same time the present incidence, as shown by the tabular statement that I have handed in, is so utterly bad and unfair or inequitable, whatever you like to term it, that so long as it exists any assistance that you offered, administered while that basis is so imperfect, really misses the mark to a certain extent.

7559. Does that statement take into account the subventions given by the Act of 1888?—Yes.

7560. In estimating the contribution of a private resident in receipt of a thousand a year and living in a

house at 55*l.* rent, have you taken into account the fact that, through the probate duty, for instance, he makes a substantial contribution to the relief of the poor?—No.

7561. You have not taken into account, then, the subventions of 1888?—No, for this reason, that we all contribute to the Imperial fund from which that subvention issues, and, therefore, those incomes which are assessed lightly or not at all, and those incomes which are assessed heavily, to local taxation, both contribute to that Imperial fund.

7562. But in different amounts?—In a different amount.

7563. Have you taken into account the effect of the Agricultural Rates Act of last session?—No, because that is only temporary—it is only for five years.

7564. But a very substantial modification of your figures would have to be made if you take that Act into account?—Certainly.

7565. And that modification would be in a direction that you think called for?—Yes.

7566. With regard to your alternative proposal that the relief of the poor and the charge for police, lunatics, main roads, and so forth, should be nationalised, are you quite satisfied that the effect of that pooling, if I may so term it, would be more favourable to agriculturists than the subventions, and the relief that they get out of the Agricultural Rates Act?—I think so.

7567. Have you worked that out in figures?—No, but I take it in this way; if it was collected on those incomes, on the present Income Tax principles, which allow incomes of 160*l.* to go free, farmers would not contribute to the relief of the poor at all—at least many of them—the smaller farmers would not, except so far as they might contribute by the lowering of that exemption limit of 160*l.*, or by the consumption of some article that I suggested should bear taxes, similar to tea and sugar, in order to go into the fund for local taxation.

7568. You are not looking into the matter, I take it, entirely from the point of view of the farmer?—No, but from the point of view of the three classes who are interested in land.

7569. Are you quite satisfied that the landowner, for instance, would gain more by pooling those charges, throwing them into hotch-potch, than he would gain by the continuance of the present subventions, and by making permanent the Agricultural Rates Act?—I do not know that he would. If his property consisted exclusively of agricultural land he would be a gainer; if he had a certain amount of personalty besides, probably the one might balance the other, and the benefit he would get as a landowner he would lose as an owner of personalty.

7570. Do you imagine, for instance, that if the relief of the poor were to be made a national charge, the rural districts would gain as against the urban districts or *vice versa*?—I do not see that that would make any difference. It seemed to me so obvious that the care of the poor, as I call them, the residuum, was a concern belonging to the whole of us, that we ought all to contribute; in fact the nation ought to contribute out of its general wealth, out of the general system of taxation.

7571. But I understand that the foundation principle upon which you base that conclusion is that the persons deriving an income from agricultural land are unduly burdened at the present time?—Undoubtedly they are.

7572. But you have not made any calculations with a view to see whether those persons would actually gain by the adoption of these suggestions?—No.

7573. Are you not rather afraid to put them forward, then?—No, I simply deal with this question from this point of view—it is a very narrow one—that those persons who receive the benefit ought to pay for it, notwithstanding whatever changes might be brought about. Take my own case, for instance; if these suggestions of mine were carried out I should not benefit at all, I should have to contribute on my professional income, and I should be a considerable loser.

7574. But I gather, that from your knowledge of agricultural opinion in the districts with which you are acquainted, you would say that there is not so much unanimity as to the particular remedies to be

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Purposes of expenditure which should be paid for by local and Imperial taxation, with the object of relieving the persons who derive income from agricultural land from the burden of rates.

Persons deriving incomes from agricultural property are unduly burdened by rates compared with those deriving income from other sources.

Persons deriving income from agricultural property are unduly burdened by rates compared with those deriving incomes from other sources.

Agricultural Rates Act, 1896, should be made permanent. Present basis of assessment is inequitable.

Amount of rates paid by different classes of persons. Hypothetical illustrations given. Effect of Agricultural Rates Act not taken into consideration.

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propounded, as that there is an unjust distribution of public burdens at the present time?—That is so. The ordinary rural ratepayers do not understand such a difficult question. In the abstract they do know this; that gentlemen who come into a parish and occupy a house and take all the benefits that have been provided in that parish by the expenditure on the rates, contribute little or nothing towards the rates; perhaps you may put it one in 32, as shown by my example; and they resent that most keenly.

7575. The feeling, then, is that the local resident deriving his income from some extraneous source does not pay sufficient by comparison with the contributions of those engaged in agricultural industry?—It is most strongly felt.

7576. (Mr. Dalton.) That is rather a matter of suspicion than knowledge, is it not?—The ordinary country ratepayers, of course, do not understand the meaning of the subventions; they know that the gentleman does not pay direct and that is quite sufficient.

7577. Apart from those subventions, this man who comes into the district with a property of 1,000*l.* a year, his income may come from railway shares, or waterworks shares, or gasworks shares?—Yes.

7578. If it comes from those, the man is paying the full rates before he receives his dividends?—He is, in the case of railways; I think that is about the only exception.

7579. No, it would be the same in the case of waterworks, gasworks, markets, electric companies, and indeed a very large number of properties?—That would have to be taken into account, of course; but that is only a small proportion of personalty taken as a whole.

7580. I do not know; I should think it a very large one. However, that is merely a matter of suspicion on the part of a person in the district; he does not see that the man in his district is paying rates elsewhere, but he suspects he does not; he does not know it because he cannot tell where that man's income comes from?—Just so.

7581. You have recommended that the relief of the poor should be made a national charge, and that it should be recognised that there should be certain safeguards; I am not sure that you have made it clear to the Commission what safeguards Mr. Pell recom-

mended?—The safeguard that he recommended was that, in the case of the indoor poor it should be limited to a capitation grant of so much per head, which is slightly less than the minimum amount at which a pauper could be kept in the house.

7582. I do not think you mentioned in the former part of your evidence that it was simply the indoor poor?—Probably not.

7583. If it was given on the total number of paupers it would clearly be a great incentive to the giving of outdoor relief and to multiplying the number of paupers?—Yes. In justice to Mr. Pell, I ought to say that as regards outdoor relief, he considered that that ought to remain a charge upon local rates, with a view to effectually stopping any extravagance.

7584. You are aware, I suppose, that, as a general rule, the poor rates in the urban districts, taking England as a whole, are higher than in the rural districts?—Yes; one sees that by reference to the local taxation returns.

7585. The result of giving a subvention throughout the country in aid of the poor rate, if it was fairly distributed, would be to help the urban rather more than the rural district?—Certainly.

7586. But you see no objection to that?—No, as regards the relief of the poor, I take it that if it is made national as far as the rural districts are concerned, it is only right that it should be made national as regards urban districts too.

7587. I think it has been pointed out to you that personal property contributes to the Imperial subventions; but it is also the case, is it not, that real property contributes at least, in some degree, to Imperial subventions?—Certainly; personal property does not alone provide that money, although it does provide a large proportion of it, of course. That money comes out of the common fund, to which all properties contribute, including real property.

7588. Therefore really is contributing, to a certain extent, to the relief which it obtains from the subventions?—Certainly; it is simply taking it out of one pocket and putting it into the other.

7589. (Chairman.) Have you anything you want to add?—I think not, except to hand in these resolutions of the Worcestershire Chamber of Agriculture (*handing in same*).

The witness withdrew.

Mr. WILFRED L. DODGSON called and examined.

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Dodgson.

7590. (Chairman.) I understand that you are deputed to come here by the Shropshire Chamber of Agriculture?—I am.

7591. To give us information on their behalf affecting the terms of our reference?—Yes.

7592. Have you anything that you wish to say as to the basis upon which the valuation of properties is made?—The basis is not quite the same now for all taxation, and we, in the Shropshire Chamber of Agriculture, think that, instead of making the basis uniform, what is really necessary is to touch the incidence of the taxation.

7593. But you would agree, I think, with many other witnesses, that the foundation for any reform must be to get, as nearly as circumstances will allow us to get, an equitable basis uniform over as large an area as possible?—Certainly, through the whole country.

7594. As regards the incidence of taxation, what are the points you would like to bring before us?—The broad point is, that we think that every man who benefits from the civilisation and advantages and freedom of the country should personally contribute out of his means towards the expenses which are necessary for the attainment of those advantages, according to the Statute of Queen Elizabeth.

7595. Of course, that touches the substance of the reference to us. You give an instance in your memorandum, which I should like you to put into your own words?—This is what I say in my memorandum. A. has an income of a fraction over 500*l.* a year, received without labour, risk or expense. He occupies premises in the country at the rent of 50*l.*, the house being valued for duty at 40*l.*,

and the whole being rated to the poor at 40*l.* His contributions out of income are thus: Income tax, Schedule D., 16*l.* 13*s.* 4*d.*; house duty, 1*l.*; income tax, Schedule B., 2*s.* 6*d.*; and rates, say at 2*s.* 3*d.*, 4*l.* 10*s.*, making a total of 22*l.* 5*s.* 10*d.* B. occupies a tithe-free farm at the rent of 1,500*l.* 10*s.*, and rated at 1,350*l.*, of which 170*l.* is on the house and buildings, the house being valued for duty at 40*l.*; his income on the Government basis will be the same as A.'s. His contributions, however, are: income tax, Schedule B., 16*l.* 13*s.* 4*d.*; house duty, 13*s.* 4*d.*; rates, 85*l.* 9*s.*, a total of 102*l.* 15*s.* 8*d.*, about four and a half times the amount paid by A. on a similar income. Before the passing of the Agricultural Rates Act this contribution would have been 169*l.* 3*s.* 2*d.*, about seven and a half times as much as is paid by A. I should like to make one further remark about the uniformity of the basis. We think that to make that basis uniform all taxes should be raised on income and not on rental value; that is to say, that a farmer should not pay his poor rates upon the rental value of his farm, but should pay it upon the income that he is supposed to derive out of his farm.

7596. You have gone into the very centre of the whole question in making that statement, and applying it to the farmer; but if there is going to be any basis for local rating at all, and a man lives in more than one place, what are you going to do with him?—Every man would pay on his income, but he would not pay locally on his income. The idea that I have brought before you in this memorandum, no doubt, you will say are very far-fetched in many ways and are looking a very long way ahead. The idea was that all incomes should be taxed, that this taxation should be paid in the same way as the

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Government subventions, contribution in respect of real and personal property.

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Assessment. Income, and not rental value, should be the basis for assessment in respect of rates. Suggested scheme for defraying all local rates by means of a national charge. Questions of local benefit received, and local control discussed.

*Mr. W. L. Dodgson.* income tax is now paid, and that the several spending districts should have the funds paid to them out of the general fund of the country for the satisfaction of their needs, what they may fairly require for that district.

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7597. Do I understand you to give up altogether any attempt to consider whether the property, or a man in respect to his ownership of property, benefits more or less by the particular burden which is laid upon him?—The only way that I could touch on that would be that where really local benefits are received from local causes there must be a local rate to meet those. We do not see how to get rid altogether of a local rate. For that purpose, where there are really local benefits they should have a local rate, and also where the spending district has exceeded the allowance made to it by the Exchequer, I think, unless they could show good reason for that, a special local rate should be laid in the following year to meet that. I may say that that suggestion is a suggestion of a gentleman whom, perhaps, you may know by name, Mr. Bowen-Jones, who is the Chairman of the Shropshire County Council, and who is one of the leading agriculturists, I think I may almost say, in England.

7598. I think I must ask you to develop that a little more in your own way, so as to give me an idea of what you are aiming at?—The difficulty we saw was to fix the amount of money that should be paid out of the Exchequer to each spending authority, and the difficulty that was put before me was, what would you do if they did not find it sufficient or if they found it too much? If they saved any money without losing the efficiency of their work, the spending district should have the benefit of that in the following year; and if they spent too much, unless they could show a good cause to satisfy the head authority that that outlay was reasonable and right, they should suffer for it by having that amount added on to their district rate for the following year.

7599. I am afraid I cannot quite grasp the ideal system you want to see brought into force, and, therefore, I must ask you to develop it a little more to me?—Do you mean the machinery?

7600. I do not understand how you are going to defray the charges which are now defrayed out of rates raised locally?—The whole of the income of the country would be chargeable in the first place; you may call it a national income tax.

7601. For what?—For every purpose for which these forty millions, or whatever it is now, are now used.

7602. Do you mean that every local charge is to be made an Imperial charge without exception?—Every local charge, in the first place, will be an Imperial charge.

7603. What do you mean by "in the first place"?—If there are special features in the local charges, which are entirely local, which are not shared in the same way by other parts of the country, those would be a local charge met by a district rate.

7604. What is your line of division?—The line of division would be in this way: the poor, for instance, would be spread over the whole country, and I do not see why the poor nor the roads, for everybody wants roads, and everybody benefits from roads —

7605. All roads?—The whole of the roads.

7606. All roads?—I should include all, in order to do it broadly. In every broad scheme it is impossible to do absolute justice to everyone, and it is no more unjust, in our minds, to throw the whole of those things equally over the whole country than it is to throw the whole of these things over a county, because, for instance, in our county, the county of Shropshire, one part of the county may benefit very much more from the money that the county rate is required for than another, yet we all have to pay equally. I see no reason why the same principle should not be applied to the whole of the United Kingdom or such part of it as the scheme would be suitable to.

7607. Does that apply to the drainage and sewerage and water rates?—Sanitary work in itself is national; that is to say, the keeping all of the people in health should be national; but where you made a special drainage district—

7608. About keeping the people in health. Suppose people's dustbins get too full and breed disease; do you suggest that country people, for example, are to pay for clearing away all the dirt of large towns?—No, certainly not.

7609. How is that to be done?—What I should say the whole country should pay for is the keeping up of the staff of medical officers and sanitary inspectors of district councils and county councils.

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7610. Their salaries?—Yes, the salaries of the sanitary inspectors and the medical officers of the district councils, and, of course, county councils now have their medical officers too, they should become a national charge because of the health of the nation. But where special works are required for special districts those would be, as now, specially charged. I distinguish between what are really national wants and national benefits, and what are purely local wants. Everybody wants their property protected, therefore the police would be a national charge.

7611. And administered nationally?—And administered nationally, only the spending districts, whatever those spending districts happened to be —

7612. Who is to control the police, who is to settle the number of police to be in any district, and who is to dispose of them?—They would be controlled exactly as they are now.

7613. Taking that as an example, what is to be the check on local expenditure and extravagance?—The check would be this: that if such a scheme ever came into force the first year's money would be calculated on an average of a certain number of years before—probably that is the best basis we could think of—and after that, if they exceeded the money and could not show good reason for exceeding it, they would have to pay that excess out of the local rates raised in that particular spending district.

7614. Is it not perfectly obvious on the face of it that by the shifting of population the gravest injustice would result? Supposing a basis such as you suggest had been fixed at the beginning of the Queen's reign, would that have been bearable and fair at the present time?—The basis would change—perhaps I did not make myself quite clear—every year, according to the expenditure of the year before, it is only the initial start where the difficulty is. If circumstances showed that such an expenditure was not required in a certain district the national subvention would be accordingly lowered. It is only the first year, we may say, of the full subvention that will raise any difficulty in our minds.

7615. It quite possibly may be my fault, but I did not grasp what is the test which is to be applied to say whether the local expenditure has been extravagant in a bad sense or not?—Of course, the Local Government Board would be the main governing body as now.

7616. No doubt, but what is the test that they are to apply to satisfy we will say, Parliament, or the local representatives, that the expenditure in any particular district has been too lavish; what is the touchstone that they are to put?—If the expenditure had increased then they would no doubt hold an inquiry to find out the reason of that increase; it would be then for the Commission or Commissioner, whoever held that inquiry, to decide whether that should be paid out of the national subvention or whether it is a mere matter of undue extravagance, and should therefore be saddled on the spending authority of the district. The main point I wanted to mention there was that it would make the basis of valuation more uniform if income was the only thing; whether the other incomes are taxed to the poor or not—at all events let the agricultural incomes be taxed instead of the rental value.

7617. I understand making a comparison between the income between agriculturists and another, although I think it might be difficult; but when you put it as broadly as you do, that the basis for local rating is to be income, I must ask you what you are to do with a man who lives in a house in three different districts, in each place for a third of a year?—As all the money would be paid into one national fund it would not signify where he lived or how many houses he lived in.

7618. For local purposes it would, would it not—those purposes, which would still remain local?—Yes, for local purposes; there would have to be a local rate raised for those particular purposes.

7619. Then it comes to this—that you do not get out of the difficulties and inequalities of local rating, by your scheme, but you simply propose to put a great deal more upon the Imperial fund than is so placed at the present time?—To be paid into it first; it would all be paid into the Imperial fund.

Rating in respect of income. Difficulty of carrying out such a proposal.

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7620. But all the local machinery would still have to be kept up for the things which you admit are still to be local charges?—I do not think all the local machinery would have to be kept up, because the collectors who had to collect the national charge would simply have to collect the additional rate in their spending district where it was judged to be necessary to collect that rate. I quite know that there is a considerable difficulty in defining how much a man who is in several spending districts, should pay towards a particular spending district; but those are difficulties that I have no doubt the ingenuity and skill of the authorities would surmount.

7621. Have you any suggestion to make to us by which it could be done?—If it could be shown how much of a man's income be derived from the district in which that special rate had to be raised there would be no difficulty then at all.

7622. Supposing not a farthing of his income was derived from that district. I will take my own case—I do not draw any income from anything in London, mine comes from Scotland; what is to happen to me when I come and live for three months in London?—Your income would be charged; the national income tax would be paid into the national exchequer.

7623. But I derive a certain amount of benefit during the time I live in London from even what you admit would be local charges; how am I to pay for them? I live in a house in London; what am I to pay towards the lighting or the roadmaking or the dust collecting rates of London?—Take those things separately. Lighting I should put in the same category as I would the butcher's and the baker's bill, and the removal of dust in the same way.

7624. But I will take you on that; is it your opinion that the agriculturist in Shropshire is to pay his share of lighting the streets of London?—No.

7625. Then how is it to be raised from the man who benefits in London alone?—That would be entirely a local rate for the benefits a man receives in the particular place.

7626. How are you going to rate the man who receives those benefits in London—on income?—Yes, I think so; at least I see no objection to it.

7627. How are you going to rate me, then—I have no income in London?—It would not be your income in London, it would be your income wherever it was.

7628. Am I to be rated on the whole of my income? In London for the London lighting on the whole of my income, and again in Edinburgh for the Edinburgh lighting on the whole of my income, if I happen to live for 6 months in Edinburgh?—I do not think lighting can be brought into the list.

7629. Still it is a local rate now with which we have got to deal?—I see what you mean—that you could not rate a local thing like that; but a man would simply pay for the lighting he had. If a man had so many electric lights or so many gas lights he should pay as he does now.

7630. I mean the street lighting. I did not mean what is in my house; the street lighting has got to be paid for?—Yes, it has. It might be found to be necessary to do that on the same basis as it is now.

7631. Is there any other point in your memorandum on which you want to speak?—The only other point is the clause in the Agricultural Rates Act of last year which divides the buildings from the land. That clause has given a vast deal of trouble to assessment committees and overseers, and we should like to have it either explained to the country why this division should be made, or else to have it repealed and to have the land and buildings all in the same assessment. We do not understand why buildings which are quite as necessary to the agriculturist as the land should be charged on the full rate—that is on a different rate from the land—because it is a part of the same machinery. I have also pointed out in my memorandum one of the anomalies of the Act, namely, that the owner of the sporting rights is relieved of half his rates, while the agricultural owner of the buildings has to pay his rates in full. We think that at all events the agricultural occupier of buildings should not pay on a higher scale than the occupier of sporting rights.

7632. (Mr. Dalton.) On that last question, are you not mistaken in saying that in these cases the sporting rights are rated on one half?—The sporting rights

cannot under the Rating Act of 1874 be separated from the occupation of the land.

7633. I understand that you say in this case that the owner who reserves his sporting rights, and does not let them, is relieved of one half of the rates assessed upon those rights?—Yes.

7634. That is a case where an owner lets his farm to a farmer and reserves the sporting rights?—Yes.

7635. Is it not perfectly clear that under the Act and the regulations that have been made thereunder in such a case as that the sporting rights receive no benefit? Have you read the regulations which were approved by Parliament on the subject? Perhaps I may read them to you, and you will say if you recognise the passage—"Where any right of sporting is severed from the occupation of the land, and is not let, and the Assessment Committee have certified the amount by which the rateable value of the land is increased by reason of its being estimated as if the right of sporting were not so severed, such amount shall be included in the rateable value of buildings and other hereditaments"?—That is not in the Act, and is conditional.

7636. That is under the regulations made under the Act and passed by Parliament. In such a case as that, clearly the value of the sporting rights if certified by the Assessment Committee, is to be included in the rateable value of the buildings and the buildings pay upon their full value, therefore the sporting rights would pay upon their value?—Yes, they would if in all cases the sporting rights are to be included with the buildings.

7637. What was the case which you had in your mind when you said that the owner who reserves his sporting rights, and does not let them, is relieved of one-half of the rates assessed upon land?—I was simply in that referring to the district in which I live. In every case in the whole union the sporting rights are included in the agricultural land.

7638. Although the owner has reserved them?—Although they are reserved, and not let.

7639. And although the farm is let?—I was not aware of the interpretation of that instruction which you have read, I confess.

7640. That would meet your difficulty completely?—Entirely, and it shows that our assessment committee in doing as I have said did wrong.\*

7641. You have raised the question why the buildings on a farm should pay on the full; why should not the occupier pay as much on his farmhouse which he occupies for the purposes of residence as anybody else pays on his own house which he occupies for the purposes of his residence?—I quite think he should; it is the buildings I talk about.

7642. But the house is a building?—I mean to say the farmstead apart from the residence, because you cannot farm without buildings.

7643. Take those; buildings are used in other occupations besides farming?—The buildings are as much a part of the machinery by which the man makes his income as the land is.

7644. If the man makes his income from a manufactory he pays on the buildings to the full, and in any business in which he requires buildings to carry it on, those buildings pay on the full: why should the farmer be treated differently in respect of his buildings?—I thought there was a wish to give the agriculturist a relief from taxation and we did not see why that small amount should be withheld. It simply gives a very great deal of trouble to assessment committees and overseers.

7645. Still that trouble has been gone through now, and they have been separated?—It has been gone through and they have been separated.

7646. (Mr. Elliott.) You appear before us as representing the Shropshire Chamber of Agriculture?—Yes.

7647. Have the Chamber considered this memorandum which you have submitted to us?—The Chamber have not considered this actual memorandum, but we had a

\* Witness subsequently wrote: "I answered Mr. Dalton's question under a misapprehension as I understood him to say that, under an instruction of the Local Government Board, sporting rights were in all cases to be charged with full rates. That not being the case I adhere to my statement to the Chairman respecting the rating of these rights."

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Agricultural Rates Act, 1896. Division of buildings from land not desirable.

Assessment/Income should be the basis of assessment in respect of rates and taxes.

Agricultural Rates Act, 1896. Division of buildings from land not desirable.

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meeting at which I read rather a long and exhaustive paper on the subject, and they passed a resolution that all incomes, from whatever source arising, should be equally taxed for Imperial and local taxation.

7648. Apart from the question of grievance, is the Shropshire Chamber of Agriculture committed to the proposal of these particular remedies?—As far as I can I have embodied in this memorandum the opinions that were given then at the meeting of the Shropshire Chamber of Agriculture.

7649. Have the Shropshire Chamber of Agriculture considered whether the adoption of these remedies would, in fact, benefit agriculturists in the rural districts of England?—I think so, I think we all agree that it would do so.

7650. May I call your attention to a paragraph in your memorandum, in which you suggest that the value of agricultural holdings should be determined by reference to the income produced and not by rental value, and that if that were done they would then be assessed on one-third of the tithe free rental value; would you apply that principle to the valuation of other property?—I am only considering the question of agricultural property.

7651. Could you defend the adoption of that principle in the case of agricultural property and not in the case of other property?—Yes, I think so, because the great fall in the value of agricultural produce has benefited the general public, although it has greatly hurt the farmer.

7652. But there has been a great fall, has there not, in the value of commodities generally?—Yes, but not so much in the other commodities. In other commodities where the fall has been there has been in many cases a corresponding fall in the cost of production.

7653. Do you seriously think that the fact that agricultural prices have diminished would justify the adoption of a different system of valuation in the case of agricultural property than in the case of other property?—If it would save the future of the industry anything would be justifiable.

7654. Is it not much more defensible to say that the serious fall in prices of agricultural commodities justifies relief being given rather than that it justifies a particular system of assessment?—Certainly, this is only a suggestion of the way in which relief might be given.

7655. So long as that relief were given, I take it you are not seriously committed to that proposal?—Certainly not. The Agricultural Rates Act, as I point out in my memorandum, gives about five per cent. on the loss occasioned by the fall in the value of produce.

7656. Your general proposition is, is it not, that persons deriving an income from agricultural property either in the capacity of landowners, or in the capacity of tenants, are unduly burdened at the present time as compared with other classes of ratepayers?—Yes.

7657. And these are merely suggested remedies, but you do not put them forward as the only remedies to meet that condition of things?—No, we should be glad of any remedies.

7658. (Mr. Clarr.) If you throw the whole local expenditure, or practically the whole local expenditure, on imperial funds what interest will the local ratepayers have in the selection of representatives on the District Councils?—Because if they exceed the Exchequer allowance they would be fined for it the next year by an additional rate on that district; and if they had men who, without losing efficiency, could economise they would benefit from that.

7659. As I understand, you say the Government grant is to be based on an average of years preceding the date at which you make the calculation?—Yes.

7660. Then if a town increases in population the whole burden of the increase of population would fall upon the local ratepayers?—No, not if they could show that the increase of expense was not owing to extravagance, but was owing to causes over which they had no control, which the increase of population would be. They then could justly ask for a larger subvention.

7661. (Mr. Smith.) You practically would do away with the distinction between imperial and local taxation?—Yes.

7662. And in return you would give us the benefit of local administration?—Yes.

7663. (Mr. Arthur O'Connor.) I do not know whether I quite apprehend your view, but if I do it interests me very much. I gather that you consider that there are now certain local charges which are purely and essentially and necessarily local, but that there are now defrayed from local resources certain charges which in their nature are more general and Imperial?—Yes, national.

7664. You think that those latter charges should be defrayed from a national, and general, and central fund?—Yes.

7665. Whereas the purely local charges and services should be met from a purely local fund?—Yes.

7666. Then, I think, I follow you; you would propose that there should be, if I may use the illustration, a kind of central cistern from which should be drawn off by different taps for different districts whatever supply was considered proper for each particular area?—Yes.

7667. The only difficulty that occurs to me is this; how are you going to distinguish between that which is purely local and that which is not purely local; that is the only difficulty I have?—If the present machinery is kept of parish meetings, parish councils, district councils, and county councils, the purely local charges would go down quite to the lowest part of that; they would go down to the actual parishes—to the parish meetings. I think there are many charges now that there are great difficulties about, as, for instance, parish footpaths and things of that sort, which are thrown now on the district council, but which ought not to be thrown on the district council; those would be purely local, and they would be taken out of that category altogether.

7668. A man living in Northumberland cannot possibly be interested in the question whether a lamp post should be put in the district of Wool, in Dorsetshire, or not?—No, he cannot.

7669. That is a local charge?—Yes.

7670. I suppose such questions as the maintenance of one who may be a wandering lunatic and may be in Westmorland, or may be in Dorsetshire, you would regard, perhaps, rather as a national charge?—There would be a considerable difficulty, I know that quite well, in tying down what part of a man's income should contribute to local charges.

7671. I am now trying to distinguish between the charges which are properly local, and those which are properly imperial from your point of view. We agree that the gas lighting, or electric lighting is purely local, and concerns only the locality?—Yes.

7672. Then certain other services, such as providing for lunatics, and possibly the wandering poor, should be national?—Lunatics, poor, police, roads, and the general sanitary expenditure.

7673. I think I should agree with you with regard to the lunatics and police, and, therefore, we will not put any further questions on them; but with regard to roads, would you be inclined to draw any distinction between different classes of roads? Let me illustrate what I mean: in France they have a different system of administration; they have what they call the *routes nationales*; those are looked after by the central government; then they have the *routes départementales*, which are looked after by the departments, or what we might call the counties; and then there are the *routes vicinales*, which are parish roads, and those are looked after in part at least by different bodies. When you say "roads," do you mean all roads?—No, not quite all roads. I think that all roads which are thoroughfares and can be used, all roads that now come under the proper category for county and district councils to repair should be national.

7674. You mean arterial roads?—Yes. Where we get roads that may be called, as we now call them, occupation roads, they would be purely parish roads or district roads, as the case may be.

7675. But everything is the Queen's highway now where there is a thoroughfare, is it not?—Yes, but many roads are hardly what you may call of national importance—I mean roads which are called now occupation roads, which district councils and highway boards now refuse, or are trying to refuse, to repair.

7676. Those are private roads, are they not?—No, they are public roads, but they are occupation roads really.

Mr. W. L.  
Dodgson.  
17 June '97  
Purposes on which rates are expended, whether Imperial or local, discussed.

Local rates should be defrayed by a national charge. Question of local control.

Mr. W. L. Dodgson.  
17 June '97

Mr. W. L. Dodgson.  
17 June '97

7677. Are they thoroughfares?—Sometimes there are thoroughfares for bridle or footpaths. There are many roads which I could point out which are merely set out in enclosure awards, which have never been made at all, but which are still used locally.

7678. I do not mean to go into such fine detail as that; they are only hairs on the body; but would you draw, generally, any distinction between roads at all; would you make any roads local and some roads imperial, or would you make them all imperial?—I should make all imperial except those which could be proved to be entirely of no use except locally, such as a church footpath in a village from the village up to the church, across fields, and so on. I should not throw that now, on to the national funds.

7679. It has been suggested that if you raised from direct taxation as income tax and indirect taxation as from alcohol or tobacco, taxes which were to be applied in relief of local taxation, there would be great danger of extravagance locally; but, as a matter of fact, does not the system which you are advocating already exist—do you not now receive something locally from the spirit and the beer duties, and from the probate duties?—Yes, we have received subventions.

7680. Therefore, in a form, though not in precisely the same form that you suggest, the very thing in principle does exist?—Therefore carry the present principle out to its logical conclusion.

7681. You would suggest that that should be systematised which is now only in a fractional and haphazard way carried out under the probate duties and the local taxation legislation?—Yes. The probate duties, I suppose, are used a good deal as subventions, but then the agriculturist has to pay probate duty as well as the man who has his income from other things.

7682. Yes, but I suppose even the agriculturist, even in this country, does not propose to have it all take and no give?—No. The agriculturist would only pay the same national income tax for national purposes that all other incomes would pay.

7683. (Mr. Dalton.) Under the present system under which you receive your probate duty and your licences you have a fixed allowance practically from the Treasury; that is to say, that allowance is not increased if you spend more, or decreased if you spend less; is that not so?—I am not sure how the subventions are paid to the county councils.

7684. You receive the licences collected in your county, and you receive a certain proportion of the probate duty, therefore, you get a fixed allowance?—Yes.

7685. You have no incentive to extravagance there; and, if you save, you gain it; but if you had the whole of it paid as you propose, if whatever you like to spend was to be paid from the Imperial revenue—you would have every incentive to extravagance, would you not?—You would have for the first year under the scheme which I have brought forward here a fixed allowance as it is now.

7686. But if you spent more the next year you would get more?—No, unless you could prove that there was good reason for spending more.

7687. Unless the central commissioner or the central department could say you had been extravagant?—Yes.

7688. That is a very difficult thing: is it not an exceedingly difficult thing for any man, a stranger, to come down into the district and to be able to prove that you have been extravagant?—There are auditors; all these things are audited.

7689. You may have a perfectly legal expenditure, but it may be an exceedingly extravagant one, or it may not be; it is exceedingly difficult for a stranger to say, without knowing the local necessities, whether you have been extravagant or not?—Yes, no doubt it would be difficult.

7690. To disallow it he would have to prove the grossest extravagance?—He would have to prove that no increase of necessary expenditure had been shown, and yet that the excessive expenditure had taken place.

7691. Still the local people would give him very good reasons why it had increased, would they not?—If they could.

7692. They would not have much difficulty in regard to sanitary expenditure, or expenditure on education purposes for which expenditure is good, and on which it is exceedingly difficult to say that there has been any extravagance?—Of course when you suggest so much as we suggest we do not expect to get it all. We ask a great deal in the hope of getting a very little. That is the real fact of the matter. It is only to show that we feel that we want some help, and that we shall be very grateful for anything that can be done further for the agricultural interest.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

**TWENTY-FIRST DAY.**

Friday, 18th June 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Viscount EMLYN.  
Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
C. N. DALTON, Esq., C.B.

T. H. ELLIOTT, Esq.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. WILLIAM EVE called and examined.

Mr. W. Eve.  
18 June '97

Mr. W. Eve  
18 June '97

7693. (Chairman.) I understand that you are a Fellow of the Surveyors' Institution and Honorary Examiner at that Institution in the subject of parochial assessments?—Yes.

7694. Also that during your professional experience you have valued for rating purposes a very large number of hereditaments, which you put at 160,000, including a quarter of a million acres of land and

a number of important public undertakings?—I have.

7695. You agree with many other witnesses in thinking that there is a case for revising the present system under which our local taxation is assessed and laid on?—I do.

7696. I understand that, like others, you suggest that valuation lists should be made up periodically, instead

Valuation system o, requires alteration.

Mr.  
W. Eve.  
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of its being left to the discretion of the overseers?—  
Yea. I was not aware that that suggestion had been made; but that, certainly, has been my view for a long time.

7697. One question occurs to me in connexion with that. In your memorandum you refer to the Metropolis; should you say that the valuations in the country should be done quinquennially or triennially, or at what interval?—I think, as a rule, about every ten years would be enough, certainly, for rural parishes. As for large cities, I cannot see any reason why they should be dealt with differently from the Metropolis. I think a quinquennial re-valuation throughout the United Kingdom would be unnecessarily frequent, taking the majority of parishes, and would be an unnecessary expense; but I would have a period fixed when there should be a re-valuation.

7698. Is that for the reason that it puts an invidious task upon the local people who are responsible, to stir the matter and would, perhaps, get them into bad odour with their neighbours?—That is one reason; and another is that what can be done at any time is frequently done at no time.

7699. Have you anything to say as regards the columns of the gross estimated rental and rateable value?—I have a very strong feeling that the gross estimated rental should be omitted altogether. It brings about very great difficulty. The justice of a reduction from the gross has been admitted by the Legislature, in allowing a sixth to be taken off; and if a sixth, why not the right amount, that is to say, if occupier A. has a property which needs for its repair a deduction of one-sixth from the gross, he gets the whole amount off—as he should, I think—and pays his Income Tax on the net amount; but another property, which requires one-third of its gross value to repair, merely gets the same deduction of one-sixth, and therefore pays for Imperial taxes more than the net amount.

7700. Would you see any objection to doing away with the rateable value, and putting rates on to the gross?—Very material injustice.

7701. Why?—The thing is, what is the "net value"—that is, what does the man not only get into his pocket, but keep there? May I give you this illustration? Supposing, for argument's sake, I came to you and said: "Will you build me a house, and lay out a couple of thousand pounds on it?" You agree. I say: "I do not want the trouble and responsibility of repairing it; I do not understand the matter. I want to pay you a fair rent for it, and I will pay you a fair interest on your outlay." You may, possibly, agree to accept six per cent. for that money. You lay out the 2,000*l.*, and I pay you 120*l.* You fix the six per cent. on the hypothesis, possibly, that it will take one per cent. to repair it, and that you will get and keep in your pocket five per cent. Supposing, after that arrangement had been satisfactorily carried out, I came to you and said: "Now, I want you to build me a manufactory. We have arranged terms; we have gone on very pleasantly in the previous transaction, and, therefore, we have got nothing to discuss." "No," you would say, "the basis of my arrangement was six per cent., because I should expend one per cent. of it in repairs and renewals, and retain five per cent. in my pocket; but you are now asking me to invest my 2,000*l.* in a factory which, you agree with me, will not require one per cent. to repair, but will require two per cent.; and, therefore, the result would be that I should keep in my pocket only four per cent." The consequence would be this: you would say: "If I carry out this arrangement, I must not have six per cent., but I must have seven per cent.; because I shall spend two of it, and even then I shall get a property which is not so saleable or so valuable as an ordinary house that would suit the requirements of everybody." Therefore, I think the rateable value is not only itself the real value, but it is the only one upon which taxation of any kind should be based.

7702. And you see no reason why the double entry should be in the assessment roll?—None whatever. I have experienced grave difficulties by its being there, because Quarter Sessions at present—I hope it may be altered—have no power to increase the assessment. They can only give relief under the Act, and if you appeal to Quarter Sessions and the deduction is too little, all the appellant has to do is to say:—"I admit the correctness of the gross and claim a deduction for repairs, which I show you are so and so." The

court then is bound to reduce the rateable value, even although by doing so the rateable value is put at too little, because the Act says you are to deduct from the gross the fair amount for the repairs, and if the gross is not right the Assessment Committee is still bound by it. That has been held on several occasions, and great injustice has followed.

7703. On those general points is there anything you would like add?—I think the Quarter Sessions should have power to raise as well as to lower assessments. I will give you a case which was only decided by the London Quarter Sessions last week, where this point has a very serious import. It was an appeal by the South Metropolitan Gas Company, in the case of 13 parishes, and I was concerned for a large number of them—10 out of the 13. The Court decided that the correct assessment was 2,104*l.* more than the total existing assessments appealed against; but, inasmuch as some were too much and some too little, they actually reduced the assessment, and were bound to reduce it by 531*l.* of the rateable value, so that this property now will be assessed at 531*l.* lower than it was assessed at, although the Court valuation of the group was 2,104*l.* more than it was assessed at. Now, after going to all the expense of a very lengthy investigation, as this was, it has brought about a manifest injustice, and as it was the same appellant in all the cases no injustice would have been done if these figures had been put right.

7704. Is there any other general point on those first heads that you would like to speak about?—There is one with regard to attending before an Assessment Committee. I think objectors should be obliged to give figures. That has been held in the Leyton case as unnecessary.

7705. These are rather details of procedure, are they not?—Yes, but it is very important.

7706. We are here rather on the general principles of the matter?—I am afraid that if these details are not gone into this will be overlooked. Of course, from practical experience it is upon these details that I am more able to give an opinion than I am on general principles of taxation.

7707. If you put it shortly, I do not object?—It has been held that an objector before the Assessment Committee need give no details whatever; but that he can then go to the Quarter Sessions, and allege that he has failed to obtain relief. I think he ought to give figures and details before he is enabled to say he has failed to obtain relief. The Assessment Committee is a Court of First Instance, and should have the opportunity of adjudicating upon the matter before the expensive procedure before Quarter Sessions is resorted to.

7708. Do you wish to make any suggestion to the Commission as to the burden borne by agricultural land relative to other classes of property which appear in the valuation list?—As to the highway rate and school board rate, I think they are unfair taxes on land, especially the highway rate. With regard to the highway rate, the user of the roads, during my recollection, has been very much changed. The roads are very much used now by brewers, bakers, grocers, and others, and I think less by farmers than hitherto, because of the introduction of railways. I think that the burden which now falls upon land in relation to the highway rate is much too great, and the only way I see of remedying that is by what was proposed some years ago; namely, a wheel tax.

7709. You use the word "highway;" do you draw any distinction between what are known generally as main or arterial roads, and those which are purely local or district roads?—It would apply equally.

7710. Your suggestion is that agricultural land is too much burdened in both cases?—Yes, in both; the only exception that I am aware of is that within a district where they are charged at the fourth rate only; there, I think that is a fair thing.

7711. Would you apply the same argument to any other local burden, the expense of which is charged out of the rate?—I would apply that to the school board rate equally.

7712. Do you think that the relief given by the Agricultural Rates Act of last year puts the matter upon an equitable basis or not?—It is a fairer basis, but not yet equitable.

7713. What would you suggest, would be required to make it equitable?—I think accommodation land and market gardens should have been excluded from it.

Mr.  
W. Eve.  
18 June '97

Objectors before an assessment committee should be compelled to give figures.

Owners and occupiers of agricultural land contribute too much towards local rates in respect of expenditure on highways and school boards.

Agricultural Rates Act, 1896. Accommodation land and market gardens should have been excluded from its operation.

Valuation lists should be subject to revision in country every 10 years, and in cities every five years.

Gross estimated rental as a basis for valuation, objection to. Reasons why rateable value should be the basis. Gross estimated rental column in lists should be abolished.

Valuations. Quarter Sessions should have power to raise as well as to reduce.



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7714. Are you prepared to suggest a definition of accommodation land?—That is very difficult. The only plan that I know of is testing it by rental value.

7715. How would you proceed in that?—I think all land that is let at more than 2*l.* an acre at any rate should be excluded.

7716. Why do you fix 2*l.*?—That is the difficulty. I have no grounds for it, but I say at any rate that should be the rent at which it should not be relieved. It is manifest that relief of sometimes 1*s.* an acre is a very important question when the rent is 5*s.*, because it forms 20 per cent. on it; but when the rent is 2*l.* it only forms 2½ per cent. on it.

7717. If you take into consideration the point of class of property which is benefited by the rate, do you then think it possible to draw any distinction between the benefit which a farm which is let at 5*s.* or 10*s.* an acre, and one which is let at 2*l.* an acre, derives from, say, a school board rate or a poor rate?—That, I think, depends entirely upon the relative proportion of farms and manufactories in the particular parish. If there is a large manufactory, of course, it is worse for the farmer than it is in a rural place.

7718. Do you wish to make any comment upon the decision in "*Purser v. The Worthing Local Board*"?—I should like to see the law altered so that that would not apply.

7719. In what direction?—Of course it is according to the law, but I cannot see the justice of rating a building of that character any different to other buildings.

7720. We have not actually had upon the notes the character of the building; I understand it was a glass-house for forcing vegetables, was it not?—Yes, vegetables and fruit.

7721. And what was the decision?—The decision was that it was merely land covered by the glass, and that it did not cease to bear the character of land; but if a covered homestead is put up by a farmer he has to pay the full rate on it.\*

7722. Do you think that if a yard for feeding stock is rated at the value of the buildings, a house for forcing vegetables is as much in fairness liable to the rate as the farmer's building?—I do.

7723. Do you wish to make any comment upon the principles which underlie the Rating of Machinery Bill which has been before Parliament in several sessions?—Yes. I think the law as it stands at present, if it is properly administered, is a very wise one; and that it would be a most serious misfortune to the agricultural interest if the change proposed was adopted—and unfair too. If a person puts down a railway siding or tramway he is rated for it, because that expedites the carrying out of his business; and I do not see the difference in putting down machinery. Besides that, the proposal, as I understand it, is to rate only direct power. A great deal of machinery now has the steam applied to each particular machine, and there would be a great deal of difficulty in separating and in knowing where to stop. Take, for argument's sake, a steam hammer—there are a great many other machines, but that, perhaps, is the most common illustration, the steam hammer is all one, and I do not know how you are going to say that the steam portion of it is to be assessed and the remainder is not to be assessed.

7724. If a farmer has a threshing machine in his buildings, is it rated at the present time?—By me, always.

7725. I mean, is it the law to rate it?—It is the law, and should be the practice, and for aught I know is. I understand you to ask me about a threshing machine inside the premises; I do not mean, of course, a moveable one—a portable one.

7726. Do you think there is much variation in the practice of Quarter Sessions as shown in the decisions that are given by them?—There is very great variation. In regard to special properties, with the utmost respect to the able magistrates who preside, it is almost impossible for them to understand the question in the course of the short proceedings before them, if they have not been used to dealing with these subjects; and you will find that in a great many cases the Quarter

\* It was held that the land with the greenhouses upon it constituted a market garden or nursery ground within the meaning of the Public Health Act, 1875, and that the appellant was liable to be rated to the general district rate in the proportion of one-fourth part only of the net annual value of the property (*Purser v. Worthing Local Board*, 15 Q.B.D. 819).

Sessions have not had a gas, or water, or railway appeal for, perhaps, years.

7727. It has been suggested here by more than one witness that there is a considerable diversity of practice amongst Quarter Sessions in the principles they apply and the decisions that they give, and that it would be very expedient in any reform of the law to have a special court, perhaps not absolutely constituted in the same way, but analogous in its constitution to the Railway Commission, which would be the final Court of Appeal for rating questions?—That is my opinion; certainly there should be such a court.

7728. You would advocate such a court as that?—Strongly. I would give the right to the appellant or the respondent to have the case investigated by such a tribunal whenever desired. I think to have one appointed in all cases would make it too expensive; I think you would satisfy the justice of the matter if you allowed the appellant or the respondent to select that tribunal when he desired.

7729. (Mr. Dalton.) With regard to your suggestion as to taking accommodation land out of the operation of the Agricultural Rates Act, is it not the case that certain parts of most farms would be worth a great deal more if let separately?—Yes, and the farm to which it belongs would be worth less if it was taken away from it.

7730. Would you propose to take out of the operation of the Act these particular parts of farms, homesteads, and so on, which would let at a higher price?—No. I think the first principle of rating is that you are to assess the property as it is used, not as it might be used.

7731. Then the result in most villages would be that little pieces of ground, adjoining, say, a tradesman's shop, or a public-house or anything of that kind, would be exempted from the benefit of the Act, though, as a matter of fact they were no more valuable than other adjoining land which happened to be in the occupation of a farmer?—But merely used with the farm. For instance, to take up your illustrations, it might be that the piece of land adjoining the public-house was valuable because it was close to the house, or because it was close to the butcher's shop; but a piece of meadow adjoining that, might be a mile away from the farmer's house.

7732. But the most valuable part of a farm is generally that adjoining the homestead, is it not?—Yes, but I am assuming that the homestead might be a mile away from that piece of meadow.

7733. If it was, it would not be worth much?—No.

7734. I am saying that if you adopt your plan you would have two pieces of land of practically the same real value in the village, and that which was occupied by the little man would be rated highly, and that which was occupied by the large farmer would be rated low?—That is how they are rated now.

7735. No, each gets the benefit of the Agricultural Rates Act?—I am speaking of the original Acts.

7736. I am speaking of exempting it from the Agricultural Rates Act?—The injustice, though, being such as you allude to, happens now just the same, only it is relieved by the Agricultural Rates Act, because they have to pay the rates now on that basis. If one man pays 3*l.* for a piece of accommodation land, and the other has a piece of land of equal value, if you please agriculturally, but which is agricultural land let with a farm at 1*l.* an acre; it is rated on that principle now.

7737. The reason it is rated at 1*l.* an acre is that it is thrown in with a lot of land which is worth much less than 1*l.* an acre?—May I say that it is my practice to value each field in valuing a farm, and that when I arrive at meadow-like land adjoining accommodation land worth 3*l.* an acre, I do not put that part of the farm at 3*l.* an acre, because I am quite sure it does not let at 3*l.* an acre.

7738. Do you not think the farmer pays the full value for his land?—The full value as a farm, yes, not the full value as accommodation land.

7739. Another result of fixing, say 2*l.* an acre, for the limit would be to discourage high cultivation, would it not? Certain land is worth a great deal of money to let because a great deal of money has been spent upon the cultivation of it and it has become very valuable land in consequence?—Yes, that would have a slight effect but not so much as the present injustice I think.

Mr.  
W. Eve.

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Glass-houses should be the subject of valuation for rating purposes like farm buildings.

Rating in respect of machinery is equitable.

Special court for hearing rating appeals desirable.

Agricultural Rates Act, 1896. Accommodation land and market gardens should have been excluded from its operation.

Mr.  
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7740. Then, as regards the market gardens, do you not think it is desirable to encourage market gardens in rural districts?—Certainly; and I think it desirable to encourage farming too. My idea is simply this: that this Agricultural Rates Act is only a question of relief where the burden has become too great to bear in consequence of the depression; there is not that depression in the market gardens, and therefore it does not need that relief.

7741. Then you think that land should be rated at the same value as other property, if there was no depression?—That it should not be relieved?

7742. That it should pay at the full?—Except in those cases that I have illustrated of the highway and school board rates. In regard to that sort of thing I do not see any reason why it should not be relieved.

7743. A market gardener, of course employs, a very large number of labourers?—Yes.

7744. It is desirable, you would agree, to keep the labourers, if possible, on the land and to find them occupation in the rural districts?—Certainly. My idea is that when you are taking off these half rates from a high rent you are putting money in the landlord's pocket. If 2*l.* will not bear the current rates the remedy is to reduce it to 3*s.*

7745. (Mr. Arthur O'Connor.) Reduce what?—Reduce the rent to 3*s.* or to whatever may be necessary.

7746. (Mr. Dalton.) But a market garden is generally let for a considerable period of years, is it not—it is not let from year to year, because a market gardener will not go to the expense of cultivating an ordinary piece of ground, and bringing it to this high state of cultivation unless he has a long lease?—Generally speaking, there is a lease; but in many cases there is only an annual rent.

7747. Where there is a lease the market gardener would get the benefit and the owner could not possibly get it until the end of the lease?—I do not think he ought to get it.

7748. He would not in that case; but I understand you to mean that he would get it directly in the case of a market garden which is let from year to year—which is a very rare occurrence I should think?—In your illustration it is worth the 2*l.* we are talking about. Your illustration is, as I understand it, that he has increased it in value from say 30*s.* or any sum you like to mention.

7749. That it is worth a great deal more if it is a market garden?—It may be worth up to 8*l.*; it depends on what we are speaking of, of course.

7750. (Mr. Elliott.) Do you attend here as a representative of the Farmers' Club?—Yes.

7751. Have the Farmers' Club had an opportunity of considering the representations you have made to us in your memorandum of evidence?—No.

7752. Then to that extent you put forward these representations as your own individual representations rather than as the representations of the Farmers' Club?—Certainly.

7753. You suggest that the gross value should be eliminated from the valuation lists, and that only the net value should be inserted?—Yes.

7754. I gather that your object is that the net value should be taken for the purposes of Imperial taxation?—Yes.

7755. Is it not much more difficult to arrive at the net value than at the gross value?—No, I think not; in fact in what we call special property, such as railways, gasworks, waterworks and that sort of thing, as a rule, we arrive at the net before we arrive at the gross, although technically under the Act it is not the right way to do it.

7756. Practically is not the law, at any rate as it stands in the Metropolis, this—that the gross value is arrived at and then the net value is obtained by taking certain fixed percentage deductions from the gross value?—That is so in ordinary properties, but not in special properties, which are so difficult to assess properly.

7757. If it was as easy to ascertain the net value in the case of ordinary properties as it is to ascertain the gross, why do you suppose Parliament thought it necessary to lay down those percentage deductions?—I was in correspondence with Mr. Goschen on the subject when he brought in his Bill fixing the

percentage. I pointed out to him that it was a great deal too much in the City, where the land forms so large a proportion of the total value. His reply was that it ought not to be deducted and that those were maximum deductions; but, as a matter of fact, they have been taken off as being both the maximum and the minimum, and a great injustice follows in the City of London; a great deal too much is taken off in consequence.

7758. Do you suggest to the Commission that in the event of any valuation scheme being applied to the whole of the country no attempt should be made to lay down the deductions to be taken from the gross value in order to arrive at the net?—No; I would eliminate the gross altogether and lay down the instructions as to how the rateable value should be arrived at.

7759. Do you suggest that that rateable value should be taken as the basis for Imperial taxation as well as for local taxation?—Yes, I feel very strongly on that point that it would be just.

7760. With regard to the Agricultural Rates Act, do you think that the views which you have just expressed with reference to that Act, and especially in regard to the manner in which land should be treated, if there were no such thing as agricultural depression, would commend themselves generally to members of the Farmers' Club?—With the rectification of these other rates I do not see why they should not.

7761. Do you think the Farmers' Club would endorse the view that if there were no agricultural depression there would be no case for the special treatment of land in regard to rating purposes?—No, I do not say that; because I say in my memorandum that the highway rate under any circumstances is a burden and that the school board rate is an unfair tax on land.

7762. Would you say that with regard to the poor rate?—I say the same with regard to the poor rate, only I say that the Agricultural Rates Act has adjusted that fairly in my judgment.

7763. But supposing that agricultural depression were to disappear, do you suggest to the Commission that the Agricultural Rates Act should disappear also?—I cannot contemplate the first, and I really do not know how to reply to the second.

7764. I am putting it to you hypothetically; I want to know whether you advocate the retention of the Agricultural Rates Act so long as agricultural depression continues?—I do; certainly.

7765. You do advocate that?—Yes.

7766. I want also to know whether the existence of agricultural depression constitutes the only reason in your mind for the retention of the Agricultural Rates Act?—No; I do not say it is the only reason, because I think it was unfair before to charge land with the full amount.

7767. Then you would say that under the old system, as it was, prior to the Agricultural Rates Act, land was unduly burdened in comparison with other properties?—I do say so.

7768. Would you not say that that is one of the main reasons, not only for the enactment of the Agricultural Rates Act, but for its continuance?—That is one of them, certainly.

7769. Apart from any question of agricultural depression?—Certainly.

7770. Do you not think that that would be the view that would commend itself to the Farmers' Club?—I have no doubt it would.

7771. With regard to the suggestion that for the purposes of the Agricultural Rates Act a limit of 2*l.* an acre should be taken, would that not exclude a great deal of *bonâ fide* agricultural land?—Not a great deal when you take the tithe off.

7772. Are you familiar at all with some of the rents that are obtained in Lincolnshire for grazing land?—Yes. Of course there are many thousands of acres let at 2*l.* and over, but there are a tremendous number let at a great deal less.

7773. There is a great deal of *bonâ fide* agricultural land, is there not, apart from any question of accommodation value, which is let for more than 2*l.* an acre?—Yes; I would not call it great in proportion.

7774. Supposing, as you have just now said, that the case for the Agricultural Rates Act depends upon the comparative burdens upon land and the burdens upon

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Owners and occupiers of agricultural land contribute too much towards local rates in respect of expenditure on highways and school boards.

Agricultural Rates Act, 1896, has removed the injustice imposed on owners and occupiers of land in respect of their contribution to poor law expenditure.

Agricultural Rates Act, 1896. Reasons for its continuance.

Accommodation land should not be included in scope of Agricultural Rates Act, 1896. Definition of accommodation land.

Gross estimated rental column in lists should be abolished, and instructions given as to the method by which the rateable value should be arrived at.

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other property, does the question of the rental value enter into the question very much?—I think it does, in this way: that where land has increased in value through its surroundings or through what some people call the unearned increment, there is not that reason why it should have relief as there is where the rent on the land now is not actually paying proper interest on the cost of its development, such as expenditure on buildings, roads, and fences.

Agricultural Rates Act, 1896. Suggested reason for its introduction.

7775. I will put a concrete instance. Supposing you had 10 acres of land valued at 8*l.* an acre in the neighbourhood of a town, and that, closely adjoining the land, you had a dwelling-house of a value of 80*l.* a year, do you think those 10 acres of agricultural land should bear the same burden as that house at 80*l.* a year?—I see no unfairness, because the land has been brought up to 8*l.* an acre by its surroundings, not through any merit of its own.

7776. Following up that case, what would be the income of the owner and occupier of 10 acres of agricultural land worth 8*l.* an acre?—That depends, of course. It might be a gentleman who turned his horses out.

7777. Take his income from that property only?—I do not know I am sure—I am afraid I cannot answer that question.

7778. Can you not, with your experience, form some rough idea of it?—Of course it would be much more in the case of the occupier of the house; but that is a question of rating personalty.

7779. Would you not say generally that the occupier of the house of the value of 80*l.* a year was able to pay a much larger annual contribution to the public burdens than the occupier of those 10 acres of land at 8*l.* a acre?—Certainly, and I would increase the Income Tax to meet it.

7780. Is that not the main reason for the Agricultural Rates Act?—I should not like to answer as to what was the intention of the Legislature in passing that Act.

Rating in respect of machinery is said to be equitable.

7781. With regard to the question of the rating of machinery, have you made yourself familiar with the actual terms of the proposal of those who advocate the amendment of the law in that matter?—There have been so many proposals; but, as I understand it, shortly it is this—that you should rate the motive power and shafting; that is, boilers, engines, and shafting.

7782. Have you looked at the terms of the Bill of 1894?—Yes, but not recently. Perhaps you would read it; I cannot remember the details.

7783. I will put one general question to you; considering that so much has been done in recent years to relieve the grievances of agriculturists, would you not say that, even from an agricultural point of view, it might be politic to remove this grievance as regards the rating of machinery?—I think not.

7784. You are aware that it is regarded as a very serious sore in some districts?—I am aware of that. I think, myself, that the principle at present adopted is a fair principle.

7785. You do not think that it would be desirable, from an agricultural point of view, to remove that sore?—No, I think a very severe burden would come on to the agricultural interest if it were removed.

Appeals. Not desirable that owners should have right of appeal.

7786. With regard to the question of appeals, do you think that it would be desirable that owners of property, as well as occupiers, should have a power to appeal against valuations?—No, I think not.

7787. Are not both owners and occupiers interested in the valuation put on their properties?—The occupier is so much more interested in it that I think it is well the burdens should be thrown on him.

7788. Would you say that the owner has no interest in the amount at which his property is valued?—When he does not pay the rates, I do not see what interest he has. Whenever he comes into possession of the property he has the right of appeal then; and until he does get possession the burden is on his tenant.

7789. Have you considered at all the expediency of dividing the rates between the owner and the occupier?—I think it would be very inexpedient.

Division of rates between owner and occupier would be inexpedient. Reasons for this view.

7790. On what grounds?—In this way: if you divide the rates, then you ought to let the landlord have a voice in the spending of the money, and that complicates matters. Further than that, it would

apply specially to ground rents, which are a very favourable security now, because they produce a certain income. Railway companies and other companies divide their capital into various categories in order to meet the requirements of the public, one person being satisfied with a small interest, provided that be a secure and uniform amount, another being satisfied with a little more risk, and a third being satisfied with the ordinary shares.

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7791. I rather want to take you away from those special properties, like railways, with which, no doubt, you have had considerable experience, and to take you to the case of ordinary property, let it be either urban property or rural property. Do you not think some advantage is gained by making it clear that every person interested in the property should pay a certain contribution to the local rates?—And they do. I have the management of some houses now in two parishes; in one parish the rates are 5*s.* 6*d.* in the pound, and in the adjoining one they are 9*s.*, and the two parishes are absolutely adjoining. You can see by the rents that are paid that that difference is appreciated nearly to the extent of the 3*s.* 6*d.*

All persons interested in property pay a contribution to local rates. Evidence in support of this view.

7792. Is it quite clear to the minds of everyone?—It is quite clear to me, as agent for the houses, that they do; we are obliged to let them at 4*l.* to 5*l.* less.

7793. You are an expert in the matter; what I wanted to ask you was whether it is quite clear to the man in the street that every person interested in the property pays a contribution to local rates?—No, I think there is no subject upon which there is more ignorance than there is upon the subject of rating.

7794. (Mr. Smith.) I suppose you have a large experience of town rating as well as of country rating?—Yes, very large.

7795. The principle you would approve of in rating property is to take the actual value of the occupation, is it not?—Yes, the net value.

7796. But that principle is violated by the Agricultural Rates Act, is it not?—Yes, that certainly is so, no doubt.

7797. That is on account of the poverty of whom—of the owner or of the occupier?—That is a question, is it not, as to what was the reason of the legislation? I do not know what the object of it was, but I think it was very much needed.

7798. You have told us that the principle of remitting local taxation was on account of the poor land, and that you wished to restrict it to the poor land?—Yes.

7799. That is what I may call an appeal *ad misericordiam*?—If I may put it on this ground, I think that when land goes up to a high price there is a large portion of what is called "unearned increment."

7800. I am coming to that. You approve of the principle of the Agricultural Rates Act on the ground that it should apply to poor land?—Not the poor land, but to all land which is not enhanced in value by something it has not done itself.

7801. I thought you said you wished to take out of the Agricultural Rates Act anything like accommodation land?—Yes.

7802. On that principle?—Yes.

7803. Does not the principle of remitting local taxation on account of the low-rated land involve increasing taxation on land that has experienced an enormous accretion of value?—That is the result, but not under the Agricultural Rates Act.

7804. But, assuming your principle is correct, that primarily you should take the actual value to the occupier of any property as the basis of assessment, then does not the principle of remitting local taxation on poor land involve increasing local taxation on land that has experienced an enormous accretion of value by becoming building land?—Yes, unless relief is given by the State, as is the case in the Agricultural Rates Act.

Land, taxation in respect of. If principle of remitting taxation on poor land exists, then principle of raising it on land which has increased in value should also exist.

7805. You see nothing unreasonable in my suggestion that if you relieve the poor agricultural land on account of its poverty, you should increase taxation on land that has perhaps developed a thousandfold?—If you can get at the unearned increment on land, I would rate it; but I have never been able to know how to get at it.

7806. It is only a question of machinery, then; the principle you approve of?—Yes, certainly.

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7807. (Mr. Arthur O'Connor.) I think you have very clear opinions upon unearned increment, have you not?—Yes, I have a very great desire to see it taxed, but I have always failed to know how to do it.

Value, suggested definition of.

7808. In order that we may understand, and I confess I do not understand a great deal of what has been said, I should like you, if you would, to give me a definition of the terms that have been used. What do you understand by the word "value"; would you define the word "value"?—The "rateable value"?

7809. No?—"Value," not "rateable value"?

7810. "Value"?—I must know whether you mean "gross value" or "rateable value" before I can answer.

7811. I am speaking in great ignorance, I admit; but I should like to know what you understand by the word "value" for anything?—It is what a man gets for his property, and retains of it; not simply what he gets, but what he retains in his pocket per annum.

7812. For the purpose of understanding your evidence, may I take this as a definition—the value of a thing is the measure of human effort which it can command at any given time and place?—Yes, I do not see any objection to that definition.

7813. Of course a cup of water in London is not worth much, but it might be worth a good deal to a solitary traveller in Central Asia?—Quite so.

Rent, suggested definition of.

7814. Now, will you kindly define for me the term "rent," because I see you have used it in your evidence; what is "rent"?—Will you tell me what part of my evidence you refer to?

7815. You say you would reduce rent, what is rent?—I suppose that is the same thing as value, is it not? Rent is annual value, because we speak of rent as annual rent.

7816. What is annual rent?—The amount which somebody is willing to pay the owner for the use of the property.

7817. It may be that one man will be willing to pay a great deal more than another?—Certainly.

7818. Then would rent depend upon the opportunities of somebody unknown as compared with somebody else who could not turn it to equal account?—No; rent is for rating purposes merely *prima facie* evidence of value. What we have to get at is value. In many cases where we find that the rent paid is a ridiculous one, is exorbitant, then in rating we do not adopt that figure.

7819. Let me suggest another definition to you for my own appreciation of your evidence. Is rent that which the owner can get another man to give him for the hire of his property?—That is rent, but not necessarily value.

7820. It may be that the man who gives it cannot help giving it?—I say it is not necessarily value. I must know the particular instance before I can say whether they are synonymous terms.

7821. There is not necessarily any correlation between value and rent?—None whatever—not necessarily.

Accommodation land, suggested definition of.

7822. Now, would you kindly define for me a third term; what do you understand by "accommodation land"?—Shortly, I should say it is any land which is of greater value to be used in connection with a private residence or tradesman's shop, as distinguished from farm land.

7823. Suppose there is a small market town, and a piece of land, not fit for building, but good for herding cattle on a market day, would you call that "accommodation land"?—Certainly, and we always assess it on that basis. We frequently have instances of that sort.

7824. Supposing there is a house let in a town with a field appurtenant let with it, would you call that "accommodation land"?—Yes, if it were not too large a field for the size of the house.

7825. There are cases in which a house goes with the field not far off?—Yes, but the more removed it is the less of an accommodation character it possesses.

7826. That, again, would all be controlled as regards its value by the amount which the owner can secure from any occupant?—Can reasonably secure, yes.

7827. Now who is to judge of the reasonableness?—That is a part of my profession.

7828. It is the surveyor who has to judge, then?—He ought to be able to judge.

7829. But who is to decide?—The Court of Quarter Sessions in rating cases, on case of appeal, according to the evidence.

7830. You put the deciding authority in the Court of Quarter Sessions, not in the higgling of the market?—The higgling of the market has got a great deal to do with it, but I do not call it the higgling of the market, where a person, as you say, is obliged to give the rent for some exceptional reason.

7831. I think I used the word "obliged" in another connection?—I beg your pardon.

7832. Will you kindly look at the fourth paragraph in your memorandum. You say there: "Overseers should have the right to appeal against the decision of the Assessment Committee in any particular case in the country as they now have in London"; what advantage is it to overseers, as distinguished from the Assessment Committee, to have a right of appeal?—So that their rates in the parish may be fairly assessed.

7833. Are not the interests of the overseers and the interests of the Assessment Committee practically identical?—No.

7834. In what do they conflict or diverge?—In any local rates which relate to the parish only as distinguished from the Union where common charges obtain.

7835. The overseers are officers of the parish, are they not?—They are.

7836. The assessment committee is a tribunal acting for the Union?—Acting for the Union and appointed by the Guardians.

7837. You think there may be a conflict of interest between the overseers, as representing the parish, and the assessment committee, as representing the Union?—I think so, distinctly.

7838. That is to say, as between one parish and the rest of a group of parishes?—The Act of Parliament does allow overseers to take proceedings under those circumstances, but what I am speaking of is an individual appeal. In London the overseers have that power, but in the country they have not.

7839. We are concerned now for the country; London is provided for?—Yes. I was merely alluding to it as being a strong argument why the country should be treated in the same way.

7840. I presume you do not press paragraph 4 very much?—I think it is very desirable to do it.

7841. Will you tell me exactly with regard to the country only, what is the force or value of that suggestion?—All the rates payable in the parish other than those raised under the head of poor rate may, and in many cases do, apply only to the particular parish in question; and, therefore, it affects that parish if one ratepayer in it is not assessed at enough.

7842. In paragraph 3 you say, "It is a very invidious task for overseers in small parishes to raise any individual rating"?—Yes.

7843. If that is so, where is the likelihood of an appeal against the decision of the assessment committee by any overseers, especially of a small parish?—Of course there are many cases where they are not small parishes. I am only speaking from my experience, where the actual difficulty has arisen.

7844. I am dealing with what you yourself have put into print for our guidance?—Yes; but then, do you not see, they never want to appeal against the assessment committee's decision, unless these steps have already been taken. There are two objections: in the first place it is invidious for the overseers to raise it; in the second place, if it has been raised and an objection to the assessment committee has been made, and the overseers think that that decision is not a just one, I think they should have the right of appeal to Quarter Sessions as has the ratepayer.

7845. Now do you think that, where an overseer finds it an invidious task in the first instance to raise an individual rating, and an objection has been lodged with the assessment committee, and it has gone in favour of the individual occupier, that the overseer would be at all likely to appeal from the decision of the assessment committee?—I have known where they have desired to do it and have been advised that they possess no such power.

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Appeals. Overseers should have right of appeal against decision of assessment committees in the country as they have in London.

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7846. Would that not be very exceptional?—There would not be many, but it would apply where a new valuation list has been made of the whole parish. Of course, what is called a substitutional valuation list is made in some parishes, but not very frequently, and when that is made the whole of the assessments are reviewed.

7847. I read in the fifth paragraph of your memorandum that the "gross estimated rental (or, as in London, "gross value) should be done away with in valuation "lists; the introduction of this value leads to great "difficulty, and not infrequently to a good deal of "injustice." Now, what occurs to me in connection with that suggestion is, what substitute would you propose?—The rateable value only.

7848. That is what I wanted to come to. There is now a distinction made between the valuation for Imperial purposes and the valuation for local purposes?—Yes.

7849. Can you see or suggest any reasonable ground why there should be any such distinction?—I have always failed in that; there should be none, in my judgment. The Government now has given way to the extent that they take a sixth off, as I have already mentioned to the Chairman. If they take a sixth off on some property that needs only a sixth for repairs and maintenance, why should they not take a third off if that property needs a third. My idea is, that imperial taxation should be on the same basis as local, namely, the net value.

7850. Let us drop the words "net" and "gross," and look at things from fundamental points. I suppose a thing does not vary in value accordingly as an imperial or a local officer looks at it, it is just the same thing?—Quite so.

7851. And the value is just the same?—Certainly.

7852. Therefore, for imperial or for local purposes a thing ought to be regarded as of constant value?—It ought; and that value should be the net value.

7853. What do you mean by "net" as distinguished from "gross" value?—The gross is what a man may put in his pocket, the net is what he keeps there from the property in question.

7854. He cannot put the property in his pocket if it happens to be an extensive area, can he?—No, it is the money.

7855. One farmer may make a fortune and another farmer may fail on land of equal value, the property as property remaining just the same?—Yes, I was speaking of the rent, not of the profit derived from the user of the land.

7856. But you represent farmers, do you not?—Yes.

7857. Now, a farmer in Essex told me that he had been able to weather the whole of the agricultural depression, and that if his neighbours had only attended to farming as he did, and done reasonable things, there would have been much less complaint about depression. I do not know whether what he said was reasonable or not, but that is what he told me, and, as a matter of fact, he has held on, and he appears to be doing well, while other farmers are throwing up their farms in their own immediate neighbourhood. Therefore, I find it difficult to believe that what a man makes out of a farm or any other property is a fair standard of the value of that property as a property?—It is not valued in that way. We are speaking here for rating purposes of the annual value, not any profit that the farmer makes out of it. I quite agree with you that one man may make a fortune and another lose one on the same property.

7858. Therefore property ought to be regarded, at least, I suggest to you that it ought to be regarded, not so much from the point of view of what a particular farmer or industrial may make out of it, but from what the thing itself is worth from a general point of view?—Yes, to be used for the purposes of farming; if there is no profit to be made out of farming he cannot afford to pay a rent.

7859. Supposing that there are two farms of 300 acres apiece, and one farm is in the possession of an intelligent, industrious, and sober man, and the other is in the occupation of a man who is neither intelligent nor sober nor industrious, is there any reason why those two farms should not be rated at the same figure?—None whatever.

7860. You have told us about two adjacent properties or Unions in one of which the rates were 5s., and in the other of which the rates were 9s. in the £?—5s. 6d. I think I said.

7861. Somewhere about that: at any rate, there was a considerable difference in the rates?—Yes, there was the difference between 5s. 6d. and, I think, 9s.

7862. You observed that it was easy to let land, or comparatively easy to let land, in the one, and that it was difficult in the other?—Yes, that illustration referred to houses.

7863. It referred to property, at any rate?—Yes, the rent in the parish where the rates were high had to be made lower to meet those high rates.

7864. Therefore the man in the omnibus who went to take property in the one or in the other was, to a certain extent, alive to the difference in the rating?—They are getting so now; some years ago they were not.

7865. You answered a certain question put to you a little time ago as to the difference between your knowledge as an expert, and the knowledge of the ordinary member of the public, that practically the ordinary member of the public knew nothing at all about the rates?—He knows very little.

7866. But in this case it appears that the public is waking up to an appreciation of the difference?—Much more than they were; they are inquiring as to what the rates in the pound are in a particular parish.

7867. Do you, therefore, think it is equally true of farmers as of other men, that they appreciate the difference in rating, or are farmers more stupid than other men?—No, I hope not. I am the son of a farmer; I remember the time when farmers took farms without ever asking about the rates, but they do not now.

7868. Possibly they might know something about rates without asking?—I am speaking of strangers coming into farms.

7869. Do they remain long in the neighbourhood?—When they find it out, do you mean?

7870. After they have farmed some years, or do they go away?—I do not know; I am speaking of a general principle, and I am afraid I cannot follow it up in that detail.

7871. (Sir Edward Hamilton.) With regard to the question just put to you by Mr. O'Connor, would you say that, as a rule, a farmer, when he is taking a farm, does not take into account the amount of rates that are payable in respect of that farm?—What I said was that I can remember the time when they really did not do that—that was some 30 years ago—but they do it now.

7872. They do so now?—Certainly. I had several cases many years ago where they actually did not know what the tithe was either.

7873. They have become more intelligent since?—No doubt about it.

7874. Do I understand from your remarks here that you consider that the Agricultural Rates Act of last year has redressed the grievance, so far as rates are concerned, in agricultural land, notwithstanding that you say, in paragraph 12, that the highway rate and the school board rate are still heavy burdens?—Yes, I think they want more relief on account of the highway rate and the school board rate now.

7875. Still more than what is given under the Agricultural Rates Act?—Yes, certainly.

7876. Though, at the same time, you would, as I understand, throw out a part of the land now which benefits under the Act of last session?—Yes.

7877. I think you have had great experience of valuing agricultural land as well as other properties?—Yes, a very large experience.

7878. Would you say, from your experience, that the greater part of the land which you have valued is held under lease, or is held at the present moment from year to year?—It is held from year to year.

7879. On such land do you consider that the benefit derived from the Agricultural Rates Act of last year would go into the pockets of the landlord or of the tenant?—As a general rule it would go into the pockets of the tenant on cheap land.

7880. In spite of its being held from year to year?—I think so.

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Rent.  
Adjustment of rent in case of high or low rates.

Farmers used to take farms without considering the rates, but they consider them now.

Agricultural Rates Act, 1896, has to some extent redressed the grievances of agriculturists.

Agricultural Rates Act, 1896. Benefits derived from, accrue to tenants and not to landlords.

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7881. You do?—Yes, on cheap land. I will not say cheap land—let me correct that—on land at a small rental.

7882. You would not think that when the rent comes to be reviewed in the new year the landlord would be able to get a higher rent out of the tenant in consideration of the relief granted?—My experience is that rents are not reviewed annually, tenants are very seldom disturbed in that way; they are more likely to be reviewed in the cases of leases.

7883. I can quite understand that, as a rule; but are they not reviewed after so important a change as was the result of last year's Act?—You see there are many thousands of acres of land that it will not affect even a shilling an acre, very many thousand acres.

7884. Therefore, speaking generally, would you say that you think the tenant has got a relief out of the Act?—I would, generally speaking.

7885. (Mr. Murray.) Do you not think that the difference between gross value and rateable value represents a real distinction?—Manifestly it is a real distinction, because one is the value supposing the landlord did the repairs, and the other is the value supposing the tenant did the repairs. Practically that is the distinction; but it is a distinction which need not be made. All rates, Imperial or otherwise, should, in my judgement, be based on the net amount.

7886. But for the purpose of taxing the landlord's income, which is the proper basis?—The net, because he receives, for argument sake, say 100l., and perhaps has to spend 20l. of it, therefore he ought to be taxed on the 80l., no doubt.

The witness withdrew.

Mr. ALBERT PELL called and examined.

Mr. A.  
Pell.

7894. (Chairman.) We all know that you were for a considerable time, nearly 20 years, in Parliament, and that you succeeded Sir Massey Lopes as chairman of the Local Taxation Committee?—Yes. That Local Taxation Committee was formed after I came into Parliament, it was not in existence at the time when I came in; it was formed in, I think, about the year 1870.

7895. You have turned your attention at various times to this whole subject of local taxation, I presume?—Yes, I have.

7896. You have, also, I think, had a considerable experience in local affairs, having been a guardian both in London and in the Brixworth Union?—Yes. I think I have served every parish office, from special constable up to Member of Parliament; I have gone through the whole scale.

7897. That being so, you, perhaps, are able to compare, from your own experience, the system of assessments which obtains in the Metropolis, and that which is in existence in the country?—Yes. I am assessed in London as a proprietor of land and houses in the East of London, and in the country as a proprietor and occupier of land.

7898. Which of the two systems do you prefer?—I infinitely prefer the metropolitan system.

7899. Do you think that the metropolitan system should be universally extended?—I should be very glad indeed to see it extended. I think it would be most important, if there are no questions of detail that render it impossible; I have not, myself, noticed any.

7900. Do you think that a regular re-valuation at stated periods would be acceptable in the country?—I do not think it would be acceptable to a great many persons, but I think it is desirable.

7901. Do you think it would be just?—Undoubtedly. We have in our union a quantity of mineral property, some of which is running out, and, therefore, we are obliged to re-assess repeatedly. Then there is a great deal of house building going on, which requires re-assessment, and also additions to the railways which require re-assessment.

7902. Have you any special difficulties to bring to our notice with regard to railways?—I have with regard to the English system of assessing—of valuing rather—by the overseers. Of course, as your lordship is aware, the valuation of a parish is supposed to be

7887. Suppose he receives 100l., and the tenant spends 20l.?—Then the amount he receives is net.

7888. But that would not be the net value to the tenant, would it?—Yes, in this way: if one farmer rents a farm—you have used the 100l. a year, and we will continue it—at 100l. a year, and does all the repairs of maintenance, and everything that is necessary, and provides materials and labour too, that becomes rateable value if the rent be a fair one; if the next farmer pays 100l., and the landlord does all the repairs, then such repairs have got to be deducted from the 100l., and will reduce it down to 80l., or any sum that might be reasonable.

7889. Take the case of an ordinary repairing lease of a house, say?—An ordinary repairing lease of a house is rateable value if the rent be a fair one.

7890. What is rateable value—the rent?—The rent; if the rent be a fair one it is rateable value; the terms are synonymous. It is not the practice in London to do so; I thought perhaps you were thinking of that, so I tell you that the practice in London is to add 10 per cent. to the rent, and then to take off a sixth; but, in my judgment, it is not a right practice.

7891. (Chairman.) Is there any point that you would like to add in order to clear up any question that has arisen?—I think not.

7892. (Mr. Dalton.) I gather from what you have just said that you consider that a householder takes the rates into account quite as much as the farmer does when he takes property?—Yes.

7893. The illustration that you gave us points to the fact that the householder does take them into account?—Yes.

Mr.  
W. Eve.

18 June '97

House-  
holders,  
and  
farmers  
take rates  
into  
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taking  
property.

Mr. A.  
Pell.

Valuation.  
Assess-  
ment Com-  
mittee of  
Union  
should  
make the  
valuation  
list for the  
parishes  
in respect  
of certain  
properties  
such as  
railways  
instead of  
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should be  
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who should  
have  
access to  
the com-  
panies'  
books.

made by the overseer of the parish, not by the union. It is obvious at the first sight that it is impossible for an overseer, who may be a man certainly not educated for such a purpose, to make anything but the merest conjectural valuation of a railway. He makes his guess at it. He may ask other neighbouring overseers, and he may ask for a little information in other unions about what they are assessing railroads at per mile; but it is the merest possible guess, and he has no means, that I am aware of, of obtaining the necessary information. I understand, as far as my knowledge goes, that in order to assess a railway—we will take the London and North-Western, which is a line I have to do with as a proprietor, and as running through the parishes in the union which I represented—that in proceeding to assess that railway, to do it fairly you ought to have access to the company's books; you must take a survey of the whole undertaking before you can assess any portion. That is what I understand; I do not know whether I am wrong.

7903. I think it would probably be better if you would give me any suggestion that you would like to put before the Commission as a practical reform in that matter; the existing facts, I think, are pretty well known to us?—The practical suggestion I should make is this: First of all I think it would be better that the union should assess or make the valuation list for the parishes. It seems to me a great defect in the law that it should be left to each little spot, each little parish or township, to deal with that question. Then the union would, undoubtedly, have to employ a professional man, having access to the books of the railway, in order to form a just valuation. We had a very serious appeal by the London and North-Western Railway some years ago. I think the Northamptonshire Court of Quarter Sessions sat for three days to hear it. Our valuer, Mr. Hedley, could not really get to the facts until we came into the Court of Quarter Sessions, and the books were open to him. Then, as I understand it, in proceeding to make a county rate, the county rating authority has a right to go to the railway company, and say, "Give us the materials for forming a fair assessment." What I said was: "This is very tiresome indeed, the position we are placed in; we do not want to do anything that is unfair; we do not want to harass the railway in any way, but I do not see how we are to get at the facts unless I proceed—I am on the county rate committee—to disturb the county rate and get access to your books, by asking for a new valuation for the

Rateable  
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Assess-  
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System in  
metropolis  
better than  
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desirable.

Re-valuation  
at  
stated  
periods  
desirable.

Railways.  
Valuation  
by over-  
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factory.

Mr. A. Pell. " county rate—but that is a very roundabout way of proceeding."

18 June '97  
Railways. Valuation. Scottish system is better than English.

7904. I rather want to know what you think should be done; what is the reform you would like to see introduced?—I should like the English system to follow the Scotch, and that there should be some officer or officers to assist the assessment committees or the assessing authorities in estimating for them. I would not make that officer's decision final in any way whatever; he should act by way of an assessor.

7905. I think, either myself, or some member of the Commission, made that suggestion to more than one former witness, and it was objected to on the ground that the number of English railways and their mileage is so vast that it would be almost an impossible duty to lay upon one department; what have you to say to that suggestion?—I do not see that its vastness upsets the scheme; those employed would have to be more numerous. I believe in Scotland there is only one assessor. The railroads are extremely numerous in Scotland; I am quite aware some are very lengthy and with very few branches, but if you get round Glasgow, Paisley, and Edinburgh, you will find they are pretty thick there, and so they are at Gartsherrie. There must be as much trouble in certain localities in Scotland as there would be difficulty in Lancashire with us.

7906. I think you made some proposals in a Bill which you introduced to Parliament while you were in the House of Commons?—I did.

7907. Would you like to say anything on that measure?—I could not get a copy of my Bill again, and I cannot charge my memory with it entirely. I know I got it a long way through the House before it was found out, by holding my tongue, and then some gentleman, who had a lively interest in railways, blocked it; I gave it up directly I was discovered.

Railways. Valuations raised by certain unions. Appeals.

7908. Then you do not propose to suggest to us that it was a good Bill, do you?—I think it was a good Bill. I gave a great deal of trouble to it. I do not know whether a copy of the Bill is here; I should very much like to see it again, if it could be procured. I will stand by my judgment, although it was some years ago. I do not think I brought a stupid Bill in—that I would not do if I could have helped it. I got all the advice I could upon the subject from people who knew more about it than I did. Might I say, with regard to railroad assessment, that an adjoining union in Northamptonshire attempted to raise the assessment of the railways—I think both of the Midland and of the London and North-Western; the assessment committee of the union were defeated, and the guardians were defeated. The question was put, I think, by counsel—"Take So-and-So's farm, it lets at 3*l.* per acre, does it not, what have you assessed it at?" That upset their case directly. But in the Brixworth Union, where I have been chairman of the assessment committee for a good many years, we have always assessed up to the full value of all property. Therefore, when we came into a contest with the London and North-Western they had not that ground of objection against us, and we succeeded. I do not know that we got all that we might have had, but we got a very considerable amount of rates from the company beyond what they were paying.

7909. You are, I understand, chairman of the Estates Committee of the Governors of Guy's Hospital, and they own a considerable amount of land in three counties?—Yes, in Herefordshire, Lincolnshire, and Essex.

7910. From your experience in that capacity have you any representation to make to us?—I should say that the Governors are not only owners of a considerable amount of property in Essex, but that they have a great deal in hand—between 2,000 and 3,000 acres—something like 2,500, so that we have experience as tenants as well as landowners. The Governors of the Hospital are also tithe owners in some parishes. Our agent, Mr. Strutt, complains, and I agree thoroughly with him, that we are most unfairly treated by the assessment committee. I have got the particulars of it here.

7911. Perhaps you will give us a statement in what respects you think you are unfairly treated?—We are assessed at considerably above the rent, and the assessment committees appear to me to be grossly ignorant. From what I know of the assessment committees in Essex, they are not people who should be

trusted with such a business, or else the owners and the occupiers of land are extremely remiss, and not aware of points which affect their own interest. Take this, for instance: An assessment committee in Essex does not allow the tithe to be deducted from the gross value of the hereditament. The result is that the rating authority is getting two rates out of the tithe; because, of course, they assess the rector, whether he is lay or clerical.

7912. Have you appealed on that account?—We have, indeed.

7913. To quarter sessions?—Yes—with what result? At a cost of 168*l.*, and we lost the case altogether. I got Mr. Strutt to send me up this morning some of the particulars of that case. Towards the conclusion of the hearing of that case, before the Court of Quarter Sessions, Mr. Fitch, who was chairman of the Maldon assessment committee, in giving evidence, is reported as follows in the newspaper I have got here: "In answer to Mr. MacMorran as to whether the price which the farm would fetch in the market would make any difference in the amount of the assessment, the witness replied, 'Certainly not.'"

7914. Have you verified that report; can you tell us that that is an accurate report?—No, I have not verified this report; but Mr. Strutt sent me this morning the report as an accurate one.

7915. The point of it bears upon a statement made by somebody who is not in your interest, and who is not apparently responsible for the report. We could take a report of the decision; but I hardly like to found much upon, or even to put upon, the notes, a report of what is said to have taken place in conversation in court?—This is what I have from Mr. Strutt himself upon that question; this has not passed through the reporter's hands. He says: "I send you a newspaper cutting of the case which was tried at Chelmsford Quarter Sessions, where we were beaten, though the whole of the evidence was given in our favour, and the chairman of the assessment committee said"—now this is what Mr. Strutt heard himself—"that what a farm was worth had nothing to do with the assessment." He says further: "I also enclose you a newspaper cutting." Then this case was followed up by Mr. Shaw Lefevre, who seems to have heard something about it, and wrote a letter to the "Times" which I can refer to afterwards. Mr. Strutt goes on to say this: "I am also forwarding the letter I received on the 20th of March 1894 from the Chelmsford Union assessment committee on appealing for the Guy's Hospital farms in hand. In no case was any reduction made, though the assessment was far beyond the price which can be obtained for the rent." I have got the figures here. I had them got out at the office.

Valuation above rental value; cases of agricultural land in Essex assessed above the rental value.

7916. We cannot very well re-try the case?—No. I will only give you just this: Mr. Strutt tells me "In no case was any reduction made, though the assessment was far beyond the price which can be obtained for the rent. That I can show, as I have the rental of these farms here, and the assessments; in fact, now, whenever I want to let a farm I invariably say to the intending tenants: 'We shall be very glad to let it at the assessment.' They then ask what that is; and when they are told, they laugh at the idea of taking it for such a rent. The enormous power in the hands of the assessment committee, and the cost of the appeal at quarter sessions is too much. Our costs in the case above referred to were about 168*l.*" Then he goes on to say: "Some of the unions are assessing more fairly," "Braintree is assessing more fairly," and so on. I have a statement here of some of the farms, which will show the difference between what is the real value and the assessment.

7917. What do you mean by real value?—Really what it would let at—its annual value—the value which it might, under the terms of the Assessment Act, be expected to make from a yearly tenant. Of course I hold that the term "what a farm may be expected to make" is what a tenant will give a landlord where there is no jobbing, where there is no relationship or no foregift, or anything of that sort. Take one farm—I do not know whether it is necessary to name the farm—it is Beaumont Hall. The gross assessment of it is 681*l.*, and the rent, less tithe, is 430*l.*

7918. Is that a rent actually being got from a tenant?—That is a rent actually being got.

Mr. A. Pell.  
18 June '97

Certain land in hand in Essex is valued above the rent.

Gross rental. Deduction of tithe. Certain assessment committees in Essex do not deduct tithe from gross rental.

Mr. A.  
Pell.

18 June '97

7919. How much is the tithe?—I cannot tell you; Mr. Strutt has not given me the tithe, I wish he had; but I have some other farms here—

7920. I think—if you will allow me to suggest it—rather than take this over the table, you might put in a statement giving all these particulars; then we can look through it; but I do not think, from the information in your possession just now, we shall get to a very satisfactory result here, and perhaps we may merely lumber the notes. If you will send it to us in a tabular form, I will undertake to look at it?—I will do so. In order to make out the contention that I have, I will just take this: Here is a statement that came out in evidence, I think, before a Royal Commission; it is evidence given by Mr. Pringle, and I can quite confirm what he says. Here is a farm in the Maldon Union; the rent is only 15*l.* 7*s.* 2*d.*; it is assessed at 67*l.* 18*s.*; the present value of the tithe is 48*l.* per year, and they have never taken the tithe off. That farm ought not to be assessed at a penny, because in that case they have got the tithe.

Assessment committees as at present constituted are not sufficiently competent bodies.

7921. We cannot go into individual cases. I take your statement to be that you want a cheaper and a more satisfactory form of appeal in cases where occupiers of agricultural property think they are over assessed?—Yes, and to make it safe in England I do not think this business can be committed to the assessment committees, especially as they are at present constituted. The change in the qualification for guardians has introduced into the boards a class of men wholly incompetent to deal with questions of this nature; they have no interest in it.

Valuation (Metropolis) Act should be extended to country generally.

VALUATION.

Assessment committees of unions should make up lists for parishes in respect of certain classes of property, such as railways, instead of the overseers.

Surveyor of taxes should sit with Assessment Committee.

Valuation, one basis of, for all purposes desirable.

County Rate Committee of Northampton. Attitude towards Union Assessment Committees in the county and union valuations.

7922. Do you wish to make any practical suggestion to us?—As regards the country, my practical suggestion would be that we should follow the metropolitan system of assessing, and should bring the assessment for land and houses to assimilate as closely as possible to the Income Tax assessment.

7923. I understand you to say that lists should be made up on a union basis and by a union authority, rather than parochially?—I think so.

7924. Would you, like many other witnesses, approve of the association of the imperial officer, the surveyor of taxes, with the local body?—Undoubtedly. With Sir Massey Lopes I resisted it for many years when I was in the House of Commons. I regret it exceedingly. There were Government bills brought in by both parties—both by the Liberals and by the Tories—having for their object the introduction or the assistance or the surveillance of the surveyor of taxes. We resisted it, and I very much regret it. Perhaps if one had not resisted it, things would have remained as they are; but I see the enormous importance of it now. In Brixworth Union, where I was chairman of the assessment committee for a great many years, I long tried to get the people to take the assessment of the property tax for our guide, to let rent, in other words, be our guide. They resisted it, but at last came and said: "Now, will you be our chairman?" I said: "Upon the condition that I am to take rent as the absolute criterion of value," and they accepted it.

7925. Which county is the Brixworth Union in?—The Brixworth Union is in Northamptonshire.

7926. You are also a member of the county rate committee of the County Council of Northamptonshire, are you not?—Yes, and they have passed a resolution which I have here.

7927. Would you tell us what the text of the resolution is?—It was passed by the Northamptonshire County Council on the 29th of April 1897, and it is in these words: "That this Council is of opinion that there ought to be only one basis of assessment for Imperial taxation, county rate, poor law, and all other purposes; and that copies of the foregoing resolution be forwarded to the Local Government Board, and to the Royal Commission on Local Taxation."

7928. Which district of Northampton are you most concerned with?—Brixworth, where I live; but I have no property in it.

7929. Do you know the Towcester Union?—I know a little of its proceedings, but I have very few friends in the Towcester Union.

7930. Do you know Mr. Whitton, who is the clerk?—No, I do not, except by name.

7931. Mr. Whitton asks us whether we have "received any evidence in opposition to the present mode in which the county rate committees discharge their

"duties?" And he says this: "The Northamptonshire county rate committee ignores the Acts of Parliament under which rating authorities act. When overseers appeal they take no notice, simply telling them that their basis is only temporary, and absolutely ignore requests from the assessment committees to go into the matter of their assessment with a bare, vague assertion that they cannot adopt the basis adopted by the assessment committees"?—Yes, I recollect now. I recollect Towcester coming up before us. It was very necessary we should act as we did. The assessment by the local officers in Towcester Union would never have done for the county rate, it would have been most unjust to the other unions. There, again, I should like to state that Brixworth being assessed almost upon the income tax assessment we had no trouble. We found out that our assessment was almost identical with the county rate assessment, and there was no trouble with it.

7932. Why would the Towcester basis not have done for you?—Because, as far as I remember, they would have been assessed at too low a figure for the county rate.

7933. In making such statements as Mr. Whitton suggests, and which, I understand, you do not contradict, you would put to us that you went into the circumstances of each case carefully?—I certainly did not, and certainly the committee did not, but I have no doubt that the clerk to the committee, the clerk to the council, did examine all the assessments for the property tax for each parish, and compare them with the assessments made by the overseers. The county rate committee have strictly to deal with every parish.

7934. The point here is this, is it not, that for county purposes, the county authority must endeavour to see that the unions, as related to one another, are fairly valued upon corresponding principles, is that not so?—Certainly.

7935. And that is the object of the county rate committee?—Certainly.

7936. Then you do not, I understand, remember enough of the special circumstances of this Towcester grievance to give us any information about it?—No, it was, as far as I remember, a sort of vague idea that their assessment was the right one, which was not unnatural. Other unions made the same objection, but they yielded. We pointed out to them that we must have one uniform assessment for the whole of the county, or that it would be unfair if we let a union in with its hereditaments assessed below their value; because then, of course, it would be making other unions pay their rates.

7937. Some witnesses have represented to us that it would be a great advantage if there could be one assessment for Imperial and for local purposes?—I think so. That would be pretty much as it is in London. In London I never make a return as an owner for my property tax at all; the surveyor of taxes having acted with the overseers in the east of London, they have settled what my rental is, and I pay upon the statement in the valuation list.

7938. You would approve of that?—I do approve of it. I have never been treated unfairly, and where there have been what you may call "accidents" in connection with the property, such as fires or anything of that sort, I have found no trouble with the authorities in getting a reduction, and the case has been met fairly. I feel satisfied with the assessments; I feel that the possibilities of jobbing are removed, or made less likely to occur.

7939. Do you approve of the introduction in the Agricultural Rates Act of last year, of the assessment of premises and houses on the farm separately from the holding?—Yes, I do. I have found very great trouble with that long before the Act was passed in dealing with assessments of hereditaments in the union. In this way:—the assessment committees have a scale of deductions; "naked" land as it is called, that is, land having no buildings on it, they allow 5 per cent. off, then land with buildings, I think has 10 or 15 per cent. off the gross value allowed. Then this happens. A man will have in one parish the buildings of a farm, and in another parish there will be the land; strictly speaking, the overseer for the parish where there is nothing but the land ought only to deduct the five per cent., but a man pleads "but I farm this with buildings," which are in another

Mr. A.  
Pell.

18 June '97

One valuation for Imperial and local purposes desirable. Valuation (Metropolis) Act is satisfactory.

Agricultural Rates Act, 1896. Separate valuation of houses, buildings, and land is desirable.



Mr. A.  
Pell.

18 June '97

Valuation  
above  
rental  
value.  
Case of  
land in  
Cam-  
bridge-  
shire  
assessed  
above the  
rental  
value.

Valuation  
above  
rental  
value.  
Case of  
land in  
Essex  
assessed  
above the  
rental  
value.  
Action of  
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alteration  
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tribunal of  
appeal.

parish, and in some cases in another union, "and, therefore, you ought to take off the 15 per cent." Now if we have the buildings assessed separately that difficulty would then be removed. In some unions, I think in Kettering, the adjoining union to us, it is done, and a separate assessment of the buildings has been made for some years. Upon the question of unfair assessment by assessment committees, might I just state what happens to myself in Cambridgeshire, where I am an owner and an occupier. One farm, a separate part of the estate, a poor farm, which I could not let for 50l. a year, was assessed at 200l.—at one time it made 200l. I objected, and I went before the assessment committee and there was a sort of bargain made. "Will you be content with 25 per cent. off, or shall we give you a little more?" I said it was not for me to higgler over the thing, it was for them to say what was the real value of it, and I am now assessed—I have got the figures here—at something like double the rent or triple the rent. In that case I think nearly all the assessment committee were farmers, and knew perfectly well what the value of that land was. I offered it to them; I said they were welcome to the farm at 50l. a year, but nobody seemed inclined to take it. With the Essex experience before me, I certainly do not mean to go to the Court of Quarter Sessions for relief; so, therefore, I go on paying.

7940. (*Viscount Enslin*.) I understand you to object to the assessment committee's valuation; but in the cases, or one of the cases, at all events, that you have given us it appears that, on appeal, the Court of Quarter Sessions upheld the decision of the assessment committee?—Yes.

7941. Therefore, your complaint there would be rather, would it not, against the court of appeal than against the preliminary operations of the assessment committee?—The assessment committee failed to do us what we consider justice, that is—to make a proper valuation list; and therefore we attempted to remedy the evil by going before the Court of Quarter Sessions, and I think we fell out of the deep sea into the hands of the devil.

7942. That being so, is not your objection rather against the court of appeal?—Yes, as constituted as it was, I think so. For instance, one of the gentlemen in the Court of Appeal told me himself—he is a friend of mine and a friend of yours, I will not name him, but he is a very active magistrate in Essex—he said to me "It would be manifestly unfair to assess the poor lands in Essex at their rent, the lands that are only letting at 5s. an acre." He said: "If we do that, we shall increase the burden on the better land which lets at 1l. an acre—we shall have a row." That was the argument. The Court that makes use of such an argument as that does not appear to me to be a sort of Court to deal with questions of this nature.

7943. Do you suggest, then, any alteration in the court of appeal or in its constitution?—I do not like the court of appeal in Essex.

7944. Because that court of appeal decided against you?—My experience is not wide enough in other counties to speak to that. Therefore I should not like to speak generally.

7945. I thought you might have some suggestion to make to the Commission as to some alteration in the court of appeal?—I think it should be an authority trained to arrive at judicial decisions. I should prefer going before a trained lawyer, having nothing whatever to do with the property which is being dealt with; that is to say, where his own interests are not affected by the decision of the Court.

7946. In fact, you would prefer a judicial inquiry?—Yes. In this instance, undoubtedly, my friend in the Court of Quarter Sessions, and, I daresay, his colleagues too, was affected by a general view of what would happen to their property, or to the property of others in Essex, if they assessed fairly; it really came to that.—"If we do not over-assess you who are letting your land at 5s. at 1l., then it will make inroads upon the land that is let at 1l. so heavy that there will be a disturbance." That is to say, that the rate will go up, and that will draw the attention of the ratepayers to the cost of local administration.

7947. That amounts practically to this, does it not, that in that particular case some members of the Court of Quarter Sessions at all events, took a view, which was contrary to yours, of what was fair and equitable

in the way of dealing with lands in Essex?—Yes, some; but, unfortunately, the "some" were in the majority. If the "some" had been in a minority we should have had a very different decision.

7948. Does that lead you to think that the decisions of Courts of Quarter Sessions in ordinary appeal cases are unsatisfactory and not judicial?—I do not like to say that with respect to these courts on the whole.

7949. Then, may we take it that your objection is that the Court of Quarter Sessions decided wrongly in that particular case?—I do not want to go further than what I have stated.

7950. With regard to the question of overseers, I understood you that overseers were not proper persons to value railways in the first instance?—It is manifest that it is utterly impossible for the overseer to do it, even if he was a genius.

7951. Do you think overseers are competent persons to value property in a general way, and apart from railways?—They are more competent than most, because they know pretty well what is the rent a parishioner is paying.

7952. There are a good many properties, are there not, besides railways, that require very special valuing?—Yes. Of course, mineral property does, but they can get at that a little by the accounts from the weighing masters of the metal and the ore that goes out of the pit, and if they fail they can call in an expert.

7953. Do you not think the best course is to call in an expert in the first start of your inquiry for certain classes of property?—I think it would be, undoubtedly. Following the precedent of Scotland, I would make the same authority that would assist the overseers with regard to railways also assist them with regard to canals and mineral property. I think in Scotland that is the case; I think the assessor is not an assessor of railways only, if I recollect aright, but that he takes the mineral property and canals as well. The Scotch Act is the 17 & 18 Vict. c. 91., and perhaps it would be worth while to consult it.

7954. I understood that you proposed that the books of the railway companies should always be produced; is that before the assessment committees?—Before the assessment committee or the person whom they appointed to act for them. The assessment committee would be wholly incapable of dealing with the books.

7955. I meant that they should be produced to the assessment committee, of course, for the use of the assessment committee?—Yes, for the use of the assessment committee, and to be submitted to the expert.

7956. Do you think it desirable to restrict that right of the assessment committee to call for books, simply to the case of railway property?—I am not sure about that, because if I am right, the assessment of a mile of railway in a parish in the middle of Northamptonshire cannot be made, as it ought to be made, without examination of the whole enterprise of the railway. You have got to consider Euston Station as well as what is doing in the parish of Hazelbeach—if Hazelbeach was the parish concerned. That is what I am given to understand, and I believe it to be the case, that the whole enterprise of a railway company has to be considered when you come to consider any one vertebra of it.

7957. Technically, at all events, the ground on which you are to rate a railway is exactly the same—the basis is assumed to be the same as that on which you rate anything else?—At what it would let.

7958. Yes?—I am told not.

7959. Is that not so?—You would know a great deal better than I do.

7960. Can you tell me of any other basis on which it is laid down you should rate a railway, except that which it would let for from year to year?—It would be impossible to assess a railway at what it would let for, because you have got to take into consideration all the working expenses, and then you come to the same thing—you come to really what is done now when an expert assesses the value of a part of the line.

7961. But is it not the case that with a railway you practically have got to try and ascertain as best you can what a railway will let for from year to year, and for that purpose you assume the railway company to be the hypothetical tenant?—Yes.

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Railways  
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7962. Is that not exactly the same basis as in an ordinary case?—Certainly, but you must know what the hypothetical tenant can do with it; to ascertain that you must know what the present tenant is doing with it, and that you cannot ascertain unless you can examine the books of the present tenant.

7963. Ought not the same argument exactly to be applied to any other class of property? If you have the right with regard to a railway company to look at their books, you must have the right to look at the books of any other company in order to ascertain what the proper rate should be?—I should be very glad if it was applied to the farming business, and if we were spared paying where there is no profit.

7964. Whichever way it works, whoever makes the assessment should have access to the books?—I suppose it would be necessary in the case of large mining concerns.

7965. And in the case of waterworks?—I should think undoubtedly it would be so in the case of waterworks where they have got miles and miles of pipes. Take Manchester, for instance, with its water derived from Thirlmere, I could conceive that, in assessing the part of the aqueduct going through a parish between Manchester and Thirlmere, that the method which is applied now in assessing a short piece of railway between two termini should be applied there.

7966. The system of getting at your assessment, whether it was for a waterworks or for a railway, would, in your mind, be very much the same, or ought to be the same?—Yes, because the surface of the land under which the aqueduct goes is just as good as herbage; that is, it has its surface value, but then you have got to assess what is going on underneath.

7967. There is one point in your evidence I did not follow. I understood that you wish the overseers not to be the assessing authority in parishes any longer, but that the assessment should be made by the assessment committee over the union for each parish?—No, I would not say that; I do not think I can say that for the ordinary house property and farming property, for such property as that which the overseer is naturally acquainted with from his calling and his associations with his neighbours.

7968. Then it is only on the special property that the assessment committee should take up the rating as far as the parishes are concerned?—Yes. I think that where you come to the assessment of property like agricultural property, or house property, the overseers in the villages are very good people to make the start with the thing; then, if they get wrong their errors are corrected by an objection being made to the valuation committee.

7969. (Sir Edward Hamilton.) I think, in 1884, that you passed a resolution in the House of Commons in favour of relieving the ratepayers in respect of the charges for "national services." I think that was the expression that you used?—I thought I might be asked that, so I copied out the resolution. The motion was made on the 28th of March 1884. The House resolved: "That this House, while ready to entertain any necessary reforms in local administration, deprecates the postponement of further measures of relief acknowledged to be due to ratepayers in counties and boroughs in respect of local charges imposed on them for national services." That was the resolution.

7970. What was the definition you had in your mind, then, as regards national services?—The national services would be the police, the courts of justice, the militia houses (which, I think, we have got rid of now), and prisons (which we have got rid of). I think while I was chairman of the Local Taxation Committee we got rid of prisons from the local rates.

7971. In national services you would include the Poor Law, I presume, as far as the indoor paupers are concerned?—Well, certainly not the outdoor poor.

7972. Assuming that to be your definition of national services, considerable relief has been afforded in that direction since you passed your resolution?—Yes.

7973. Do you hold that relief to have been adequate?—No; I think that it went a very long way in doing what was fair by the visible property. But we have had the estates' duty since then, and now I think that we stand upon the same platform with personal property, and that we ought not to have these

exceptional charges imposed upon visible property. The exceptional charges are one-half the police, and although we have got rid of prisons, the Home Office is pressing for what are almost like houses of detention. We have had to borrow money in Northamptonshire in order to put up cells for detention, which are analogous to a prison; I do not see why that is to come out of the ratepayers' pocket alone. There are other things; the courts of justice, for instance, are kept up out of the rates entirely.

7974. (Mr. Arthur O'Connor.) Guy's Hospital owns a good deal of land, some of which it lets, and some of which it has not let?—Some of which it cannot let, at least it is better to hold it; we can do better with it than by letting it, a very great deal.

7975. If you cannot let it for the rent you wish to get for it, would you still value it at the rent which you cannot get for it?—In the case of the land which we occupy ourselves, we do not want to be assessed at any higher than the highest offer that has ever been made for the land.

7976. If I offer to take your over assessed land off your hands would you be willing to let me have it?—If you offer more.

7977. No; supposing you had land that you cannot let, and it is very highly and unjustly assessed, in your view, are you willing to let me have it and to give it up yourself?—If you were a competent farmer and had got capital.

7978. Have you found it an onerous property?—It is not onerous with us, we make it pay.

7979. Very well, then, why do you object to the assessment?—Because we should make it pay a great deal better if the assessment was a fair one. Because we farm our land well is no reason why we should be unjustly treated in the assessment: the assessment is higher than we can let the land for.

7980. But you can make out of the land more than you can get for it as rent?—No. You must remember that we are under the supervision of the Court of Chancery, and that we cannot play the fool with our rent; the Court is aware of all that we are doing with regard to the Guy's Hospital estates; our accounts are published and printed, and professional people make up and balance the books.

7981. There are two sums, that which you can get for rent and that which you can make as a profit out of the land you hold; which is the higher?—What we make as a profit by farming—that is the question—or the rent?

7982. Yes?—We make the conjectural rent, and we make an interest upon our capital employed in the cultivation of the farms, the two things being kept entirely separate. So much capital goes into the farm, it may be 2,000*l.*, it may be 10,000*l.*; those accounts are kept perfectly separate, and at the year's end we know exactly what interest we have made upon our money engaged in farming, taking the land at the rent which is as high as anybody would give us. If we could find a good tenant who would take the land at the rent which is put in our books we would let it directly; at least, that is the view of my colleagues. I would rather continue to hold the land.

7983. As a matter of fact, I think this will admit of the answer yes or no. Do you lose or do you make a profit on the land which you have in hand?—I can tell you that—

7984. Do you lose or do you gain?—We gain, but we are one of the few who do gain.

7985. Do you gain as much as you think you ought to?—We have gained for the last two years, that is perhaps the best way to put it.

7986. Do you, or do you not, yes or no, gain as much as you would expect a reasonable tenant to give you?—I hardly understand the question. Is it of this nature: We will take a farm, and say we make 100*l.* a year upon our capital; then is the question put to me that if the farm is let; do you put the rent at 100*l.* a year? Is that the question?

7987. Could you let it at 100*l.*?—I cannot tell you; we made seven per cent. interest on our money two years ago.

7988. Would you let it at 100*l.*?—I am afraid I do not follow the question; I do not see what that has to do with the profit made on our capital.

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Valuation  
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value.

Valuation.  
Assessment Com-  
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lists for  
parishes in  
respect of  
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classes of  
property,  
such as  
railways,  
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overseers.

Local rates  
expended  
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character  
should  
receive  
relief from  
Imperial  
sources.

Guy's  
Hospital.  
Land in  
hand.  
Results of  
farming.

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7989. Would you object to its being assessed at 100l.?—Certainly I should, unless a man would give 100l. for it. If a good tenant would give 100l. for it we should not object to its being assessed at 100l.

7990. You make 100l. out of it, but you object to its being assessed at 100l.?—I do not know that we do. To answer that question, I should have to take a farm and tell you what the rent is. I can send the Commission, which perhaps would answer the question better, a full and detailed account of the rent of one farm or two farms, of 2,000 acres say, that we hold in hand, showing the rent we have put—the arbitrary rent, if one may say so—that we have put upon the land, and showing what profit we made in 1895, and what we made in 1896. What we shall make this year is all in the clouds at present, we cannot tell until we get to Michaelmas time. The books are so kept that we know where we are losing and where we are gaining.

7991. Will you let us have that statement?—Yes, if you wish it.

7992. Adding what you consider a fair assessment would be for each particular farm?—Yes. The assessment for one farm will be nothing; we had not a tenant for one farm for years, the one in the parish of Thaxted.

7993. That is the farm I intended to ask you about, a farm which nobody would offer anything for, and which a man could make nothing out of?—I do not think we ever let it lie vacant for a year, as we took it in hand at once.

7994. You have not made anything out of it, have you?—Yes, I should think we have, a little.

7995. You have?—Yes, I think we have, a little.

7996. Do you object to its being assessed at all?—It is assessed, and assessed at a most extraordinarily high valuation.

7997. That will be included in your statement?—That knocks our profit down; if we had got a fair assessment we should make a better return for our money. I do not know whether it would be interesting to the Commission to know what the effect of the Agricultural Rates Act has been by way of income on this property; it is really rather remarkable.

7998. (Chairman.) Could you send the figures to us in a statement?—I can tell you in one moment, it is equivalent to one per cent. on the capital we employ in working the farms; that is to say, if we were borrowing money to work these farms at five per cent., we should be let off at four per cent. in consequence of the Agricultural Rates Act, or in other words, it makes one per cent. more on our capital employed on the farms than we made before. From that point of view one can see what service it has been to us.

7999. (Mr. Arthur O'Connor.) Is there any particular point you want to emphasize?—No. I think I have stated that there should be only one assessment for imperial and for local purposes, that the houses and premises on farms should be valued separately from the land, and that there could be the surveillance of the surveyor of taxes. There is one point I should like to refer to: I heard Mr. Eve asked some questions about it. It would be very desirable, if one could see one's way, to have only one column, to get rid of either the gross value or the net value. That is one of the most tiresome things; in different unions the deductions are so extremely various between the gross and the rateable value.

8000. (Mr. Smith.) You said, I think, that the effect of the Agricultural Rates Act was only to benefit you to the extent of one per cent. on your capital?—On the capital employed.

8001. The benefit of that Act is half the poor rate?—Yes, half the poor rate upon the agricultural land.

8002. Does that not show that the question of rates has very little to do with agricultural depression?—Recollect that "rental" is a comparative term.

8003. If taking off half the poor rate, which is the principal rate in the country?—No.

8004. What is there besides?—The poor rate in the county is a compound rate.

8005. It is a consolidated rate?—Including the poor rate and others.

8006. That being the larger portion?—Yes.

8007. Then, if taking off the larger portion of the largest rate only affects you to the extent of one per

cent. of your capital, does that not prove that rating has very little to do with agricultural depression?—It has very little to do with agricultural depression if you compare it with the effect of a great fall or rise in the value of agricultural produce.

8008. It has nothing like the same influence that good or bad farming has?—No, undoubtedly not, nor yet what a flood would have; if one of our banks in the fens broke the rating question would be as nothing.

8009. We had some evidence given yesterday by gentlemen who were in favour of nationalizing the poor rate; you have given great attention to this subject for a number of years, and I should like to know what you think of that?—I am entirely against it; I would rather go in the other direction and parochialise it—certainly with regard to the out-of-door relief.

8010. You think poor relief depends mainly, after all, on administration?—I do.

8011. You can have a high poor rate or a low poor rate just as you choose to work your out-relief?—In Brixworth we brought it down to about 3d. in the £, and now it is running up as fast as in the old time.

8012. You are very familiar with the expression "relief in aid of wages"?—Yes.

8013. You know what all that means?—Yes, and all the preparations for it, medical relief, and so on.

8014. You do not suggest the nationalization of the charges either for district roads, or for sanitation, or for school boards, do you?—No.

8015. (Mr. Elliott.) You appear before us, do you not, as the representative of the Local Taxation Committee?—Yes, I do.

8016. Have the Local Taxation Committee considered your statement of evidence?—No, not in any way.

8017. Then the Local Taxation Committee are not responsible for these suggestions?—No, not at all.

8018. Are these all the suggestions that the Local Taxation Committee have to put before us on this subject?—I do not know that they are going to put any more than these before the Commission. I believe Sir Massey Lopes is going to be examined. I was very anxious that he should be examined; I saw him a little time ago, and he was very disinclined to come, but I hope he will.

8019. You are aware, of course, that there are several questions of the highest importance with regard to which the opinion of the Local Taxation Committee would be of the greatest value to us?—Yes.

8020. Such, for instance, as the continuance in force of the Agricultural Rates Act of last session?—Yes.

8021. Is there any probability that the Local Taxation Committee will consider these questions?—No, I do not think they will. They have not been so active lately in the House of Commons; they have not moved in the matter; we have had no parliamentary resolutions upon these points; in fact, no member seems inclined to take such work up—it is most trying work, and very little credit is got for it.

8022. Does that indicate to your mind that there is no very great sense of grievance?—I think there is a general sense of grievance, but I find that among the owners of property they are not able frequently to put their finger upon the point which is damaging them.

8023. Apart from this general sense of grievance, is there any feeling amongst the members of the Local Taxation Committee as to the particular classes which pay too little now?—Yes.

8024. What are the classes which it is thought pay too little; do you mean private residents?—No, I never heard them named, but in the country the rural population is getting now more powerful than the urban population, and is very sharp. Take the case of a union with a large town in it; there are a great many houses in it, the urban representatives are more powerful upon the board, and the valuation of the house property, as a rule is, as far as my experience goes, kept below its value, and the value of the agricultural property put above. If the surveyor of taxes came in we could get that altered.

8025. I gather that the mere re-constitution of the assessment committees would not exhaust the grievances that are felt by those whom you represent?—No, I do not think it would.

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Nationalisation of poor rate not at all desirable on administrative grounds.

Nationalisation of charges for district roads, sanitation, and school boards, not desirable.

Local Taxation Committee. Their views upon rating questions.

Assessment Committees. Increase of urban influence upon and over valuation of agricultural property. Surveyor of Taxes on Assessment Committee desirable.

Agricultural Rates Act, 1896. Value of the Act to agriculturists.

Gross estimated rental column in lists should be abolished.

Agricultural Rates Act, 1896. Value of the Act to agriculturists.

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Suggestion that funds for support of indoor paupers should be raised from a large area, such as the county, with a contribution from Imperial sources. Metropolitan Common Poor Fund, advantages of.

8026. You do not think there is any probability that those grievances would be further expressed by the Local Taxation Committee?—I am afraid not.

8027. (Mr. Dalton.) We were told yesterday by a witness that you were in favour of a capitation grant for every indoor pauper?—I was in favour of the funds for the support of the indoor poor being raised from a larger area, such as the county; in fact I was in favour of following there again the metropolitan system; I refer to the metropolitan common fund. We derive in the east of London, in the union I have had to do with, an enormous benefit from that fund. Poor Law relief in St. George's-in-the-East is administered very strictly, and the regulations of the Local Government Board are complied with, so that, I think, St. George's-in-the-East out of the common fund receives 8,000l. a year more or less.

8028. You did not suggest that the capitation grant should be paid out of the Imperial Exchequer, but out of the county rate?—I think the State might contribute something to the support of the indoor poor; but I should like to begin, if I may say so, by still keeping it a charge upon real property, only that it should come from a larger area for the indoor poor, and that the out-of-door poor should be maintained by the parishes, if possible.

8029. I was only anxious that we should know what your views were upon it, as we had them represented to us yesterday. As regards pauper lunatics, do you see any great objection to those being made a national charge?—We have a very considerable sum paid us now for the pauper lunatic.

The witness withdrew.

Mr. WILLIAM CUTLACK LITTLE called and examined.

Mr. W. C. Little.

8038. (Chairman.) I understand that you appear as the representative of the London Farmers' Club, of which you are a member and former chairman?—Yes, I may say that I was asked to represent the Farmers' Club; but I ought to state that I have never received from them any instructions as to the evidence I should give, I was requested to attend simply because I was an old member, and my views were pretty well known to the Committee.

8039. You are yourself a tenant farmer, an occupying owner, and also a landlord?—I am.

8040. I think I need hardly ask you, but for the sake of putting it on the notes, you have had considerable experience in local administration, you are a magistrate who has taken an active part in county work before the Local Government Act; since that time you have been Vice-Chairman of the County Council for the Isle of Ely for the first two years after its formation, and since then also chairman of that body, and chairman of the Joint Standing Committee?—Yes.

London Farmers' Club, constitution of.

8041. Would you describe to me the constitution of the London Farmers' Club?—It is simply a private institution of men interested in farming, who for a great many years past have met together for the purpose of discussing agricultural subjects. It is partly a social club.

8042. Is it a numerous body?—It is dwindling in numbers, I am sorry to say. It is an old established body; it has a considerable number of members, but not so many as it had some years ago.

8043. Is it representative of a large area of country?—Yes. It numbers in its ranks a great many of the most prominent agriculturists of the country, such as Mr. Clare Sewell Read, Mr. Pell, and men from almost every county in England who would be known as agriculturists.

Incidence of rates. Owners and occupiers of real property, and particularly of agricultural land, alleged to be unduly burdened.

8044. The main point of course, of the principles which we are here to consider is to report how far all kinds of real and personal property contribute equitably to the taxation which is raised for local purposes; and it occurs to me to put to you first the general question as to what you think of the present incidence of these local rates?—I have for a good many years past paid some attention to this subject. I began, I remember, to examine it in 1865, when the Union Chargeability Act came into operation, and there was a considerable shifting of burdens from urban property to rural property. I began then to inquire as to the principle upon which these rates for local purposes were levied. I read what I could find on the subject, and I came to

8030. But not for the asylum?—No, not for the asylum.

8031. That is a heavy charge?—The union gets for a pauper lunatic weekly about 4s.

8032. That comes out of the Treasury, I think, does it not?—No doubt. We do get a considerable contribution—about one-half. I think in the Northampton Union the cost of a pauper lunatic is something very near 8s.; it is very low indeed.

8033. That is the mere maintenance, and that does not represent the whole charge of a pauper lunatic?—No.

8034. You have to provide an enormous establishment for them in the county?—Yes; it does not deal with the debt on the building, or anything of that nature.

8035. Do you think that the imperial grants in aid of pauper lunatics and lunatic asylums might be increased with advantage?—Yes, I think they might. I think the State might take the whole of the cost of the pauper lunatics.

8036. You see no objection to nationalizing that charge?—No, I do not see the objection there. You would not create lunatics by doing it. If you tamper with the Poor Law you create paupers, but you are not likely to create lunatics.

8037. You draw that distinction between pauper lunatics—the cost of which is increasing very largely—and the ordinary relief of the poor?—I should do so.

8045. You are speaking, of course, of the time before the passage of the Agricultural Rates Act of last year?—Yes, my evidence will be mainly given as relating to the circumstances which obtained before the passing of that Act.

8046. Perhaps you would give me an outline of the arguments by which you would support that proposition which you have just mentioned?—I took as an axiom that declaration of Adam Smith's, in his book on the Wealth of Nations, "that the subjects of every state ought to contribute towards the support of the Government as nearly as possible in proportion to their several abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the State."

8047. I daresay most people would admit that, but then that leaves almost all the controversy unsettled?—Just so, then I proceeded to inquire what are the objects for which these rates are levied, and what is the character of the expenditure, and for what purpose is the money expended. Of course, we know that about one-half of the money raised in local rates is expended on the maintenance of the poor. I take it that the maintenance of the poor is a burden of a national character, and that it becomes more and more so with the facilities that are given for people going from place to place, the relaxation of the laws of settlement, and the general movement of population. I instance the evidence of Sir George Cornwall Lewis, who on this very subject described the relief of the poor as a species of insurance of property.

Agriculturists contribute too much in respect of expenditure on maintenance of the poor and on certain other objects which are burdens of a national character.

8048. (Mr. Arthur O'Connor.) Is Sir George Cornwall Lewis an authority?—I do not know, but I presume that he was in his day an authority.

8049. (Chairman.) I want you to make your proposition that you want to put before us as definite as you can?—The proposition that I want to put before you is, that taking all these rates into consideration, the majority of them, or at any rate those for which the larger part of the money is raised, have a national character, and that all people are interested in their objects. My attention is particularly directed to land, and I do not see why land specially should bear charges of this character out of all proportion to the interests of the owners and occupiers of land in them.

Mr. A. Pell.

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Pauper lunatics should be paid for out of Imperial funds.

Mr. W. C. Little.

W. C. Little. June '97

8050. What I think, perhaps, I should interrene at this moment to ask, is whether you are addressing yourself just now to questions as between different classes of property which are now rateable, or as between all property which is now rateable and property which at the present time, though it contributes through imperial taxation, is not rateable by a local authority?—I should say that I recognise that all real property is under a disadvantage, and is unfairly rated; but that the owners and occupiers of land are specially injured by the present system.

8051. I think you would have to separate those two points in any statement you wish to make?—My attention has been particularly drawn to the incidence of the rates upon the owners and the occupiers of land. I am quite ready to admit that the owners and occupiers of other real property have a grievance; but I should separate the two, because I think that when you come to a great many items of expenditure you will find that the interest, if not national, is personal, and that the personal interest of the owner of a house in a certain object of expenditure is greater in proportion to the rateable value for which he is liable than it is in the case of agricultural land. A man with an income of 500*l.* a year pays rates for certain objects on a rental of, perhaps, 40*l.* a year, but the farmer who has an income of 400*l.* a year pays rates for the same purposes on perhaps, an assessment of 500*l.* a year.

8052. But does the farmer pay the rates—that is just the point. Of course I know, and we all know, and we admit, that the farmer is the hand by whom the actual pounds, shillings and pence are handed to the rate collector, but is the real incidence of that upon the farmer?—Of course, that is the most difficult branch of the whole subject. I maintain that whether it falls upon the owner or the occupier or upon both of them, divide it as you please, and in what proportions; you should take the incomes of the two, and then I say that the owners and the occupiers of land pay in numerous instances out of all proportion to their fair share.

8053. What is your reason for taking income; because income, you know, must necessarily mean a great deal more than rateable value?—I take the interest which a man has in these objects of public expenditure at his income, that is his stake in the country, and I say that if a man has an income of 400*l.* a year from Consols, or 400*l.* a year from a farm he is just as much interested in the poor, or in education, or in any other subject of expenditure.

8054. Now, in reference to that answer, are you putting forward the suggestion to us that he is to be locally rated on his income from Consols?—No, I am not.

8055. Then I do not quite see the force of the illustration?—The force of the illustration is this: Do the owners and occupiers of land pay more on their stake in the country for these objects which other people are interested in, than other people who have the same interest. I do not say as to the means by which the other people could be made to pay; but the question is, first of all, is the contribution a fair one?

8056. I want you to make out your case to me, I give you the opportunity?—I do not know what I could say to convince you; but when I went before the Royal Commission on Agriculture, of which I was a member, I put in a number of figures which showed the burden of rates on the farmers in different parts of the country, and, perhaps, I might refer to one or two of those cases. Here is a case that I took from Mr. Wilson Fox's report on Cambridgeshire. I worked out the figures, and I found that from 1877 to 1895 the rates had varied on an average of three-year periods from 33*5*/<sub>100</sub> to 288*1*/<sub>100</sub> a year. I found that the gross profit,—by which I mean the rent which the landlord received and the profit which the tenant received, that is treating the whole farm as being held by an occupying owner—amounted to 25,000*l.* on the whole period, the rates to 2,000*l.*, the ratio of the rates to the gross profit being 8*1*/<sub>100</sub> per cent., which is equal to 20*1*/<sub>100</sub> in the *£* on the gross rent, or 20*1*/<sub>100</sub> on the joint income of the landlord and tenant. That is in a district which is not highly rated, but I think it shows that the contribution of this tenant and his landlord to the purposes of local taxation is very heavy if it is equal to 1*s.* 8*1*/<sub>2</sub> in the *£* on the Income Tax.

8057. By what test do you compare it with the contribution of others?—I am not able to compare it with the contribution of others, but I should be very

much surprised to learn that any other class pays as much in proportion to its income.

8058. You would agree, I suppose, that the moment you suggest that these burdens are of a national character, that all the contribution which each individual makes out of his income, whether through local rates or imperial taxation, must be taken into account in making the calculation?—Of course, I should admit that what a man pays in one way and what a man pays in another should count. I am not suggesting for one moment that these subjects could be maintained by a rate levied directly upon property. I only wish to make this point: That the burden upon a particular class is out of all proportion to its interest in the objects of the expenditure.

8059. I bring you back to the point. You are speaking for the agriculturists as a class?—Yes.

8060. Do you give the answer which you have just given, that their rates are out of proportion to what they ought to pay as a class in regard to the owners and occupiers of other rateable property, or in regard to the owners and occupiers of property as a whole—I want you to separate those two points?—I said that I thought, up to a certain point, the owners and occupiers of other rateable property had a complaint, but I think not so great a cause of complaint as the owners and occupiers of land.

8061. Why not?—Because I think that they have, as occupiers of houses, a greater interest in many of the subjects of local taxation.

8062. Such as?—The house being better drained. The man's capacity to bear the burden as compared with the mere quantity of land.

8063. Now you come to the capacity to bear, which means income?—Yes.

8064. I cannot follow you. I want, if I can, to get you to take one of the points first—one or other, I do not care which you take—either the grievance as between the owner of personal property and the income which he derives from it, as against all the owners of property which is now rated, or else the difficulty as between occupiers of one class of rateable property and occupiers of another. Take which you like first, but I think we must keep them separate?—I cannot say that I have paid the same attention to the incidence of rates upon real property other than land that I have as to land, but I can conceive that an occupier of a house has a considerable ground of complaint as regards the rate for the maintenance of the poor, and some other subjects; whereas, with regard to such rates as education or town rates generally, I do not think that he has the complaint that the occupier of land has. Will you allow me to take a concrete case, which shows the position of an occupier and owner of agricultural land in a borough? This is a case which is within my own knowledge; it is the case of a farm within a few miles of where I live. It is a farm of 244 acres which lies partly in the borough of Wisbech, and partly in the urban sanitary district of March. The farm is about 9½ miles from the town of Wisbech; it is 3½ miles from the nearest gravel road—from the nearest post office, police station, or school. The parish, or the borough, does nothing whatever for it. It is a still further distance by any right of road from the March urban sanitary district, and it pays to both of these urban sanitary districts for objects which are distinctly urban objects in addition to the ordinary poor rate and highway rate.

8065. Such as?—The rates in the Wisbech Union were 4*s.* 9½*d.*, and in the March urban sanitary authority 2*s.* 8½*d.* The land pays, on its full value, its share of the salaries of municipal officers, municipal elections, corporation buildings, school board, burial board, parliamentary and legal expenses—that being a considerable item. Then, on the full value of the houses and the land on one-fourth of its value, rates are laid for the following objects: The scavenging and watering of the streets, sewage, public water supply, fire brigade, markets, clocks, recreation grounds, street improvements, port sanitary authority, and canal boat inspection. Those I have taken simply from the heads of the borough expenditure. This farm pays for the draining of the town, which is 9½ miles away; it pays for all the town purposes; it cannot derive any benefit from any of this expenditure, and the only wonder is that it ever can have been imposed upon land of that description.

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Agriculturists contribute too much in rates towards expenditure on purposes of a national character.

Position of agriculturists and owners and occupiers of other rateable property with regard to benefits received from expenditure of rates.

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8066. Do you put this forward as a typical case, or as a case of extreme hardship?—I cannot say whether or not it is a typical case, but I can certainly say it is a case of extreme hardship. Then it comes in again for another urban sanitary authority; it is five or six miles away from this other town and it has to pay for lighting that town.

8067. You mean, of course, that one part of it which is within the boundaries of one of these urban districts pays for one, and the other for the other?—Yes.

8068. The land does not pay for both?—No. When the new local government board for the district was elected under the recent Local Government Act, the first thing they did was to extend the area for lighting, which had been confined to just the circuit of the town, to the whole parish.

8069. Who decided on that extension?—The board for the parish have that power.

8070. Is there no appeal on the part of the owner of a farm?—I do not think so.

8071. Nor of the occupier of a farm?—I do not think so.

8072. Do you know that to be so—that there could have been no appeal?—I could not be certain, but I feel sure; I could not say so on my own authority.

8073. Do you put this forward as a typical case?—It is a case of what may happen.

8074. May it happen now?—In this borough they may go on increasing these rates to any extent, and this man, who does not derive a farthing benefit from all this expenditure, has to pay towards it; they do nothing for him, they simply come to him for money. We had before us at the Royal Commission on Agriculture numerous similar complaints. I will not say any as gross as this, but we had cases where men were called upon to pay for lighting a town, or for draining a town. A man comes and says: "I have to provide myself with water at my farm at very considerable expense, but I have also to pay for the provision of water for a village five or six miles distant from me."

8075. But, on being rated for water, does he not get water?—No, not at all; he is five or six miles away from the place to which this water has to be supplied. In the same way every farmer has to drain his own farmyard and buildings; but he has to pay for the drainage of the village, however far he may be from it. In a straight line I am five miles from the centre of my parish, and I am eight miles by road; but I have to pay just the same for any expenditure of my village as a man who lives in the village and benefits by it.

8076. Again, of course, I must ask whether you put that forward, assuming the facts to be as I am sure they are, as you have stated them, as a typical case, or as one showing to what extremes the existing law can go?—I think I ought fairly to say that it is an extreme case, because I do not know another; but I know of many analogous cases where occupiers and owners of land are called upon to pay very considerable sums for improvements in which they have no interest, and which they have to perform for themselves in the case of their own farms.

8077. As that is an extreme case, and one which we certainly cannot take as typical, I should like you to develop to me the point you put to us as the grievances under which agricultural land, for which you chiefly speak, is labouring at the present time?—I think that the grievance is that the rate, as I have said before, is out of proportion to our interest in the expenditure, measuring that interest by the property which a man possesses. If all could be made to contribute according to their property we should have to pay very much less.

8078. Do I understand you to wish to bring into contribution to local rates properties which do not now so contribute?—I should certainly wish to bring them in in some way.

8079. That I am afraid is hardly definite enough for me; I want to get your view?—My own opinion is that the system which has been adopted up to the present time of lightening, or attempting to lighten rates by subventions from the State is certainly some advantage to the ratepayers, but it does not go far enough.

8080. Now, are you speaking for ratepayers generally, or for the agricultural ratepayers?—For ratepayers

generally I would say. It takes from a common fund to which real property contributes its full share—I think that might be maintained in view of Sir Alfred Milner's evidence before the Agricultural Commission—to which real property contributes its full share, and land contributes more than its full share; it takes out of that common fund a sum to relieve ratepayers. I think those subventions should be taken out of some fund to which real property does not contribute at all.

8081. Can you suggest one?—I do not pretend to be a Chancellor of the Exchequer, but I could suggest a special income tax on personal property or some personal taxes.

8082. Is that your suggestion—a special income tax on some special form of property?—I should be prepared to advocate a special income tax, or a special tax upon personal property for the purpose of relieving rates on real property.

8083. Have you thought that out?—How do you mean? I do not quite understand. I do not pretend to have considered the exact ways and means, but I say it would be perfectly fair—that is all.

8084. Is it your belief that the relative burden of local rates is increasing or diminishing?—I have found very great difficulty in ascertaining and making up my own mind whether rates have increased; they are increasing now, but they have periods of fluctuation. It is extremely difficult to discover whether, taking it through a long series of years, there has been any great increase.

8085. Take the poor rate—I mean the strict poor rate for the maintenance of the poor—has that increased in any district with which you are acquainted or not?—I think that the pure maintenance of the poor has very generally decreased; but in my own neighbourhood, in the union and the parish that I belong to, I cannot find that it has.

8086. What are the rates which, in your opinion, have increased in recent years, and the burden of which has increased?—Of course the school board rate in many instances is a very heavy and pressing burden; then there are the numerous charges which are put upon the poor rate, which is a consolidated rate for various purposes, which have kept up the poor rate to the same that it was, notwithstanding the decrease of pauperism. We might have expected that with the great increase of prosperity and the low price of provisions the poor rate would have diminished very largely, but it remains about the same because of the charges put upon it; new charges are constantly added to it. The county rate has increased in our neighbourhood very considerably, and highways are much more expensive. That part of the expenditure I do not complain of so much, because it is to some extent remunerative, but we have every year some fresh thing or other thrown upon the county council which causes expenditure.

8087. Have you any definite suggestion to make to us as to any direction in which you would like to see a reform made?—I was one of the majority of the Royal Commission on Agriculture who went further than the Agricultural Rates Act, and suggested that land should be rated at one-fourth. I think there are very good grounds for advocating such a reduction of rates. I do not think that upon any other principle than that of all property being liable the land should be charged for many of these objects at all; if all property was chargeable, then land ought to be charged, but seeing that the interest of those connected with the land is so small I think that a contribution of one-fourth would be quite sufficient.

8088. You say "all property," but do you mean all property or all rateable property?—All property.

8089. I put the question to you again: Does that not point in some way locally to rating according to income—I want to know what it is you are driving at?—Yes, it does. I do not see the possibility of localising personal property. The only way to get at personal property for objects of this kind is to get at them through the State, and for that purpose I think you must have a special impost upon personal property.

8090. Collected by the imperial authority?—Certainly.

8091. And handed over to the locality?—On conditions.

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Increase decrease of the burden of certain rates.

Agricultural Rates Act, 1897 Suggested that land should be rated at one-fourth

Income tax on personal property suggested for expenditure on purposes of a national character now borne by local rates.

Imperial contributions should be taken out of a fund to which real property does not contribute.

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8092. Can you give me any idea of how you would proceed to allocate the portion which should be handed over to each locality, and the conditions which you would impose?—I am afraid I have not perfected a scheme now.

8093. (*Sir Edward Hamilton.*) I see, in the memorandum you have handed in, that you take exception to the present system of subventions, and that you do not think that the demand for re-adjusting the burdens of local taxation is satisfied by that means?—On the ground that I have stated.

8094. Is that on the ground that it is not sufficient, or is it on the ground of the principle of the subventions?—On the ground that you are taking out of a fund to which we contribute money to relieve us, and that, therefore, we are helping to relieve ourselves. We want to dip into a purse to which we do not contribute.

8095. In fact, you wish to impose some special tax, as I understand upon personal property which will go to the relief of the ratepayers?—Yes.

8096. Therefore you would entirely discard the idea that the contribution to local expenditure should have some regard to the benefit received?—I should not go so far as that. I think, for the purpose of these subventions, I should take those objects which are national in character, and I should not contribute to those where there is benefit received.

8097. You say national in character, but which purposes do you specially refer to?—I think that the poor rate, the police, the protection of life and property, including all the administration of justice, the coroner's charges, and education, are all purposes of a national character.

8098. In fact, you are in favour, as somebody else yesterday was, of nationalising the poor rate, for it practically comes to that?—I do not know how you could do that and still retain the local administration.

8099. The Poor Law is one of the principal items of expenditure?—It is only 49 per cent. of the total amount levied by the poor rate, but still it is the principal item.

8100. How would you get over that difficulty?—I think that a subvention might be given in aid of some particular part of the Poor Law expenditure. You want to retain some local administration. If, for instance, you paid towards the support of the indoor poor, leaving the outdoor poor more a local charge, you would be promoting a great reform, and you would be getting a contribution from other property.

8101. (*Mr. Smith.*) I think you said that you thought that all real property was overrated for local purposes, especially agricultural land?—I am quite prepared to admit that other descriptions of real property than that have ground of complaint, but that, from my point of view, land has a special ground of complaint.

8102. You have studied the question of rating; the rate that a tenant pays is not a rate on his income; it is a rate on the profit that goes to his landlord, is it not?—Yes.

8103. He pays his landlord's rate, practically?—That is conceding a very large point, which I should not be prepared to concede.

8104. Will you distinguish, if you do not take my view of it?—I say it is paid by the landlord and tenant, in what proportions I will not undertake to say.

8105. Say the rates are 2s. in the £; the tenant knows that when he takes his farm?—He may.

8106. He ought to, ought he not, as a man of business?—Yes.

8107. If he did not pay the 2s. he would pay 2s. more rent, would he not?—If the land were let at a rack rental, if it were put up to auction and let at its net rental.

8108. We must assume that we are dealing with business principles?—But, excuse me, that goes a long way.

8109. When you come and ask for remissions we must assume that you act upon the ordinary influences that would influence business people—we cannot admit sentiment, you know?—No, but the question of rates is only one consideration in estimating the rent, and it is a comparatively minor one, in my opinion.

8110. I think it is a minor one myself; but could not we agree upon this, that the tenant is not, as some

people have said, paying upon his income in any way when he pays his rates?—That is so. I only took the income of a landlord and of a tenant together as a measure of the burden for the purpose of comparison with other properties; on the assumption that people were bound to contribute to objects of national interest according to the stake that they had in the country, I only measured the contribution by income, I did not treat it as a taxable income.

8111. It is not in any sense a taxable income, is it?—No.

8112. The tenant is merely—I think the expression was used by the Chairman—the hand that pays the rate?—I do not know of any who have not paid more than they got again.

8113. I thought all commercial people, when they paid anything for others, got a profit upon it?—I have always found, when I have paid for other people—

8114. Really, does it not come to this, that the tenant is, after all, only the hand that pays the landlord's rates?—No, I cannot admit that; the rents are often not adjusted for a considerable number of years.

8115. I am assuming the rates have not been raised?—In many cases they have.

8116. You just now said you could not find out whether, speaking of rural England, the rates have been raised or not; assume, for the moment, that they have not; assume that they are about what they were 10 or 20 years ago; is the tenant, when he pays his rate, only paying something that he would otherwise pay in rent?—You are assuming average rates, but in a great many cases all over the country it would be found that rates have risen.

8117. For the purpose of argument, I want you to admit something in order that we may agree upon a basis; supposing that the rate was the same as it was 10 years ago, when we say the man took his farm, and he is paying 2s. or 2s. 6d. or whatever it may be in the £, is he not really paying something as rates that if he did not pay as rates he would pay in rent?—I very much doubt whether that can be accepted. As I say, the amount of the rates is only one consideration out of many when a farmer takes a farm, and very frequently he does not go closely into that.

8118. I have a case in my own mind of a farm of 120 acres, paying 180l. a year in rent; that happens to be exactly the rent of my own house and garden, which occupies 3 acres; when I pay my rates I know perfectly well that if my landlord paid them I should have to pay him so much more; does not the agricultural tenant take the same thing into consideration?—I doubt whether he does.

8119. Ought he not to do so?—Possibly; but I doubt whether the average tenant does. I should like to put this as bearing upon the question of whether the rates fall upon the landlord or the tenant. A small addition is made to a man's rates; I remember when the Union Chargeability Act was passed my rates were increased by about 16l. a year. I was paying 1,100l. or 1,200l. a year in rent, and I could not go to my landlord and say: "I want 16l. or half 16l." I bore that for many years, but it was just the same as if the Chancellor of the Exchequer had imposed an additional Income Tax of 7½d. in the £.

8120. If that was intended as an answer to my question, or as an explanation, you will pardon me; I wanted you to, first of all, tell us whether you think rates had risen or not, and I understood you to say you thought not; and, therefore, I took it they had remained about the same, and I think that is about the fact. I quite agree with you that any rate imposed since the taking of the farm would be a rate on the tenant; but, as we commenced the discussion by practically agreeing that there had not been much rise in rural rates, I thought we might assume that they were the same?—I certainly have said that I could not show that on the average there had been an increase; but I can give you plenty of instances where there has been, from one cause or another.

8121. (*Chairman.*) And, of course, many where there has been a diminution?—Certainly, and it is going on from time to time. There is hardly a year passes that some change is not made.

8122. (*Mr. Smith.*) I only want to get rid of an idea that I see constantly occurring in these papers, that the rate is a tax on the farmer's income?—I have treated it so in my evidence before the Royal Commission on

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Incidence of rates as between landlord and tenant.

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Agriculture, and I am prepared to give some information here of the same character. I treated the tax as influencing, by increasing or diminishing, the gross profits of the farm. I take it that there are certain necessary expenses which must be incurred to produce the crop of the farm—labour, manure, and other expenses—and that there is a certain balance left, which is divisible between the landlord and tenant in whatever proportions they may agree to; but the burden is on that balance, and that balance increases or diminishes according to the amount of the rates.

8123. (Chairman.) And also on account of the amount which the hypothetical tenant would pay?—No.

8124. Surely?—I am taking both together; I am not dividing it; I am saying that here is land which a man owns; he chooses to occupy it; he is obliged to spend 5,000*l.* and he reaps 6,000*l.*; there is thus 1,000*l.* for him as owner and as occupier, and it does not matter for the purpose of my argument whether he assigns 600*l.* of that to the landlord and 400*l.* to the tenant, or 500*l.* to the landlord and 500*l.* to the tenant. In whatever proportion you assign that amount there is still this sum to be dealt with. This 1,000*l.*, if the rates rise by 100*l.*, will be reduced, and if the rates fall it will be increased; therefore I have treated rates as a burden upon that margin of gross profits, whether it comes upon the landlord or upon the tenant.

8125. (Mr. Smith.) Do you not think it would be simpler to deal first with the tenant and then with the landlord?—It seems to me the tenant has very little to do with it; the tenant pays for the farm what he thinks he can fairly afford to do, and, no doubt, either takes, or ought to take, the rates into consideration. It seems to me that you will simplify the matter very much by dealing with it as it affects the landlord.

8125a. (Chairman.) I suggest to you that in dealing with it in your way you are confusing the issue because the issue is this; the rate acts upon what the hypothetical tenant would pay one year with another?—Yes.

8126. Over and above what he would pay there is his profit; that is, his income. If you mix up what the tenant is going to live upon and what he is going to pay it seems to me that you bring in an altogether confusing element. But I shall be glad to have your criticism upon what I have said?—I said before that I am not examining the burdens of the rates upon property, but I am asking myself whether the interest of the landlord and of the tenant together, or the occupying owner, who is both, is so great in this expenditure that he should pay so large a proportion of his income for it, and I ask whether any other person in any other sphere would pay as much for these purposes as an occupying owner would do under the circumstances.

8127. (Mr. Elliott.) You would say, I gather, that you must take the whole of the produce of the particular farm, irrespective of the distribution of that produce between owner and occupier?—That is the subject that must bear the burden.

8128. That is the subject that must bear the burden, and you would say that for public purposes a greater pull, as it were, is taken out of that aggregate produce than is taken out of the aggregate produce of any other industry?—That is my opinion.

8129. You think it is simpler to dismiss for the moment any question of the distribution of the produce between owner and occupier, and to look at the thing as one entity?—I did so because of the extreme difficulty of determining where the landlord's interest in the rates and where the tenant's interest in the rates begin and end. I have seen so many instances where undoubtedly the tenant has borne the rate for a considerable period, for many years. I know a good many estates upon which, in bad times, an abatement of rent has been made; that abatement has been a uniform abatement and irrespective of the amount of rates paid. I can name an estate extending into a great number of parishes where, for many years past, abatements were made, where the rates vary enormously, and where in some instances the rates have greatly increased and in others have diminished, and yet there has been a uniform abatement of the rent. Now it is clear that rates in that case cannot have entered into the question.

8130. You mentioned that in your view agriculturists, whether owners or occupiers, paid more in proportion to what you describe as their "stake in the country";

than other ratepayers or than persons who are not ratepayers at the present moment?—I think so.

8131. What do you regard as the test of a man's "stake in the country"?—The income that a man has.

8132. Not the aggregate produce of the property?—No. I take it that a man's interest in the country is the same whether it proceeds from one description of property or another. One might refine and say that one man is more interested in this particular expenditure, and another in that; but, taken altogether, I should say that a man's income is the test of his interest in the matters at stake. I will not say that incomes of 100*l.* a year should pay at the same rate as incomes of 500*l.* a year; but I would say that all incomes of 500*l.* a year, whether derived from Consols or from any other description of property, should pay at the same rate as incomes from land or farming incomes.

8133. In other words, you suggest that income is the best measure of ability to pay?—Certainly.

8134. Do you limit at all the definition of the word "income"; would you say that a man deriving an income from personal exertion, from brain work, can afford to pay as much towards local burdens as a man deriving an income, say, from Consols?—That is the old question which Mr. Gladstone has discussed over and over again about the Income Tax.

8135. I am not speaking about the Income Tax, I am speaking about ability to pay?—I take it that the same argument applies there as to the Income Tax.

8136. You would not propose, I suppose, to rate, say, a tenor at the opera in respect of his income from that profession?—I do not know why he should not be rated.

8137. Would you, then, propose that he should pay as much to public burdens as a person deriving an income from Consols?—I think so, taking the broad principle that a man's income is a measure of his interest in the government of the State.

8138. Apart from these questions, it is your clear and distinct opinion, from the study which you have given to the subject, that persons deriving income from agricultural property pay more of that income to public purposes than any other class?—I maintain that is the case.

8139. Now with regard to the remedies that have been at various times proposed. You are aware, of course, that certain revenues have been surrendered from the Exchequer for local purposes?—Yes.

8140. And you are also aware, of course, that those revenues have been selected rather with a view to avoid revenues to which the owners of real property contribute?—I am not quite prepared to admit that. I have heard it contended by Sir William Harcourt and others that you take this out of the common purse; it is all very well to say you take it out of these estate duties or that you take it out of that, but it all comes out of the public purse.

8141. Do you agree with the argument?—I do, rather.

8142. Then how would you propose to get over the difficulty?—I said by a special tax on personal property.

8143. Would not Sir William Harcourt's argument apply equally to that special tax on personal property?—No, I think not, levied *ad hoc*.

8144. You think that it must be a new tax?—Yes.

8145. Would an increase of the Probate Duty, in order to give a further contribution to local taxation, meet your views?—I imagine that the alterations in the Probate Duty have been made in view of the general fairness between one property and another as regards those particular duties. They were not advocated on the ground that they were to penalise a particular interest or that they were to impose a special charge on a particular interest; they were only supposed to have brought things up to a level.

8146. Would you say that additional revenues should be raised by the Imperial Exchequer and handed over to local purposes?—I was asked to suggest some means by which the complaint that I made against the present subventions should be obviated, and I said instead of dipping our hands into a common purse to which we contribute, I should like to dip our hands into a purse to which we do not contribute.

8147. And you think you do contribute to the revenues which are surrendered at the present moment?—I

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think so, certainly, when it is shown by Sir Alfred Milner's evidence that real property contributes to Imperial taxation out of proportion to its value.

8148. You are looking now to Imperial taxation as a whole and not to the particular surrendered revenue?—Just so; I am looking at the present state of affairs, or rather at the state of affairs when Sir Alfred Milner gave his evidence. You may discount it as much as you please, but you cannot get away from this broad conclusion, that land at any rate pays to the Imperial Exchequer its full share of taxation, and if you go to that Imperial Exchequer for your subventions I say you are doing some good, but we are only getting part of that which we ought to get.

8149. The Chairman asked you a question which I also should like to ask you, so that you may amplify your answer; that is, as to the mode in which you propose that any additional revenues which might be surrendered should be distributed; have you considered that at all?—Yes. I have suggested an allowance for indoor poor. I quite agree with what has been suggested by Mr. Pell, that pauper lunatics are an extremely proper subject for the State.

8150. You are aware, of course, that under both those heads a grant is already made?—Yes.

8151. You would propose that that grant should be increased?—I think it might very well be. I am only speaking generally, of course, for the grant is for officers.

8152. For instance, take the increase of the grant on account of pauper lunatics; that could be done without bringing about extravagance in local administration, could it not?—Yes.

8153. I think you contemplate that there should be safeguards in regard to the increase of these contributions to local expenditure?—I take it that subventions are always given under conditions, and generally under rather onerous conditions.

8154. Have you considered at all, apart from the question of agricultural land, the possibility of the further development of what we call the grading system, by which different proportions are paid to local revenues in respect of different properties?—Yes. Many years ago, nearly 30 years ago, I suppose, I considered that subject and read a paper upon it. I was very much struck with the Scotch system, but I doubt whether Englishmen would ever submit to such a very complicated system. I think that upon the whole the fairest possible system of taxation for local purposes is that of the classification of property and a graduated rate.

8155. Have you considered at all the possibility of dividing the local taxation more obviously among the different interests in the property, say, as regards the mortgagee; do you think that an owner should have any right of recovery of local taxation as against a mortgagee?—I have not considered that, and I doubt very much whether you could effect any useful object.

8156. You are aware, of course, that that has been done in the case of the Income Tax?—Yes.

8157. Have you considered whether a similar principle might not be adopted with advantage in the case of rates?—I do not think it practicable.

8158. Have you considered whether there are any means of giving variety to local taxation; whether local revenues can be raised in any other manner than they can be raised now?—No, I cannot say that I have.

8159. Have you considered at all the propriety of dividing rates between owners and occupiers?—Yes. When I reported to the Richmond Commission on this subject, I was decidedly in favour of it. I have rather modified my opinions since the passing of the recent Local Government Act which diminished the powers of owners so very greatly. I think it would be manifestly unfair to the owners, unless they had some direct representation, that they should be called upon to pay directly. I think that in the past, if owners had had to bear their share of taxation immediately and directly, many measures which are carried out would not have been passed by the House of Commons; but I do not think now that that can be done without some guarantee that those owners should have a power in regard to the expenditure.

8160. In regard to those figures that you gave us, did you take into account the landowners' outgoings?—Do you mean the gross profits?

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8161. No?—I took the gross rent which the landlord receives.

8162. But you did not deduct the necessary outgoings by the landowner?—I did not; it would be in that case something like 58 per cent., I should think.

8163. (Mr. Dalton.) The fact that grants in aid are paid by real property as well as by personally gives an exaggerated impression as to the amount of relief that they give to real property, does it not?—I think so. I think that you will see it constantly stated that so much has been given from the taxpayers to the landowners or the landlords and farmers.

8164. But you do not dispute the fact that you do get relief from those grants?—No, not at all.

8165. But you get something very much smaller than appears to be the relief?—Of course, personal property is so large in comparison with real property that the subvention does give us substantial relief.

8166. You have seen a great deal in the past of subventions, and you have had a good deal to do, I think, with the valuation of property; do you consider that the past subventions have gone to the owners or to the occupiers?—The immediate benefit, of course, goes to the occupier. I cannot deny that eventually, and in the long run, the landowner must benefit, but certainly the immediate benefit goes to the occupier, often for a long time.

8167. In your experience, and you have had a very large experience in these matters, have you seen any traces of rents being raised after relief has been given?—If you remember I said before the Royal Commission on Agriculture that the only specific instance that I had ever come across of rent being raised in consequence of rates being diminished was one of a small farm in my neighbourhood, where a tradesman said to the tenant: "Now you will be better off by 10l. on your rates by this Union Chargeability Act, I must have 10l. more rent." That is the only instance I ever came across in my experience.

8168. A farmer after he had been for a long time in occupation of his farm was often unable when he came before us at the Agricultural Commission to state what his rates were, was he not?—Yes.

8169. If, after he has been in occupation for a great many years, he does not know what his rates are, how is it likely that when he took the farm he ascertained what they were and took them into account?—It is difficult to ascertain. There is a fluctuation in the amount of the rates that can hardly be accounted for in rural districts, it depends so much upon the overseers and the calculations of the Boards of Guardians. We have very great fluctuations.

8170. I was going to say that nobody, except the man who has paid the rates, and who has kept a good account, could tell—a farmer could not ascertain from any returns, could he?—He could go to the assistant overseer and get the information.

8171. But that would be about the only way?—Yes.

8172. Do you find that they do, as a matter of fact, go to the assistant overseer and ascertain the rates before they take a farm?—No. I remember some years ago putting a question to a country lawyer who had a great deal to do with two parishes which were intermixed. In one parish the rates were very low and in the other they were very high. One parish had a low highway rate, the other a high highway rate, one had no education rate, the other had an education rate, one had a low poor rate and the other a high poor rate. I said to him: "Do you find that this makes much difference in the rents?" He said "Well, you know, one must suppose that these things have an influence, but I have never discovered it myself, I have never discovered that it has affected the rent of the land in the two parishes."

8173. Should you say that the farmer is more likely to take into account the rates, when he takes the farm than is the occupier of a house in a town?—I cannot imagine any difference.

8174. It has been alleged, as you, I daresay, know, that in towns the rates fall upon the occupiers, but that in the country they fall upon the owners?—I have seen that argument.

8175. Have you thought that out?—I have never been able to see the basis of it.

8176. Supposing the occupier does take into account the rates, does it follow that he can get his rent reduced

Imperial contributions should be taken out of a fund to which real property does not contribute.

Imperial contributions and rates, incidence; of, as between owner and occupier.

Farmers often take farms without considering the rates.

Incidence of rates in urban and rural districts.

Imperial contributions should be increased in respect of maintenance of indoor poor and pauper lunatics.

Classification system is a fair one, but complicated.

Mortgagees and local taxation.

Local Taxation. New sources of revenue.

Division of rates between owners and occupiers. Question of representation by owners.

Agriculturists, rates paid by.

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to the extent of those rates?—No, really the amount of the rates is only one of many considerations in fixing the rent.

8177. But supposing he knew the rates, which you say you do not think he does know, supposing he did find out the rates for a particular farm were 30*l.*, do you think he would get his rent reduced to the extent of that 30*l.*?—The question would be a comparison between that farm and another where the rates were 25*l.*; whether the 5*l.* would determine him in taking that farm or not; I think if he wanted the farm the question of 5*l.* would not weigh.

8178. If it did not weigh with him, and if he did not get the reduction, to the extent that he did not get the reduction the rates would fall upon him?—Yes.

8179. Has it not been the case, looking back to the Parliamentary history of this question that whenever it has been proposed to extend the representation it has been urged that the rates are paid by the occupier?—Yes. It is a very curious thing that when what we call the Parish Councils Act was passed, when it was complained that the labourers in a great many instances paid no rates at all, and that therefore they ought not to have a vote, it was said "but they pay their rates in the rent"; now, if a labourer who pays no rates directly, and is not affected year by year by fluctuations in the rates, is still to be supposed to pay them, and to pay them all, it seems to me absurd to suppose that the tenant who has to pay them directly, and who is affected by the fluctuations, does not pay them at all. The two things seem to me to be quite incompatible.

8180. Whenever it is proposed to give relief to local taxation it is stated that the rates fall upon the owner; but whenever it is proposed to extend the representation it is stated that they fall upon the occupier?—That is so.

8181. As regards the contribution of non-rateable property to imperial purposes, was not the effect of Sir Alfred Milner's evidence that non-rateable property contributed more in proportion?—Yes. I purposely stated it at the very lowest. I said, "Make any discount you please." There were some attempts to diminish the importance of the statement, and I said: "Discount it as you please; you cannot resist the conclusion."

8182. That was mainly because the Inhabited House Duty and the Land Tax turned the scale, was it not?—Yes, I believe it was.

8183. The estate duties are now equalized?—Yes.

8184. And as far as we could see from the tables that were given to us there was no large charge that one bore which the other did not bear till you came to the Inhabited House Duty and the Land Tax?—I think that was so.

8185. That turned the scale as against ordinary property?—Yes.

8186. It has been proposed by various witnesses that the Inhabited House Duty should be applied to local purposes; have you any views on that point?—I remember perfectly well when Mr. Goschen made the proposition, I, at first, was inclined to think it was a very admirable scheme; but when I found that London would absorb nearly the whole of the money, and that the house tax in rural districts was a mere nominal sum, I was not so much enamoured of it; but, on the other hand, I do think that urban districts might fairly claim some remission of that kind.

8187. But if the Inhabited House Duty is mainly collected in the towns it also is the fact, is it not, that the Land Tax is mainly collected in the rural districts?—Yes. I do not know to what extent the towns pay Land Tax; all that I know is that it is a very small charge upon that land.

8188. Do you know any case where the land has gone out of cultivation in consequence of the burdens upon it?—No, I cannot say that I do personally.

8189. Not at the present time, but did it not do so under the old Poor Law?—I believe it did then, but that is beyond my recollection. I come from a part of the country where there is no land out of cultivation.

8190. (Mr. Elliott.) Supposing the House Duty and the Land Tax were surrendered, that would not meet your difficulty, would it, as to the contributions of the owners of real property to those duties?—No.

8191. You want new taxes imposed in order to get rid of that difficulty?—I want some money from some purse or other to which I do not contribute.

8192. (Sir Edward Hamilton.) That would be a very difficult thing to do?—Yes.

8193. (Mr. Dalton.) Do you not consider that the first step to take is to equalise the contributions of rateable and of non-rateable property to Imperial taxation before you set about taking out of a common fund grants in aid?—Yes. I have not been asked a question on one point which I should rather like to mention, and that is the hereditary burden theory; because, really, I find in talking to people who have not considered the subject very much, the one thing that weighs with them is this theory that land has always been subject to poor rates; and, therefore, it is no hardship it should bear them now. That is the hereditary-burden theory, and I should like to enter my protest against it. I think if you take the hereditary-burden theory you must also assume that those lands which paid no rates had a hereditary immunity; but the whole course of legislation for the last 30 years has been to disregard this hereditary burden, and to shift burdens from one part of the country on to another. The first Poor Law imposed a burden upon parishes and places which had no poor; then there was the Union Chargeability Act, which made the poor a common charge upon all parishes, irrespective of the pauperism in a particular parish; then we have had the Divided Parishes Act, which has transferred land from a parish where the rates are low to a parish where the rates are high. I could give you hundreds of instances of very greatly increased rates thrown upon the land in consequence of the operation of these Acts. As a question of general policy I do not object to this distribution and re-distribution of the burden, but if you are to justify the present system of taxation by the hereditary-burden theory I say that these were Acts of gross injustice, and that you have done what you had no right to do.

8194. (Sir Edward Hamilton.) You are aware that the hereditary-burden theory to which you refer has high authority?—Yes, and therefore I wish to attack it.

8195. It is not a new theory proposed in recent years?—No, I have traced it back to John Stuart Mill.

8196. I suppose you would allow this: that in the case of land which has changed hands in the last 50 years or so the burdens which were on it then, and which are on it now, would have been taken into account?—So I would say, in the case of a house that has changed hands, the house tax was taken into account; so I would say in the case of Consols that have changed hands, the Income Tax was taken into account. If you are going to say that because I buy a farm with 5*s.* rates upon it I do not bear those rates, because I have taken them into account, then I say I pay no rates at all, and you ought to begin to rate me again. In the same way, if I buy a house with a tax upon it I know perfectly well that I am going to pay so much in the £ house tax, and I pay that; but if it is no tax upon me you ought to begin to tax me again.

8197. I think that is rather more theoretical than practical, and, perhaps, our inquiry is more into the practice than into the theory; so, perhaps, we need not go into that point more; but is there anything else you would like to say to us—of course you can always supplement what you have said by sending us later on anything in writing?—I put, in the 9th paragraph of my memorandum, these words:—"Great efforts have been made to prove that in rural districts the aggregate amount of rates is not greater now than it was at some former period; there are reasons for believing that the comparisons which have been made with the view of establishing this fact are somewhat fallacious." I was prepared to explain some of those, but I have had my own opportunity at the Royal Commission on Agriculture and I will not detain you.

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Non-rateable and rateable property, contributions to Imperial taxation. The "hereditary burden" theory objected to.

Non-rateable property, contribution in respect of, to Imperial purposes.

Inhabited House Duty and Land Tax applied to local purposes. How far desirable.

Rates in rural districts. Whether the aggregate amount has increased.

The witness withdrew.

Adjourned till Tuesday, June 29th, at 12 o'clock.

TWENTY-SECOND DAY.

Tuesday, 29th June 1897.

At 16, Victoria Street, S.W.

PRESENT :

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

Sir E. W. HAMILTON, K.C.B.  
C. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.

T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.  
JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. EDWARD WHITTRED ILTYD PETERSON called and examined.

Mr. E. W. I. Peterson.  
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8198. (*Chairman.*) You are the Secretary and Solicitor to the Tithe Rentcharge Owners' Union, and are instructed by that body to appear here to give evidence to the Commission in regard to the matters in which they are interested?—Yes.

8199. This paper which I hold in my hand is the memorandum\* which you have been good enough to prepare for us?—It is.

Real property. Owners and occupiers bear the burden of local rates.

8200. I shall take you through the points in it which seem to me to be most germane to the reference which we have in hand, and then leave other members of the Commission to ask you such questions as they may think necessary. I observe that you say in paragraph 4 that "at the present time the whole of the local burdens, except in so far as they are relieved by Government subventions, are thrown upon the land, and consequently upon the landowner"?—Yes, that is so.

8201. It is not, I think, necessary for us to discuss over the table where the ultimate incidence of the rate is; but I suggest to you that to say that the local burdens are thrown upon the land "except so far as they are relieved by Government subventions," is scarcely accurate, without taking into account houses, railways, mines, and other properties which exist in some of the communities which are assessed?—I do not mean by the term "land," simply agricultural land.

8202. By the term "land" what you mean is real property?—Real property.

Rates extended upon purposes which do not specially benefit real property would be aid in respect of other real and personal property.

8203. I think the first part of your contention is developed in paragraph 9—"But with regard to other rates"—by which you mean Poor Rate, Highway Rate, and Education Rate—"raised for purposes which do not preserve and improve any particular property alone, but which are of equal benefit to all the inhabitants of a district, different principles should prevail as to the manner in which, and the persons on whom, they should be assessed." I understand by that that the first division which you suggest should be made between rates is whether they are, to use a cant phrase, rates of burden or rates of benefit?—I do not know quite, whether I understand you.

8204. You do not suggest that it is in any way unfair that real property should bear the burdens of those rates which add to the amenity or the enjoyment of the property itself?—Certainly not.

8205. Of course it is a matter of opinion and of argument on which side of the line any particular rate should be put?—Yes.

8206. Your suggestion, as I understand it, is that such rates as the Poor Rate, the Highway Rate, and the Education Rate should not be thrown exclusively upon property which is now rateable?—Yes, it is.

8207. But that the rates should be assessed upon persons in respect both of real and of personal property and according to their ability to pay—which is the expression you have used?—Yes.

Ability of persons to pay local taxation. Contributions to Imperial as well as local taxation must be considered.

8208. In making any such calculation as that I presume you would also take into account the amount which the individual has to contribute to public burdens of another kind, such as Imperial burdens?—I do not know; I do not exactly see why I should.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 131 to 156.

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8209. I put that question to you on account of paragraph 15 in your memorandum in which you say, "I gather from the terms of the reference that the Legislature agree that personal property should contribute equitably with real property to local taxation." I do not wish to split straws with you, but of course the Legislature, as a Legislature, is hardly responsible for the terms of reference; the Government is responsible for the terms of the reference, but with that correction do you not think that the terms of reference suggest that in making any calculation as to the burdens borne by all kinds of real and personal property it is intended to include the burdens borne not only in respect of those subjects which are matters of local expenditure, but also those which are also the subject of Imperial expenditure?—Yes, I suppose so. You will forgive me, but I do not really see what bearing my answer to your particular question has upon the point before us.

8210. I suggest to you that the tenour of your memorandum being to put those rates, which I mentioned to you in a question a moment ago, upon what would be ultimately more or less of an income tax, you must take into account all the burdens which are borne according to the ability of the persons to pay?—Certainly.

8211. What exactly do you mean by the term "ability to pay"?—I mean that a man should be taxed, and should pay according to the amount of property of whatever kind he possesses *pro rata*.

8212. Of whatever kind?—Yes, of whatever kind, either personal or real.

8213. Wherever derived from?—Certainly.

8214. Take an instance which has been given in this room; would you rate a man who drew his income from Indian railways for local purposes in this country?—If that is subject to Income Tax, I should.

8215. Without regard to whether his property had received any benefit from the expenditure?—Quite so.

8216. That is your view?—That is my view.

8217. By the expression "ability to pay," do you or do you not mean to take into account the circumstances of the man and the question whether his income is a fixed income or is derived from his personal exertions?—In the case of income derived from trade and profession there would be deductions, of course, allowed in the same way that there are deductions allowed when a man is assessed for Income Tax.

8218. But no other in your opinion?—I do not see why. The assessment in the case of the Income Tax is considered fair, just, and equitable.

8219. For Imperial purposes?—Just so. I look upon such questions as education and the relief of the poor as Imperial in a sense—they are for the general good of the public, that is.

8220. You are aware that "ability to pay" is sometimes used in another sense, as, for example, a man who has an income of 500*l.* a year with a small family may be in a better or worse position than a man with a larger income and a larger expenditure?—Yes.

Ability to pay. Local taxation should be paid by persons in respect of all kinds of property according to their ability to pay.

Ability to pay; definition of.

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8221. Do you propose to attempt to take into account in the expression "ability to pay" any circumstances of that kind?—I never had the Income Tax people take into account or ask me how many members I had in my family.

8222. I did not ask that, but what I said was that the expression "ability to pay" has been sometimes used in that sense. I am asking you for information, not as to what is the existing practice, but what is the sense in which you use the expression "ability to pay," in order to avoid all subsequent ambiguity?—I use the word "ability" in a technical sense.

8223. Would you explain it to me?—In the same way in which the word was used, I believe in the first instance, in the Act of Elizabeth; that, as I understand it, means that some inquiry was made into a man's means and his apparent income, and then he was charged with so much rates or taxes. In the present day no doubt his ability to pay would be arrived at in the same manner that the Income Tax payer's ability to pay the Income Tax is arrived at.

8224. Assuming that to be accepted, do you contemplate that the administration of the Poor Law, the highways, and of education, should or should not remain local?—I think that it should remain local to some extent, but I think that the local authorities should be assisted by officials appointed by the Government to attend the boards—the district committees, as I think they are called now—and assist in the administration of the poor law.

8225. What do you mean by "assistance"; where is the ultimate power to lie?—The ultimate power would lie with the district councils. I think they are called, in the same way that it does now. I would suggest that that difficulty—if it is a difficulty—could be got over by assessors or assistants being appointed by the Government to sit upon those boards with the other members of the boards, and consult with them, having of course the same voting power, but not a preponderating voting power.

8226. The power, of course, would, under that arrangement, ultimately rest with those who had a majority?—Certainly it would.

8227. What is to be the check upon extravagance?—The county auditor.

8228. Is he, for example, to have the power to strike off people who, *ex hypothesi*, might be improperly put upon the roll for poor relief?—I think that he ought to have authority to surcharge any improper payments which were permitted by the district council.

8229. Is he to be a judge of whether a man is properly or improperly put upon the roll for poor relief?—I think that ultimately he would become the judge of that. I think that disputes would arise between the authority probably and the Government officials, and they would be decided in the courts, and so by degrees precedents would be created, and the auditor would be able to say: "This is an improper charge and that is not an improper charge."

8230. Would he ever be able to say that this or that man is or is not a proper subject for poor relief without practically taking over the whole administration?—I think he would, just in the same way that now the proper subjects for relief are arrived at.

8231. Yes, but by your proposed system, if I understand it aright, no locality, whose elected persons were extravagant in their administration would be in any way penalised, because the charge is to be an Imperial one?—Surely the person who objected to any charge if he made his case good, would throw the responsibility personally upon the members of the council.

8232. Who would have a title to object, whose interest would it be to object?—It would be the interests of those gentlemen that I suggest should be appointed to assist the district council.

8233. And it would, of course, be no local persons' interest to object at all?—It would not be any local persons' interest, certainly.

8234. I would like to call your attention to what you describe in paragraph 58 as "a very common fallacy" with regard to what took place at the time of the "commutation" of tithes and the procedure taken to make up the tithe rentcharge. Do I understand you to suggest that no calculation was made as to the rates

then existing?—In some cases no calculation was made.

8235. I understand you to put it higher than that, not only in some cases, but universally?—No, I think not. Can you point out where I say so.

8236. In paragraph 58 you say "At the time of the commutation a sum was added to the tithes to make up the tithe rentcharge, and thus to secure to the tithe owner a tithe value free of rates, that is to say, that tithe rentcharge equals tithes, plus rates;" that is what you describe as a very common fallacy "enunciated by persons holding high offices in ecclesiastical ranks and by Cabinet Ministers"?—That is so. I go on to explain that, if you look a little further on. There were three different cases provided for by the Commutation Act. In some cases the tithe was collected in kind, and in that case there was no calculation made as to what the rates were; it was not necessary. In other cases the tithe owner had entered into a composition with the owner or the occupier of the land—the occupier would be the more correct way of putting it perhaps; that is to say, the farmer, or the farmers, of the parish had agreed with the tithe owner to pay him so much a year to represent the tithes, the farmers paying the rates; then the commissioners were directed to ascertain what the amount was that the farmers had been paying for rates, and to add that to what they calculated the tithe was free of the rates; in that case, of course, the commissioners had to enquire what the rates were.

8237. In that case, in your view, who was by the bargain intended to remain liable to the rates?—The tithe owner in future had to pay the rates, because this composition business was all swept away by the Act.

8238. Taking in that case, of course, the risk of any increment of rates?—Certainly.

8239. And in the other case that you first mentioned, who remains liable to pay the rates?—The tithe owner; in every case the tithe owner is liable for the rates in future.

8240. And, of course, taking the liability for any increment?—Just so.

8241. I suppose that tithe so far as the land is concerned, and so far as the agriculturist is concerned is really rent under another name, is it not?—It is so; it is really part of the rent.

8242. And is not in that sense a burden analogous to rates in any way?—No.

8243. It is rent and not rates?—That is so. I contend that it is not a burden at all, any more than rent is. Here is a little pamphlet which, with your permission, I will put in on this point (*handing in pamphlet*).

8244. In paragraph 66 of your memorandum following on what I have just questioned you, you state, which is of course the fact: "Since the commutation fresh rates have been made and by the terms of the Acts creating them, these were placed upon the same persons and upon the same property as the poor's rate. Tithe rentcharge was one of the properties subject to the poor's rate, therefore tithe rentcharge became subject to these fresh rates. I am referring amongst other things to the general rate and lighting rate." Then you go on to one of the main points, I think I may say, in paragraph 67 of your memorandum—"Now, however right it might have been to have placed these fresh rates upon tithes, it was clearly wrong to place them upon the tithe rentcharge." I wish you would develop that for me, for I do not quite follow the difference?—Tithe before the commutation was a tenth part of the produce of the land, and subject therefore to all *pro rata* deductions proper to all the rest of the produce of the land, but tithe rentcharge was a rentcharge put upon the land representing that tenth produce after deductions had been made by the Commissioners as directed by the Act. They are what the actual value of the produce was found to be by the Commissioners, and these rates that have been imposed, I contend, were provided for in those deductions which were made by the Commissioners when they were arriving at the tithe rentcharge. They made deductions which under the Commutation Act I contend were intended to provide for all future contingencies except such rates as were then being paid, and were directed by the Act to be imposed upon the tithe rentcharge such as the poor rate and so on, and therefore the tithe owner has

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Imperial contributions in respect of certain local expenditure. Question of local control and administration.

Tithe is really rent.

Tithe Commutation Act. New rates should not have been imposed in respect of tithe rentcharge since the Act.

Tithe Commutation Act. How the question of rates was dealt with.

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Rating in  
respect of  
land and  
tithe rent-  
charge.  
If equit-  
able in the  
one case is  
equit-  
able in the  
other.

already paid or had deducted from his property an amount to represent these rates.

8245. The rates which were in existence at the time of the commutation?—Yes.

8246. But not the future rates?—Not future rates of that class.

8247. Or any future rate?—Well or any future rate—I think I may say that.

8248. Assume for the moment that the Legislature had not put rates upon the tithe rentcharge—would that not have caused a great inequality between land which is subject to tithe rentcharge and land which is not—assuming for the moment, which I do not ask you to assume permanently, that it was right these burdens should be borne by property now rateable?—Possibly, that may be so, but then that raises another question.

8249. I want your comment; I want to draw it from you in your own words?—You see I contend that there have been a large number of rates put upon both land and tithes which it was never intended those properties should have been made subject to originally. It was never contemplated when the Parochial Assessment Act was passed, for instance, that there would be these particular rates. The Education Rate, for instance, has arisen since. If it had been contemplated at the time that the Parochial Assessment Act was passed that there would be this charge, I do not myself think the Act would ever have been passed.

8250. You must clearly understand from me that I am expressing no opinion at this moment, in any question I put, as to whether your contention is right or wrong, or whether the tithe rentcharge owner has or has not a special grievance. What I want to elicit from you to see whether you agree with me in this, is, assuming that the Legislature for expenditure for local purposes was right to rate certain classes of property among which the main one, the largest one, was land, would it not have been very inequitable in one case to rate the land which was not subject to tithe rentcharge on the value which a tenant paid to his landlord and leave out of account the tithe rentcharge in rating land which was subject to that charge?—Yes, I think it would.

8251. In other words, would you not in one case have got a very unfair value relatively to the other?—I think probably, you would. When you asked me about land not subject to tithe rentcharge I was going to say I hardly think there is any.

8252. I put it thus—it varies very much in amount; in some cases it is almost infinitesimal; in other cases it is very large; is that not so?—Yes, but it is all subject to the same law.

8253. Perhaps it is possible I was not accurate in saying, "Not subject to tithe rentcharge," but if the rentcharge bears a small proportion to the rent which goes into the landlord's pocket, the contention I put to you in that question would be clearly the same?—I do not think so, because you see all tithes would bear the charges to which it was subject in the same proportion, whether it was small as compared with the rent or large.

8254. I understand from you, that you think it a special grievance to the tithe rentcharge owner that his rentcharge is rated at all for these purposes?—What I said just now was that he is rated in the same way whether his tithe rentcharge is a small or a large amount as compared with the rent.

8255. I thought part of your contention was that a tithe rentcharge owner should not have been rated at all?—No, I do not think so.

8256. I misunderstood you; you do not then suggest that if land is to be rated the tithe rentcharge owner should escape?—Certainly not; I think he is in the same boat with the landowner.

8257. I think another of the points which you wish to make is that the Assessment Committees deal unfairly with tithe rentcharge in the values which they put upon it in their lists for rating purposes?—Yes, I do, certainly.

8258. Would you explain to me why?—Why they do this?

8259. Why do you think it unfair? I think I see the reasons in your memorandum, but I should like to have it on the notes in your own words?—In the first place the assessment committees are composed of farmers principally, and the interest of the farmer is

to cut down the assessment on his own land as low as possible.

8260. That is the interest of all of us, I suppose, is it not?—Yes, but we are not all of us on assessment committees, you see.

8261. I know, but I want to know if you wish it to appear on the notes that there is any special or original sin in the mind of the farmer; that is all?—This is a fact. I have had an opportunity of going before a great many assessment committees all over the country—a very large number of them—and I find that they are very nearly always, the majority at any rate, composed of farmers; their object, I also find, is to keep down their own assessments, and by that means throw the largest amount of the rate upon the shoulders of the other ratepayers in the parish. The tithe owner is in a very large number of instances almost always the largest ratepayer in the parish when you exclude the farmers and landowners, and he appears before a tribunal, whose personal interest it is to treat him unfairly. It is a matter of fact, and it does not matter what is thought about it, but what happens is, that he is dealt with unfairly, and that the law which rules assessments is improperly applied to him, and he is a heavy loser by that result, and has been for years and years.

8262. I want to get from you whether you think the tithe rentcharge owner is rated above what his property would let for to the hypothetical tenant, or whether the result of which you complain is arrived at by the cutting down of other properties?—Both.

8263. It is obviously easier to find out the value of a tithe rentcharge than of a farm, which may be in hand for example?—Yes, for this simple reason, that everybody knows what the tithe rentcharge owner is entitled to.

8264. Do you think the tithe rentcharge owner then is rated above what his property would let for?—Certainly I do; I am sure of it.

8265. Why?—I shall be very happy to explain that to you. The assessment committees, as far as my experience goes, never allow more than five per cent., as a deduction to represent tenants' profit and cost of collection. Now I unhesitatingly say that nobody would ever take the lease of a tithe rentcharge at five per cent. below the net value.

8266. What deductions would you yourself suggest apart from those matters of expenditure which you deal with later on in the memorandum, such as curates' stipend and so on?—In the case of an agriculturist, the Income Tax Commissioners allow him one-third of what they consider the annual value to represent what he calls his tenant's profit; and I do not see why a tithe owner should not be treated in a somewhat similar manner. I should think 25 or 30 per cent. a very fair allowance.

8267. I do not quite follow the analogy between the tenant farmer and the tithe owner?—May I put a supposititious case to you?

8268. If you please, I wish you would?—Supposing you are a tithe owner, and you own a thousand pounds' worth of tithe, that is, a thousand pounds annually at the present corn averages on the 1st of January last, and you want to let it to me, and I come to you about it and I say to you: Well, I cannot give you 1,000*l.*, because it is obvious it would be no use to me simply to collect 1,000*l.* and pay it over to you, simply to become the channel for carrying your income to you. I should sit down and make a calculation. I should deduct all those legal deductions, such as the payment of rates, according to the rates that were paid during the last 12 months. I should deduct something for the average losses, and for any ecclesiastical fees that had to be paid; repairs to the chancel, if you were liable for them.

8269. Perhaps you had better leave out the repairs to the chancel for the moment, because we will make that a special subject of question and answer afterwards?—Very well; then I should want to know about what share I ought to have as tenant's profit; that is to say, a living profit, because, presumably, if I am going to become tenant of your tithe I am going to make my living by taking a lease and making a profit out of it, and I should consider that I should not be asking for an extraordinary amount if I asked for 30 per cent. on account of that if I said—after deducting all these rates and other things that I know I must pay—I am going to deduct 30 per cent. So putting the rates and other deductions at 15 per cent., I should offer you a rent of 55*l.* for every hundred of your 1,000*l.*

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Deductions.  
Tithe rent-  
charge owner is  
rated above the  
sum his  
property would  
let to a hypo-  
thetical  
tenant.  
Deductions now  
allowed, and those  
which should be  
allowed in  
respect of  
tithe rent-  
charge.  
Deduction  
allowed for  
tenants  
profit.

Assess-  
ment Com-  
mittees,  
constitu-  
tion of.  
Chiefly  
composed  
of farmers.  
Tithe rent-  
charge  
owners not  
treated  
fairly by  
the com-  
mittees.

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8270. You put the deductions—what I call wastage—as high as 45 per cent. ?—I should.

8271. You base that upon a fair and full calculation as the result of your experience?—I do. I do not think that a tenant of tithes would be acting in the way in which an ordinary business man acts if he offered a higher rent than that.

8272. May I take it that the deductions to which you are now referring are embraced in these, which you mention in your memorandum, and these only, namely, expenses of collection, average annual amount of losses, average annual cost of legal proceedings for the recovery of rentcharge, allowance in respect of tenant's profit, tenant's rates and taxes payable out of the rentcharge, and ecclesiastical dues?—Yes.

8273. Could you, when you come to correct the proof of your evidence divide the 45 per cent. into those respective headings?—Yes, I could, and I shall be pleased to do so.\*

8274. Then there are certain other contentions which, I understand, you put forward; for instance, that out of the tithe rentcharge heavy payments have to be made in many cases by the owner of the tithe, such, for example, as repairs to the chancel of the church?—Yes. You are probably aware that there was a case decided in the Court of Appeal, just before Christmas, I think it was, in which it was held that the lessee of a tithe rentcharge would not be liable for the repairs of the chancel.

8275. I am putting it forward to you with great diffidence, because I do not profess to be an authority; but I have always understood in conversation on this matter that the person upon whom the repair of the chancel really fell was the rector, whoever he is?—I always supposed so till this decision.

8276. Does that decision strike at that principle?—I think so.

8277. Can you refer us to the decision?—Yes, it is "The Dean and Chapter of St. Asaph *versus* the Overseers of the Parish of Llanrhaidr," which is a parish in Wales. It is a reported case.

8278. Can you give us the effect of the decision?—The decision was this—the Court held that the occupier or tenant—in that case it was the hypothetical tenant—of the tithe rentcharge could not under any circumstances be called upon to repair the chancel.

8279. But that does not strike, does it, as stated by you, at the obligation which I suggested to you, lay on the rector?—With all submission, I think it does.

8280. I am about to put to you a case which, I dare say, as a solicitor, you will appreciate. If I am an owner of land adjoining another man's, and there is a dividing fence to be repaired, I may oblige my tenant to keep up the dividing fence; but my neighbour's recourse is not against my tenant but against me, is it not?—Quite so.

8281. Surely, however much the rector may let his tithes the recourse of those whose interest it is to have the chancel repaired is still against the rector, and not against the rector's tenant?—Then I suggest the court of appeal was wrong.

8282. I should not be so bold as to suggest that; but is it not so that, whether the rector lets his tithe or not, he is still responsible for the repairs of the chancel?—I think not after that decision.

8283. I will not carry it further just now; we will try and get the decision and look at it. Then you make a further suggestion that from the rentcharge there should be an allowance for the curate's stipend?—Yes, I do.

8284. Whether a curate is employed or not?—No, where it is necessary to employ a curate.

8285. Who is to judge of that?—I believe the Bishop is usually the judge of that. In a case where one of his clergy has a large parish I believe that it is the practice for him to bring pressure to bear upon the rector or the vicar, as the case may be—the incumbent—and compel him to employ a curate.

8286. Assuming for a moment that the rector was either an elderly man or a very rich man, and in charge

of a parish which for an able-bodied man who wished to do the whole duty for himself was within the compass of one man's ability to discharge, would you in such circumstances, because the rector or vicar employed a curate, allow him then to deduct it from the rentcharge?—No. I should be satisfied to leave it in this way—that where the Bishop certified that a curate was properly and necessarily employed, in that case the deduction should be made. It would be open to every incumbent who wanted to have a curate to go to his Bishop and ask for a certificate.

8287. I suppose I need hardly ask you—you would not allow the rating authority to have any say in that?—Certainly not.

8288. They are materially interested, are they not, though not ecclesiastically?—Considering the personnel of the Bench of Bishops, I think all ratepayers' interests would be safely left in their hands on that particular question myself. It is a matter of opinion of course. With your permission I should like to read you a letter on that point that I have here.

8289. Please, certainly?—It is from Canon Davys, the Rector of Wheathampstead. I wrote to him knowing that he had a parish of this particular class, which required a curate. He is not an old man; he has some means. He is a very active man, a very hard worker. He says:—"Dear sir,—I have only just observed that you have to give evidence to-morrow June 29th, or I would have made an effort to reply to your letter of the 25th, amidst the many engagements of last week, before; but I hope by posting to-night I may yet be in time. The enclosed schedule, which please return after use, to me here, tells its own tale, and shows how what is called a good living is reduced far below the amount required to live and work in it, the fact being that it could not be worked with a population of 2,371, and with 30 miles of road in it, or this house and grounds lived in as required by law and kept decent, without an outlay from private sources of more than 1,000*l.* per annum; a curate, too, has to be employed here of necessity, and I give my present helper 180*l.* per annum, including house rent, for which I am now not allowed to deduct a penny from the assessment to the poor and other rates. That I look upon as a great hardship, which should be taken off the shoulders of the clergy, who perforce must pay curates' salaries. I think these are the chief facts that should be brought before the notice of the Royal Commission on Local Taxation. Believe me, yours very faithfully, OWEN W. DAVYS." The figures are these; the value of the tithe rentcharge for the year 1896 is 543*l.* 12*s.* 9*d.*, the deductions allowed by the assessment committee amount to 143*l.* 6*s.* 11*d.*, leaving a balance of 400*l.* 11*s.* 10*d.*, and after deducting the curate's salary of 180*l.*, the net income going to Canon Davys is 220*l.* 11*s.* 10*d.*, out of a gross income of 543*l.* 12*s.* 9*d.* I submit that the ability of Canon Davys does not go to the extent of allowing him to make such heavy payments as these.

8290. Is there any other matter that you want to add about deductions?—No, I think not.

8291. I do not understand your suggestion in paragraph 83, that there should be an allowance for increase of charges, by which I think you mean an increase of rates?—What I mean by that is that a lessee in making the deductions in calculating what rent he could offer to give, would certainly if he were going to take the tithe for a term of years, make some calculation to cover the increase of rates.

8292. Obviously in the case of a man who kept his tithe rentcharge in his own hands it would be sufficient for him, if the rates and taxes of the year were deducted?—I think he is entitled to this tenant's profit.

8293. I am on the question of the deduction of an increase of charges?—I beg your pardon, quite so.

8294. You agree?—I agree to that.

8295. What is the import of the next head under which you claim a deduction namely "as to loss by reason of payments in advance"?—Under the Tithe Act, 1891, the tithe owner cannot sue for or apply to the county court where his tithe is not paid till three months after it becomes due. I think, therefore, that some calculation ought to be made of what the loss is to the tithe owner by reason of that delay because it is obvious, that 100*l.* to-day is worth more money to me than 100*l.* this day three months; I lose so much interest in the meantime.

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Deductions.  
Tithe rentcharge.  
Repair of chancel.

Deductions.  
Tithe rentcharge.  
Curate's stipend should be allowed.  
Question who should decide if a curate was necessary.

Deductions.  
Tithe rentcharge let to hypothetical tenant.  
Increase of rates.

Deductions.  
Tithe rentcharge.  
Loss to tithe owner under Tithe Act, 1891, owing to inability to sue for it until three months after it is due.

\* The witness subsequently wrote: "I should divide it as follows—rates and taxes and other outgoings, 15 per cent.; personal services, 15 per cent.; and tenants' profits, 15 per cent. If nothing is allowed for personal services then I should put the tenants' profits at 30 per cent."

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8296. If you are the owner of it from year to year, there would be one deduction once for all of three months upon the 100l., and nothing more, would there? —Yes, you might put it in that way. At the same time I think you would be entitled to some further deduction to represent the average outlay. As a matter of fact, a great deal of tithe is not paid for four, five, even six months, and longer, after it becomes due. You see the Legislature has, unfortunately, invited debtors who are tithe-payers, not to pay their debts up punctually, but to delay; and they have got into the habit of doing so. That statement I make from my own experience.

Deductions. Tithe rent-charge. Tenant's profits.

8297. Then I came to your fourth heading, the tenants' or inhabitants' profit. I do not understand that as being anything distinct from what you have already spoken to?—It is not; we have dealt with that.

Deductions. Tithe rent-charge. Personal services.

8298. Then the last head is the deduction for personal services; how do you justify that?—In the same way, that in calculating income derived from other sources, a deduction is, I believe, always made to represent a man's personal services. He has either got to give them, or he has got to pay somebody else to do the work; that is a distinct loss to him; it is a distinct reduction of his income derived from that particular source, and I do not see why a clergyman who is a tithe owner should not have the same benefit.

8299. Can you give me an analogy in which a deduction of a similar kind is allowed?—It is allowed the farmer.

8300. But we have had that already, have we not—the tenant's or inhabitant's profit? I want to make it distinct from what is allowed for the tenant's profit. I understand the tenant's profit, but I do not understand the deduction for personal services?—I think they would be included in the two. I have got a little bit at cross purposes I am afraid there by the tenant's profits having been taken out of order.

Deductions which should be allowed in respect of tithe rent-charge.

8301. After all these deductions are made, how much do you think would remain for the tithe rentcharge owner to be rated upon in proportion to the gross income that he draws from the tithe rentcharge?—About 55 per cent.

8302. All these things are to come out of the 45 per cent. which you mentioned before?—Yes.

8303. Then I misunderstood your answer to a previous question. When I gave a list of deductions from your own paragraph, and asked you how much it was, you answered me 45 per cent.; then I asked you to divide them up amongst those six or seven heads; but it is quite clear from your last answer that you would have to include these other things in the list to make up the 45 per cent.?—Yes; I will tell you how I got at that. I reckoned that the personal services and the tenant's profits would come to 30 per cent., and the 15 per cent. would represent the other outgoings. I am sorry I was not clear about that before.

Deductions. Tithe rent-charge. Personal services.

8304. Possibly it was quite as much my fault as yours. If we did not see our way to agreeing to the suggestion of the deduction for personal services, how much of the 30 per cent. would be personal services, and how much tenant's profit?—I should be inclined to divide it in half.

Ability to pay. Doctrine cannot be applied to local rating.

8305. I do not take you through the last part of your memorandum, because it deals with matters which have been, and will be very fully before us on other grounds; and I think the first questions which I put to you are sufficient for me to have drawn out what you had to say. I would just like to say that I concur entirely with you in your statement of the objections which you say are sufficient to prove that it is practically impossible to assess a ratepayer locally to the local burdens in any way upon, taking your own phrase, his ability to pay. I do not think it necessary to go through that part of your memorandum with you, because we have had it all before us?—Very good.

Real and personal property. Contribution direct and indirect to rates in respect of.

8306. (Mr. Arthur O'Connor.) I should like to ask you one or two questions upon your memorandum which appears to me to be not only very interesting but very valuable. In paragraph 18 I notice that you suppose a case in which A, B, and C are the only inhabitants of a parish. A, a landowner holding land worth 20,000l., and deriving an income from it of 1,000l.; B, owning land worth 40,000l., which brings him an income of 2,000l. a year; and C, owning no land but having property invested in stocks and shares from which he

derives an income of 1,500l. a year. Then you assume that there is to be a poor rate raised to the amount of 100l., and you say that A would be rated on his 1,000l., and pay 33l. 6s. 8d.; and B would be rated on his 2,000l., and pay 66l. 13s. 4d., thereby making up the whole amount; whereas C would pay nothing. The first thing that occurs to me in connexion with your suggestion that C ought to be rated as well as A and B, is; how much does A pay for permission to be an inhabitant of that parish?—For permission to be an inhabitant?

8307. Yes; he owns land of his own, does he not, according to your hypothesis?—Yes.

8308. Does he pay anything for permission to be an inhabitant?—I should not have thought he ought to; this is a free country, so I always understood.

8309. A man can live on his land, can he not?—Certainly, he may do so.

8310. And B in the same way does not pay anything for mere presence in the parish, because he owns land too?—Yes.

8311. Now, I will take the case of C, who does not own any land at all; if he is an inhabitant he must be the occupant of the land of another?—Yes.

8312. Therefore, in this case, C would have to pay to A or to B something in the way of rent for permission to be an inhabitant of that parish, would he not?—I should have said that he paid the rent because he had the profitable occupation of the tenancy.

8313. I am not asking the reason, I am only trying to get you to assent to the obvious fact?—Yes, but I do not think I am quite prepared to do so off hand.

8314. If A owns half the parish and B owns the other half, and C is a third party inhabiting that parish, I put it to you that he must either be on A's land or on B's land?—Yes, that is so.

8315. And, as occupant, he makes some render to A or to B, whose land he occupies?—Yes, because it is presumably profitable to him to live there.

8316. I am not concerned with the reason, I am only getting you to assent to the fact?—He pays rent.

8317. Certainly; that rent goes to A or to B?—Yes.

8318. Then of the money which A or B has, as proceeding from his land, some of it comes from C?—If C lives in the parish, yes.

8319. That is your own hypothesis. You have said that A, B, and C are inhabitants of the parish?—Yes.

8320. Then of the money which A or B has as rent, part of it is paid by C himself?—Yes.

8321. And only a certain proportionate rate out of what is paid by C is charged against B or A, whoever the recipient of it is?—Quite so.

8322. Do you think that C does a service or the reverse to the parish by being an inhabitant, he having an income of 1,500l. a year?—I should not think he does one or the other.

8323. It is not an advantage to a parish to have a number of rich men living in it, then?—Well, the rates fall upon the land all the same.

8324. Yes, and the land of itself is brute?—It would not be any advantage to either A or B.

8325. Unless land produces something in the way of rent or crops it is not of much advantage except as standing ground, is it?—No, but in this case it produces 3,000l. a year.

8326. Precisely; of which C contributes a portion?—Yes; still the land might be let to people who reside outside the parish.

8327. Now I think you are departing from your own suggestion, which is that A, B, and C are inhabitants and the only inhabitants?—They are the only inhabitants; but a man might live across the border and rent a great deal of A or B's land.

8328. I do not find that in your suggested case, and I want to confine myself to your own illustration?—I think my case is open to that construction with all submission. "A, B, and C, are the only inhabitants of a parish"—that is, the only people who reside in the parish. Then I go on to deal with them. C, as you suggest, must rent part of the land of A or B, but there may be a number of other tenants who live somewhere else, but rent other parts of the land. For instance, now putting a case in point, I myself rent land down in Romney Marsh, but I do not live there, and I very often do not

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go there from the 1st of January to the 31st of December, but I rent land, and I pay the rent for it.

8329. And when the rent gets into the hands of the landlord he pays rates, does he not?—As a matter of fact I pay the rates myself, but then I think I have explained somewhere in the evidence that I look upon it that all rates are really paid by the landowner.

8330. I know you do, and that is why I put it to you, that out of the money which A or B in this supposed case pays, some comes from C?—Quite so.

8331. Then C indirectly contributes—?—Part of the income—

8332. To the rates?—Indirectly yes, like any other occupier.

8333. Take the case of a lodging-house, the lodging-house proprietor pays the rates, does he not?—Yes.

8334. Does he not get it from his tenants?—He gets the rent from the tenant.

8335. He gets resources from his tenants—he gets money?—Yes; just in the same way I rent an office in a large block of buildings in Lincoln's Inn Fields; I pay so much a year to my landlord, I do not pay any rates, but I pay so much more than I should pay if there were no rates at all to be paid by the landlord.

8336. Precisely; that is to say, the means to pay the rates on that block you furnish under the name of rent?—Yes.

8337. Therefore, it may well be that a person who is not a landowner indirectly pays or helps to pay the rates?—Quite so.

8338. Therefore it is not the land necessarily or the landowner that ultimately pays, even though his be the hand which furnishes to the collector what is paid as rates?—Yes, I think it is; from my point of view it is. It does not matter who the individual is surely, that pays the rent; it is the land that fetches the rent, and it is the land that produces the rent; that is the way I should put it; just like my office would let to somebody else if I choose to give it up—being in a good position it would let to-morrow morning probably.

8339. You treat your office as if it were land?—Certainly I do.

8340. Who made the office?—It is a very old house; I am told it was built by Inigo Jones.

8341. It was built, was it not?—I believe so, originally—no doubt of it.

8342. Who made the land?—I must refer you to the first chapter of Genesis, I think.

8343. Thank you, I am glad to have that on the notes. In paragraph 15 you make an observation with regard to the terms of reference to this Commission: "I gather from the terms of the reference that the Legislature agree that personal property should contribute equitably with real property to local taxation"; I suppose the Legislature has nothing to say to the reference; you mean the executive?—I mean the executive.

8344. The executive has decided upon the terms of reference; do you think another executive might have framed a reference with a totally different implication?—Certainly.

8345. But you agree that the terms of the reference to this Commission, as you read them, do suggest the view that property, other than landed property, should contribute in some degree to the payment of rates?—Yes, I do.

8346. You think it is involved in the terms of the reference?—I do.

8347. Now with regard to the principle of rating land or other property, I suppose you admit at any rate, that the land has to bear the physical weight of the human race?—Yes, I do not know exactly what that means, but still I will admit that.

8348. Still it is necessary for the presence of man, necessary for his domicile?—Certainly.

8349. Necessary for his locomotion?—Certainly.

8350. For his food and his clothing?—Certainly.

8351. And all these things must come out of the land directly or indirectly?—Yes.

8352. If everything necessary for mankind is to come out of the land why should not rates?—Because it has been found, as I contend I have proved by the evidence

that I have put before the Commission, that it is unjust that the rates should be levied upon land entirely.

8353. With land alone without labour, could you have any of the things necessary to man?—No, and therefore I say that the people who labour and make profit out of it ought to pay some of the rate.

8354. But without labour the land would be useless, it would give forth nothing?—That is so.

8355. All that you could have in the way of wealth is the wealth of labour as applied to land?—Applied to land, yes. Do you include in that labour applied to minerals and all that sort of thing?

8356. I suppose so. I include all that men do in the way of professional and physical labour?—Yes, I do not think I can have any objection to that.

8357. I suppose the carpenter, the farmer, the miner, the manufacturer, the carrier, the agent, the lawyer, the doctor, and even the clergyman, may be said to labour in one form or another?—Yes.

8358. And without human labour this land would produce nothing?—No.

8359. As landowner simply what does the owner do?—As landowner simply, according to your way of putting it, if you will allow me to say so, the landowner would not have anything at all to pay the rates out of, that is just my contention.

8360. You are leaving the question a little. In his capacity simply as landowner what labour does the landowner do?—He looks after his estate; for instance, there is a book which has just been published by the Duke of Bedford which seems rather to show that he must have worked pretty hard. I do not know whether you have seen it, but I read a long review of it in the "Field."

8361. But that is a long story of administration—of an agency?—He administers then.

8362. That is in his capacity of manager or agent; I am speaking from the point of view of ownership only?—I say from the point of view of ownership only, that he will have nothing to pay rates out of, because the land would be, as you have already stated, unproductive.

8363. Precisely; ownership alone would furnish nothing out of which to pay rates?—Pure ownership, no.

8364. It is labour in some form or another which enables men to have and to pay whatever they do have, or whatever they do pay. That being so, do you suggest how rates can be paid at all except out of industry and labour—at any rate indirectly?—No, I do not propose to do so; it is my contention that they must be paid out of industry and labour, and that they ought to be.

8365. Now the land is held by a comparatively small number of persons, as owners, is it not?—Yes.

8366. And the rest of the human race are the industrials?—Yes.

8367. Out of whose labour everything comes by which rates can be paid?—Yes; and it is a curious thing that the people who do not own the land are in the more fortunate position.

8368. But the landowners, besides their bare ownership of the land, are, in fact, in receipt of rent for the land, are they not?—Yes.

8369. *Qua* owners they receive rent, but *qua* owners they do no work?—But they do work; they do not receive any rent unless they administer.

8370. I thought we had already settled the point that *qua* owners, simply and solely, they do not work. The land under those circumstances without labour applied to it would produce nothing?—Yes, and they would not have any tenants.

8371. *Qua* owners simply and—?—Surely, sir, you will excuse me—in that case we got into this position, that there would not be any industry because there would be no tenant.

8372. Exactly; without tenants the landowner would have nothing but his bare land?—Yes.

8373. Given the tenants and the industry of the tenants then there is something for the landowner to receive under the term of rent?—Yes.

8374. Which rent is produced by the industry of the tenants?—Yes.

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Peterson.

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Land,  
rating in  
respect of.  
To what  
extent land  
should be  
assessed  
to rates.



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8375. And it is out of that rent that the landlord pays what he has to pay?—Yes.

8376. It is therefore produced to enable the landlord to pay, and it is produced by the industry of the tenants?—Quite so.

8377. It is the industrial part of the community who furnish the landlord with means to meet his rates?—No, they do not under the present system.

8378. Will you show me where the fallacy lies in my deduction?—They do not find him with enough; they find him with some. For instance, I will put this to you: Supposing, besides the rates and local taxes that are paid out of the land by the landowner at present or his tenant, the whole of the Income Tax were thrown on the shoulders of the landlord and everybody else was relieved from it, what would happen then?

8379. I do not want to argue with you?—You see the tenant of the land only pays part of the result of his industry as rent.

8380. I notice that in paragraph 28 you give a very interesting statement of assessments made a long time ago—in 1680, I think. You there show, in two columns, the rent set against the several persons' names in the first part of the return, and also the abilities of the several persons. Now, in paragraph 29 you say: "Unfortunately, there is nothing in these books to show how the overseers and churchwardens estimated the 'ability' of the inhabitants." I draw your attention to the fact that the two columns I have referred to of rent and abilities show a constant proportion—20*l.* rent, ability, 10*s.*; 6*l.* rent, ability, 3*s.*; Hone Barn, 40*l.* rent, ability, 1*l.*; 7*l.* rent, ability, 3*s.* 6*d.* Do you not see that the ability is in every single case 6*d.* in the £ for every one of those persons mentioned?—Yes, those you have quoted.

8381. I quote the whole column without exception?—Look at Mr. John Lamb, rent, blank, ability, 4*s.*; Mr. George Lamb, rent, blank, ability 8*s.*; John Simty, rent, blank, ability 6*s.*; Widow Harris and her daughter, rent, blank, ability, 2*s.* 6*d.* I presume that those people did not occupy any premises, but paid according to their ability.

8382. That is an assumption, of course, which is admissible, but it is not a conclusive assumption. In every single case in which the rent can be compared with the abilities you can observe a constant proportion; but in four cases, out of a large number, the rent is not entered?—Yes. You know this is only an extract from a very much larger book; I looked through the book, and thought it was a typical extract.

8383. I take what you have put before us, and I see there is a constant proportion between the abilities and the rent—a proportion of 6*d.* in the £. Do you not think that the word "abilities," as used in this particular assessment return, really meant rating—assessment?—Do you mean by the word "rating," assessment on land and hereditaments?

8384. Yes; the rent being 20*l.* he is assessed to pay 10*s.*?—No doubt it was in the case of those that are mentioned; but I also suggest that in the case of those where there is no rent given those persons were assessed to a rate without their occupying any premises.

8385. I should think that on the face of it—I do not know whether you will assent to it—that this very return shows by the constancy of the proportion that the abilities are evidently based upon the rent, and it is in the nature of a valuation list founded upon the rent or the land?—Of course it is a mere matter of opinion. I really, personally, do not see that I can say anything more than I have done. I have put before the Commissioners the extract. The books are at the Maidstone Museum, and can be seen there. I adhere to my view, of course.

8386. You say in paragraph 39, "Sir James Caird, a tithe commissioner, writing in 1876, states that the land rental of England since 1836 had risen 50 per cent." What do you understand by land rental there?—The amount of rent paid by the tenants for the occupation of the land to the landowner.

8387. Does it include houses?—Yes, it includes houses.

8388. In cities?—I have got Sir James Caird's words here. It was in answer to a question given before Mr. Inderwick's Committee: Asked before Mr. Inderwick's Committee: "Do you adhere to what you

said, that if the old right of participation had continued with regard to tithe, the annual income of the Church would now have been 2,000,000*l.* greater than it is, and the whole of the difference has gone into the pockets of the landowners?" Sir James answered, "So far as I know; I do not know where else the difference can have gone." So that I take it that Sir James Caird meant the land out of which the tithes arise—titheable land.

8389. But I thought you told the Chairman a little time ago that you thought all land was subject to tithes?—Yes, I do.

8390. Does it apply to all land?—To all land subject to tithe.

8391. If all land is subject to tithe it would apply to all land?—Then it would apply to all land. That is a matter of fact which I am not personally prepared to make any definite statement about; I do not know what lands —

8392. At any rate, whether it includes lands in cities or not, it is true that the land rental had risen in 40 years, 50 per cent.?—That is what Sir James Caird says; that is my authority for that statement.

8393. You have no reason to doubt it?—I have no reason to doubt it.

8394. We will take it so, that in 40 years the value of the land has risen 50 per cent.?—At that time.

8395. In 1876, when he was speaking, it had risen 50 per cent., he says, since 1836?—Yes.

8396. Can you tell us at all why it should have risen?—No, I cannot tell you that. I do not know.

8397. It did not rise by reason of anything done by the landlords as landlords?—I could not tell at all; I have no information on the point.

8398. Do you know whether the population of the country had increased immensely in the meantime?—I should think it had, but I do not, as a matter of fact, know it myself—I know nothing about the census returns.

8399. You do not know that the population increased from 1836 to 1876 very much?—I should assume it did, but I have never looked at the census returns.

8400. Together with the increase of population, step by step, I think, the land rental advanced also, is that not so?—As population increases in any place or district, rents go up. I should think that is a sound statement.

8401. It is always in proportion to the density of the population?—I should think so.

8402. It is the population that gives the value to the land?—Except in Ireland.

8403. Do you think land is more valuable in Ireland now than it was?—I know very little about Ireland, but I have always been told that the increase of population there did not make the land any more valuable; it did not enhance the value of the land.

8404. I am afraid the increase of population has not occurred during the last 50 years, has it?—What, in Ireland?

8405. Yes, we are speaking of Ireland?—I really do not know enough to be able to say.

8406. (Chairman.) I do not think you know much about Ireland?—I know nothing about it.

8407. (Mr. Arthur O'Connor.) I thought you were introducing it as an illustration, and I wanted to see the value of the illustration. Now, let us come to the Tithe Commutation Act; I have got the terms of it before me; have you a copy of it, if so, will you look at section 37? The Act deals with the value of the tithe to be calculated upon an average of seven years. I should like you to point out what there is in the 37th section that you think is unfair?—I do not say there is anything unfair in the section. Where do I say there is anything unfair?

8408. I do not say you do, but it appeared to me that you were dissatisfied with the arrangements made under that section?—No, not at all.

8409. You admit that it is reasonable and just, then?—I do.

8410. What interpretation do you put upon it with regard to the rates?—It imposes the rates—I think it is by that section—upon the tithe rentcharge.

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Peterson.

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Ability to pay.  
Extracts from Maidstone rate books.

Rent.  
Increase of rent in England between 1836 and 1876.  
Land-owners obtained a large sum representing the benefit which would have accrued to the church under the old right of participation.  
Sir James Caird's views.

Tithe Commutation Act, 1836. (6 & 7 Will. IV., c. 71.)

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8411. Quite so ; I suppose that we may regard tithes as something issuing out of land or land values?—Yes.

8412. Let us assume that the property is represented by a circular cake, and that the tithe is a slice of that cake cut from the central point by two radii to points distant from one another one-tenth of the circumference ; that would represent the interest of the tithe owner, would it not?—Yes, if it was a tenth.

8413. Roughly it would?—That is, the tithe owner before the passing of the Tithe Commutation Act.

8414. Yes, taking the tithes in the theoretical sense of the term as a tenth. At any rate it represents a slice. Now, if there is to be any burden upon the cake as a whole, why should not that particular slice bear its share or contribute its share?—No reason at all.

8415. There is no reason therefore why tithe rent-charge or tithes should not pay a proportion of the burden on land?—No.

8416. Now, at the time of this Commutation Act, is it not true that there was a very great deal of agitation against the collection of tithes?—I believe so.

8417. Was there not almost civil war in connection with it—many disturbances at any rate?—There seems to have been a great deal of agitation about it. I do not know whether it amounted to civil war.

8418. Was it not considered that it furnished a very serious point of attack against the Church itself?—I really cannot answer that question, it was before my time.

8419. Do you think it would be inaccurate to say that safety and quiet were purchased by a compromise under the Commutation Act?—You see that is a matter of opinion ; I could give you my opinion if it is worth anything.

8420. With regard to the fact?—With regard to the fact.

8421. Do you know the history of the Commutation Act?—I know a good deal about it.

8422. Is that not shortly the history of it, that to meet agitation, to avoid disturbance, and to allay and prevent an attack upon the Church itself, it was thought better to do away with the system of collecting tithes from the tenants and to get the landlord to pay, the tenant then paying only indirectly?—I should rather have said that it was the result of the exigencies of the Government of the then present day.

8423. Very well, at any rate it was a compromise of some kind?—That is merely my opinion ; I really do not know whether it is worth anything. It was a compromise certainly.

8424. Did they not purchase by the compromise facility for getting in an assured sum as against difficulty in getting in an uncertain sum?—A large number of people thought they did.

8425. Is there any particular point which you would wish to emphasise, that you have not been asked about yet?—No.

8426. Is leasing a tithe rentcharge a common thing?—No, it is very uncommon ; in fact I do not know of any leasing of tithe rentcharge at the present time.

8427. It is a purely imaginary thing for practical purposes?—At the present it is ; it was a very common thing before the commutation.

8428. But since then it is a thing that practically one does not meet with?—No, I do not know of any case.

8429. Therefore, all this discussion on the supposed leasing of tithes is, one may say, a little beside the point?—It arises out of the fact that the courts of law have laid down that the way in which you must calculate the annual value is by assuming a hypothetical tenant.

8430. But as between tithes, you would draw a distinction between the tithes payable to a working rector and the tithe-impropriate in the hands of a layman, would you not?—Personally I should, because, you see, I ask for certain deductions in respect of personal services and curates' salaries, and so on ; and of course a lay impropriator has not given the personal services, so he would not be entitled to the deductions.

8431. Then you would draw a distinction between the two ; the lay impropriator receives his money simply

as a charge on the land without giving services for it, is that not so?—Yes, he does not have to give any services, so he would not be entitled to the deduction.

8432. The lay impropriator has a certain charge which has a money value upon certain land?—Yes.

8433. He does not give any services in return for that charge, does he?—No—no clerical services.

8434. Does he give any?—I do not know.

8435. The rector has his duty as rector to discharge?—Yes.

8436. And it is in consideration of that that he gets his tithes, is it not?—Yes, that is what I maintain.

8437. There is the difference—in consideration of that he has certain duties to discharge, so that between those two cases there is an important distinction?—There is that distinction, certainly, but the deductions that I claim I think you see would all work out fairly, because if a man did not give any personal services he would not be entitled to deductions in respect of them ; if he did not employ a curate he would not be entitled to deductions for it.

8438. Now with regard to the supposed case that you put to the Chairman. Supposing that a man is the owner of tithes to the extent of 1,000*l.*, and you propose to take those tithes on lease, you would stipulate for a deduction of 45 per cent.?—I should, personally.

8439. On account of certain necessary outgoings?—Yes.

8440. Would those outgoings be in existence if the tithe still remained in the hands of the lessor?—Yes, because I am assuming that I should have the same responsibilities thrown upon me that the lessor has.

8441. Then is it not a clear 1,000*l.* that he has to dispose of?—Not exactly.

8442. It is only 55 per cent. of it?—Just so ; that is what I have been trying to point out to the Commissioners.

8443. Then is it not a fallacy to assume that it is a 1,000*l.*?—Just so ; that is the fallacy the assessment committees all over the country fall into. That is what I am contending.

8444. I only want to get your point out clearly where I think you have made a good one. The 1,000*l.* nominal tithe in the hands of an ecclesiastical or clerical owner is in consideration of certain services which he is to discharge?—Yes, part of it.

8445. And you put those services down at 45 per cent.?—No, not the services ; I think I explained that. Of course I am obliged to use round figures ; I put the personal services at 15 per cent., tenant's profits at 15 per cent., and the rates and taxes and other outgoings at 15 per cent., and that makes the 45 per cent.

8446. The personal services you put down at 15 per cent.?—Yes, that is if he is allowed anything for tenant's profits.

8447. Out of the 100 his personal services represent 15, is that it?—If you allow him 15 per cent. for tenants' profits, otherwise I should put them at 30.

8448. Personal services represent 30 out of the 100, is that it?—Yes.

8449. And 70 do not?—That is so.

8450. Under those circumstances where is the hardship of his paying rates?—I do not say there is a hardship in his paying rates on the 55*l.*

8451. (*Mr. Clare.*) Will you kindly tell me whether I have correctly understood your point. As I understand it, it is this : that the farm tenant who keeps the land out of which the tithe rentcharge comes is allowed when his assessment is settled to have certain deductions made on account of the capital he will have to employ in order to earn the rent?—Yes.

8452. And that as the rentcharge is practically coming out of the same pocket as that which goes to the landlord, the same deductions ought to be allowed in assessing the tithe rentcharge as are allowed in assessing the farmer?—Yes.

8453. And therefore you claim to have interest on tenant's capital to be one of the deductions in arriving at the assessable value of the rentcharge?—Yes.

8454. (*Mr. Elliott.*) Arising out of that question you would say, would you not, that not only must the tenant's profit on his capital be taken into account,

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Deductions. Tithe rent-charge. Hypothetical tenant. Deductions which should be allowed.

Deductions allowed to tenant farmers should be allowed in case of tithe rent-charge.

Tithe Com-  
mutation  
Act, 1836.  
(6 & 7  
Will. IV.  
c. 71.)  
History of  
the Act.

Tithe rent-  
charge.  
Leasing of,  
is very un-  
common.

Tithe rent-  
charge.  
Deductions.  
Lay improp-  
riator

Mr. E. W. I. Peterson.

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Deductions. Tithe rent-charge. Personal services. To what extent should they be estimated.

Agricultural Rates Act, 1896. Tithe rent-charge. Reasons for omission of tithe rent charge from the Act. Inclusion of tithe rent charge in the scope of the Act would give substantial justice and satisfy tithe owners.

but the particular skill which he brings to bear in the discharge of his industry?—Yes.

8455. And that there is no more reason for allowing a deduction for the tenant's skill apart from the tenant's capital in the case of ordinary agricultural land than in the case of the tithe rentcharge?—Yes.

8456. With regard to what you said about the deduction for personal services, do you really think that the personal services of many an incumbent of a benefice could be fairly estimated at 15 per cent.?—No, I do not, but then, you see, I take it that you must apply some rough-and-ready rule to this sort of thing.

8457. Do you think that the per-centage rule would be the best possible rule?—I am not prepared to say that, I think it would. I do not really see without a great deal of further consideration, how to arrive at anything that I could put satisfactorily before the Commission about a per-centage rule.

8458. Is not your whole proposition with regard to the allowance of a sum for personal services somewhat dangerous, by reason of the fact that where the incumbent of the benefice, whether of small value or great value, discharges the duties, it may be said that the whole income of the benefice is in return for his personal services?—Yes, I quite admit that that is a great difficulty, and I do not see at present—although I have thought this over a good deal—how you are going to get over it except by applying one rough-and-ready rule, if I may call it so, to the whole class.

8459. Would you prefer the rough-and-ready rule of taking a fixed per-centage, or would you prefer the rough-and-ready rule which is adopted for income tax purposes in allowing an abatement of a certain fixed sum from incomes not exceeding a certain amount?—To be quite straightforward I never could make up my mind which I should prefer.

8460. Probably you would prefer that which was most favourable to the tithe rentcharge owner?—Probably I should.

8461. Do you favour at all the system of rating tithe rentcharge according to a fixed proportion of the tithe rentcharge as was done, I think in the case of the Public Health Act of 1875?—One-third was it not?

8462. No, one-fourth?—Yes, I think that that has a great element of fairness in it.

8463. Do you think that that principle should be extended?—Yes, I think it should.

8464. Supposing that the same proportion as that adopted in the case of the Agricultural Rates Act of last session had been applied to the case of tithe rentcharge, would that have substantially met the grievance which you have put before us with regard to tithe rentcharge to-day?—Do you mean as applied to all rates?

8465. As applied to all the rates which are the subject of relief under the Agricultural Rates Act?—I have never considered that point, but speaking offhand, I should say it would.

8466. Have any representations ever been made to you as the secretary of the Tithe Rentcharge Owners Union as to the omission of tithes rentcharge from the Agricultural Rates Act of last session?—Yes, a very large number.

8467. What have been the main reasons urged in favour of the inclusion of tithe rentcharge in the Act of last session?—That tithe rentcharge had always been rated, when rates were imposed, in the same way as land, and that, therefore, it was only fair that when the remission of rate was made, tithe rentcharge should share equally with land in that remission.

8468. Are you aware of the reasons which prevented the inclusion of tithe rentcharge in the Act of last session?—I know the reasons which were alleged.

8469. Do you see any force in those reasons?—None at all.

8470. You would say that, apart from any reasons which have been urged against the inclusion of tithe rentcharge in the Act of last session, the same rule ought to be adopted, and the tithe rentcharge ought to be rated, say, at 50 per cent. of its value?—I do.

8471. Do you think that that would substantially meet, and practically meet, the grievance which is now felt by tithe rentcharge owners?—Yes, I think it would.

8472. You think that, although that would be a rough-and-ready way, it would give substantial justice?—I think it would.

8473. You propose the increase of the Government subventions to local rates; do you not see the force of the objections presented to you in questions put to you by our Chairman as regards the effect upon local administration?—No doubt there is great force in them; I think that no doubt in the first instance, and for some time, there would be a tendency to extravagance.

8474. Have you studied at all the principles under which the existing subventions are allocated?—To some extent I have.

8475. Are you prepared to make any specific suggestions to the Commission as to increased subventions that might be given to local authorities and the danger of extravagance avoided?—No, I am not.

8476. With regard to your proposal that the money necessary for these increased subventions should be derived by means of a special addition to the Income Tax, have you considered whether any distinction should be made between income derived from property the income derived from personal exertion—brain-work, and so forth?—No; I think the present system of assessing both those properties for Income Tax is a very fair one.

8477. Would you draw any distinction between a person deriving income from Consols and a person deriving an income from a profession—from your own profession as a solicitor?—Personally I should not.

8478. You would draw no distinction at all?—No, I should not.

8479. Do you think that that would be acceptable to the country generally?—I think it ought to be.

8480. Do you think that it would be?—Yes, I think it would.

8481. Do you think that you could persuade, for instance, a clerk in the receipt of 150*l.* a year, possibly in your own office, that he ought to contribute as much to local burdens as a person deriving a similar income from Consols?—I do not think that a clerk with merely 150*l.* a year would pay any thing, would he?

8482. Let us say 200*l.*?—Yes, I think the present limit is a fair one.

8483. Do you think that the clerk in receipt of an income, say of 200*l.* a year, would consider that he was fairly charged to the rates in having to pay exactly the same amount as a person deriving a similar income from consols?—I think so myself. Of course, I know that is a question that there is a great deal of argument about *pro* and *con*, but I personally am not in favour of cumulative taxes.

8484. I want to ask you one question with reference to the series of questions put to you by Mr. Arthur O'Connor. Would you have drawn any distinction in your answers if the questions had been put to you with reference to income from consols, or from, say public debts, and anything of that kind?—No, none at all.

8485. You can draw no distinction between a landowner and the owner of a mortgage say, on the national income?—No, I certainly should not.

8486. (Mr. Dalton.) You think that in assessing the tithe for the local rates an allowance should be made for the personal services of the clergyman, but do you think that a similar allowance should be made in assessing the value of the glebe land?—I think that it is made already.

8487. When the glebe is in the occupation of the clergyman?—I will explain. I think that glebe land is assessed by the assessment committees throughout the country in the same way that other agricultural land is assessed.

8488. Even when it belongs to the clergyman or is in his occupation?—They may try to put it on him a little, but practically I think it is.

8489. On the present averages for every 100*l.* of tithe rentcharge, the gross income now received is about 70*l.* I think, is it not?—About that.

8490. Or a little below?—About 69*l.*

8491. You think that in assessing each of those 69*l.*, leaving out the question of personal services and taking the tithe belonging to the lay tithe owner, there should be a deduction of 15 per cent. for tenant's profits, and 15 per cent. for cost of collection?—No, not for cost

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Imperial contributions, increase of. Questions of local control and extravagance discussed.

Suggested addition to income tax for local purposes. Income derived from property and from personal exertion. Should any distinction be made.

Deductions. is valued as other agricultural land.

Deductions. Tithe rent-charge. Hypothetical tenant. Deductions which should be allowed.

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of collection; the 15 per cent. is for rates and other outgoings.

8492. Bates and other outgoings including that?—The cost of collection, I think, would come in the tenant's profit.

8493. At any rate you would take 30 per cent. off?—I would take 30 per cent. off.

8494. That would reduce it to under 50l. net?—Yes, it would reduce it to about 40l., would it not?

8495. It would be a little under 50l. Do you think that an ordinary lay tithe owner would accept for every 100l. of his tithe such a sum as would produce 50l. a year in consols; do you think that would be the value?—I think it would be a very fair value; I should not like to agree to pay any more myself.

8496. That would work out as something under 2,000l. for every 100l. of tithe appearing as commuted by the Tithe Commutation Act, if the tithe were redeemed at 40 years' purchase of its net value?—I have not worked it out, but I will take it at your figures.

8497. Does not tithe in the market generally fetch a great deal more than that?—No, tithe in the market now fetches about 13 years' purchase, I think.

8498. Thirteen years?—Yes.

8499. But it cannot be redeemed at less than 25 years' purchase, can it?—Not by the clerical tithe owner.

8500. Do you not think it would be a great advantage if it could be, and if the tithe owner could substitute consols for it?—Not at the present moment. I think, perhaps, after local taxation has been adjusted and we have got things all on a proper basis, that it might then be an advantage to go into that matter.

8501. You would get rid of all these grievances then. The tithe owner would have consols instead of his tithe rentcharge, and he would not be rated locally at all?—If you went into the question of redemption at the present time you would have to pay on a falling market; in fact at the very bottom of the tree; therefore you would get less capital money. I think it would be a

The witness withdrew.

Rev. EDWARD FRANCIS GEPP, M.A., J.P., called and examined.

Rev. E. F.  
Gepp,  
M.A.,  
J.P.

8510. (Chairman.) I understand you are the Vicar of the parish of High Easter, in the Dunmow Union, and that the income of the living is derived entirely from tithe rentcharge?—Yes.

8511. You are also the Rural Dean in the diocese of St. Albans, Justice of the Peace for the county of Essex, Deputy Chairman of Quarter Sessions, and an Alderman of the County Council of Essex?—Yes.

8512. You have had many years' experience as Chairman of Dunmow Union, also as Chairman of the first Assessment Committee for that union; you are on the council of the Tithe Rentcharge Owners' Union, and have therefore had a large experience of the questions which are submitted to us in our reference?—Yes, that is so.

8513. I do not think I need take you over the whole questions which we have been discussing this morning in any fulness, because I understand that you not only appear along with Mr. Peterson, but you agree very generally with what he has said?—Yes, generally.

8514. I shall not go into the question as between rateable property on the one hand and property which is not rated at the present time, but rather question you on your own memorandum,\* assuming for the moment that rates are rightly laid upon property now rateable; I would ask you to explain to us why you think hardship is inflicted upon the tithe rentcharge as compared with land generally?—Because I think that the land is not so fully rated as the tithe, for the simple reason that one sees our hand and knows exactly the value of our tithe, whereas, as far as my experience goes in assessing the value of the land, it is a mere matter of guess.

8515. On that point a really fair assessment between land and other rateable property would go some distance to meet your grievance?—Certainly, but from my experience it has not been fair, and I could give several instances to show it.

8516. Will you state them in your own way?—One of the first things that I did when I was elected chairman of the Assessment Committee, in 1863 I think it

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 157 to 160.

most inopportune time to go in for redemption as far as the tithe owner is concerned.

8502. Do you think it is likely to rise again? Do you think the price of corn is likely to go up?—I hope the efforts of this Commission will result in our getting a great reduction of charges, and then immediately that is done tithe will become a more valuable property.

8503. I think you said that you did not think there were cases in which land was free of tithe; but is it not the case, to begin with, that before the Commutation Act any land that was built on prior to the Commutation Act of 1834 was free of tithe?—As I have told the Chairman, I am really not in a position to answer that question, but I could easily look it up and find out.

8504. You quoted a passage from Sir James Caird in 1876 as to the value of the land having gone up then so largely in proportion to the tithe, but you are aware, of course, that since 1876, when Sir James Caird said that, the value of agricultural land has fallen enormously?—Yes. I think in answering Mr. Arthur O'Connor, I was careful to mention the date.

8505. Should you say that since 1876 agricultural land has fallen to a greater extent than the tithe or to a less extent?—That is a question that there is a great deal of dispute about. I am rather inclined to think that taking the whole of the agricultural land in the country and the whole of the tithe the tithe owner has been the heaviest loser.

8506. But in certain distressed districts the tithe now is worth the whole of the rent, is it not, or very nearly?—Certainly, there are districts in which that is so, but then the exception proves the rule.

8507. But those are the cases, are they not, where the tithe was very heavy?—Mostly they are on the east coast—in Essex and Lincolnshire.

8508. On corn land?—Yes, on corn land.

8509. (Chairman.) Is there anything you want to add?—No, except that I would like to put in this table in illustration of my evidence (*handing in table*).\*

Mr.  
E. W. I.  
Peterson.  
29 June '97

Rent.  
Increase of  
rent in  
England  
between  
1836 and  
1876.  
Decrease  
since 1876.

Tithe is  
equal to  
rent in cer-  
tain corn  
lands.

Valuation  
of land and  
tithe rent-  
charge.  
Land  
valued  
lower than  
tithe rent-  
charge.  
Reasons  
for this, and  
illustra-  
tions.

Rev. E. F.  
Gepp,  
M.A.,  
J.P.

was, was that I ordered a copy of the Income Tax Return to be made and laid at my side. I tried all I could to get the values adjusted according to the Income Tax Return, which were returned as actual rent, but I could not for the life of me. I remember one guardian being kind enough to say, when I referred them to the Income Tax Return, "We do not want that; we had better pitch it out of the window." That was the sort of spirit they showed. I could not keep them to it at all; they would not recognise it. I give in paragraph 13 of my memorandum one or two instances which are almost amusing. In the town of Thaxted there was pasture land close to the town, and, therefore, of exceptional value; it belonged to a charity, and it was put up to auction to be let. It actually fetched in the open market 50s. an acre. Then I said, Now, at any rate, we have got no difficulty in fixing the value of that land; you will put it, of course at 50s. They said, No, that would not do, because they would have to raise all the rest of the land in proportion, and it was put at 25s.

8517. (Mr. Elliott.) In what year was that?—The Assessment Act was passed in 1862, was it not? This would be when we were making the first assessment in 1863 or 1864—as long ago as that. Then came the question of Lord Maynard's allotments, two acres being let out at 8l. a year, Lord Maynard having to pay all the out-goings of every description. I certainly thought they would assess them at 4l. an acre, but they assessed them at 2l. Of course all these things were injurious to the assessment of the tithe.

8518. (Chairman.) I understand that on that head your grievance and difficulty would be met if there was a really fair method of assessing the value of property which is now rateable?—How could it be fair if it was so far behind the rent actually paid.

8519. On that head your grievance would be met if there was a really fair method of assessing the value of a great deal of property now rateable?—Yes, a portion of the grievance would be met in that way unquestionably. I do not object altogether to the absolute sum at

Valuation  
of rateable  
property.  
A fair  
method  
desirable.  
Net annual  
value  
should be  
the basis.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 157.

Rev. E. F. Gepp, M.A., J.P.  
29 June '97

which my tithe rentcharge is put for assessment, but its relative amount to other property, that is the grievance.

8520. You do not wish to depart, I understand from the test which in theory is the one which is now applied—I say in theory—that is that the net annual value is what you should be assessed upon?—That is according to the definition of the Assessment Act, and of course that is fair enough. There was a very gross case which I have given in paragraph 13 of my memorandum. In my own parish, a year and a half ago, the overseers of the parish of High Easter were ordered to make a fresh valuation list. They, in company with the principal ratepayers, revised the existing list, and sent it back practically unaltered, thinking it low enough. The assessment committee, for the purpose of equalising it with certain other parishes, took off 4s. an acre, equal to a reduction of 20 per cent. on all the land, leaving the rentcharge untouched. You see the grievance at once that we suffered from there.

8521. All that is covered by the question which I put to you a moment ago?—Yes, quite so.

8522. We agree upon this, I think, that with the present law if properly carried out the arrangement is that the net annual value should be taken?—Yes.

8523. The question is how to find out the net annual value?—Of course you take the tithe average for the year, and after making certain deductions the remainder is the rateable and the gross estimated rental as well, because the only difference between the gross estimated rental and the rateable value as regards land is that a deduction shall be allowed in arriving at the rateable value, for repairs and insurance. It is quite clear that tithe is not subject to repairs and insurance, and therefore, I took care in making the valuation lists that the value of the tithe rentcharge both in the gross estimated rental column and in the rateable value column should be the same.

8524. On the question of deductions, I suppose I may take it that you agree generally with what Mr. Peterson has said?—Yes, generally. I might dispose of that question at once. I go in for an allowance for personal services.

8525. We will take that in a moment; you say you agree generally, but are there any points in which you do not agree with him?—Really, his memorandum is so voluminous that I cannot undertake to keep it all in my head. I will give a general acquiescence unless you wish to ask me on any particular point which he has stated.

8526. I will take the point which you yourself mentioned a moment ago, namely, personal services. How do you justify a deduction for personal services in addition to a deduction for tenant's profits?—I am rather inclined to think that in the case of tithe rentcharge tenants profits ought to be acknowledged, but I should not ask a very large per-centage on that account; personal services, I think, we can fairly claim for.

8527. When you talk of the tenant's profits of an agricultural tenant that includes the personal services of the tenant, does it not, because his profit is his payment for his services?—His personal services, and of course the maintenance of his family, and I suppose something besides to lay by. You take all that into account.

8528. I will put it in this way for you: can you suggest to me any other rateable property in the hands of any other person who has to pay rates in respect of which a deduction is made for personal services in addition to the tenant's profit?—No, I do not know that I can. I look upon it in this light, that a hypothetical tenant is to place himself in exactly my position, and, if he is contemplating taking the lease of a tithe rentcharge, he would take it with all its liabilities and all its obligations. Now, one most important class of obligations that are laid upon the tithe rentcharge—of course clerical tithe rentcharge, for I am not speaking of the lay improprator—would be this charge of clerical duties; and in reference to that I think we are not fairly dealt with; we are not on a level with other professions. We, as the Chancellor of the Exchequer said in the House of Commons a little while ago, were the only class of Her Majesty's subjects who are rated upon our professional incomes. That is the way I should put it. Perhaps I may say that I did all I could with the opportunities I had to induce the Government to include us in the Agricultural Rates

Act of last year. If I could have succeeded in that, and it seemed to me only fair and simple justice, I certainly should have been satisfied, and I think the great bulk of the tithe owners in the country would have been satisfied; but we were told that it was impossible. Then the Chancellor of the Exchequer threw out the hint that we might possibly get relief through an allowance for personal services.

8529. I suggest to you that if it was not for the condition precedent of personal services you would never be in a position to draw the tithe rentcharge at all?—If we did not discharge those duties our livings would be laid hold of by the bishop, and we should not get the tithe rentcharge, or at least a large portion of it.

8530. I observe that in paragraph 11 of your memorandum you seem to suggest that the rentcharge owner is entitled to deduct for personal services because it is allowed to the farmer?—I do not care to press that point.

8531. You did not prepare this memorandum?—No, I did not prepare that part.

8532. This memorandum was prepared for you, and you are speaking to it?—Yes, it was prepared for me and I give general acquiescence to it.

8533. Is there any other point in the memorandum that you would like to speak to?—No, I do not know that there is. My evidence would be principally confined to certain prominent grievances, and what I consider to be the remedy for those grievances.

8534. (Mr. Dalton.) Do you agree that the personal services of the clergy are taken into account in assessing the value of the glebe land?—I heard you put that question to Mr. Peterson, and I did not quite understand you. Do you mean the ordinary glebe land, the 3 or 4 acres attached to a living, or a glebe living?

8535. Both?—They ought to be.

8536. A certain number of the clergy derive their income from glebe, and a certain number from tithe rentcharge?—Yes, quite so.

8537. Do you consider that personal services ought to be taken into account in the one case, and do you think that they should be taken into account in the other?—It is a question which came with surprise upon me, but I should say offhand there should be no difference; I do not see why there should be; in each case it is a man's living.

8538. I rather understood Mr. Peterson to say that they really were taken into account in the same way in assessing the value of a glebe land; do you agree with that?—I cannot follow it; I do not quite understand it; inasmuch as a clergyman derives in certain cases the whole of his professional income from his glebe the same allowance ought to be made in the one case as in the other.

8539. Do you agree that it is taken into account?—I know nothing about glebe livings; we have nothing of the kind in East Anglia.

8540. As the chairman of an assessment committee, you must have had experience in the valuation of agricultural land as well as in the valuation of tithe rentcharge. I understand it is contended that there is a particular grievance in the case of the assessment of tithe rentcharge because the personal services of the clergy are not taken into account, but that no similar allegation is made with regard to glebe land?—I say again I should draw no distinction myself as far as I understand the question; but you see it never cropped up before us at our assessment committee at all. The glebe land was assessed as ordinary agricultural land.

8541. Do you think that in the assessment of what is ordinary agricultural land account is taken of the personal services?—I should say decidedly not, nor in respect of the tithe rentcharge.

8542. You have quoted some instances in paragraph 13 of your memorandum in which agricultural land in Essex, that is in your part of the county, is assessed at less than its annual value; we have had here some very strong complaints from certain districts in Essex that land is assessed at a good deal more than its rental?—Yes, no doubt you have.

8543. Do you think that is the case?—It may be so in particular districts, but as far as my experience goes it is not, and has not been.

Rev. E. F. Gepp, M.A., J.P.  
29 June '97

Deductions.  
Tithe rentcharge.  
Personal services.

Deductions.  
Glebe land is valued as ordinary agricultural land.

Valuation of agricultural land in Essex. Land assessed in Dunmow Union at less than annual value.

*Rev. E. F. Gepp, M.A., J.P.*  
 8544. Do you agree with Mr. Peterson's evidence as regards redemption of tithe rentcharge?—No, I have not gone into that.

8545. Should you like to see it redeemed?—I should like to see it redeemed if I could secure anything like the same income as I am getting now.

8546. For you to derive the same income how many years' purchase of the tithe would be necessary?—Something was said, I think, about 40 years; I have not worked it out lately, but, I think, that it did come to something like that in order to secure a proportionate income.

8547. Forty years' purchase of the net tithe rentcharge that would be, I suppose?—No. I should think it would be the average of the year; I think that is how I calculated it. The gross average of the present year is about 69l. 10s.

8548. You think that the tithe is worth 40 years' purchase?—I have not calculated it lately.

8549. If it is worth 40 years' purchase of the gross amount that you receive now, I do not understand why it should be rated with a 45 per cent. reduction on the gross?—I have not said that I assent to that.

8550. I should like to have your opinion upon that; do you think there should be a 45 per cent. reduction on the gross for the purposes of the local assessment, or do you think that is too large a reduction?—It just depends on how you look upon it. My own view is that a uniform abatement should be made from every benefice in the country to represent personal services, because, for all we know, one clergyman is as good as another, and his education in one case has cost as much as in another case. Therefore, I consider that that abatement should be made, and that it should amount at least to what the law requires to be paid in the case of a stipendiary curate.

8551. Leaving out that question of personal services which accounted for 15 per cent. of the 45 per cent., you still have a 30 per cent. deduction from this gross 70l. that you receive now?—I should not. If I got the personal services allowed, I should not ask for the 30 per cent.

8552. That, I think, was what Mr. Peterson said?—He did not quite take the same lines as I do, I think.

8553. To get at the net value, after allowing for the personal services, what other deduction should you take from this 70l.?—I will tell you what the practice of the Dunmow Union is; it is not a legal system, but it has not worked unfairly, nor do I complain. Some years ago, they agreed to take the gross average annual value of the year, and from that to deduct 20 per cent. in the case of rectorial tithes, and 25 per cent. in the case of vicarial tithes to represent all deductions—not, of course income tax or land tax—but all deductions which the tithe was liable to, as between the tithe owner and the assessment committee. That was a fair and liberal allowance at that time—I think it was 20 years ago, or something of that sort—but considering how much the tithe since then has been reduced in value, and the still greater extent to which the land has been reduced, that 20 per cent. and 25 per cent. do not so fairly represent the outgoings as they did then. I tried to get that altered, but the assessment committee turned a deaf ear to us: I asked for 25 per cent. and 30 per cent. instead of 20 per cent. and 25 per cent. I do not complain of the assessment of the tithe, looking at it absolutely, but it is relatively in regard to the land that I complain. I should first like to draw your attention to one or two facts. I take the years 1883 and 1896 for comparison, 1883, because, then the tithe was precisely at par, and 1896, because it is the latest year at which we could get returns. I find that in 1883 the tithe was 100l.; the Dunmow Union was assessed at 97,953l., say, 98,000l., and the tithe was assessed at 14,947l., that would be 15,000l. the call from the union being 8,602l., and the proportion paid by the tithe that year, 1,310l. Then I come to 1896 when the tithe was reduced to 70l. the assessment for the union being 63,386l., the assessment on the tithe, 11,165l., the call from the union, 8,496l. which is a little under that of 1883, of which the tithe contributed 1,488l.

8554. You adhere, do you, to your statement, that you think a fair redemption money would be 40 years' purchase of the gross?—I have not had an opportunity of calculating it lately, but that is about fair, I should think. It would require nearly that to set us on the same level.

8555. How many years' purchase of the net, then, would it be; it would be 50 or 60 years' purchase of the net, would it not, if you make a deduction of 30 per cent.?—Yes, I suppose it would, but I am not committed to the 30 per cent.

8556. Or 25 per cent., as you say they do in the Dunmow Union?—That would be an average of about 22½, really, taking the great and small tithe together. I think I calculated it on the gross average value of the year, but I really cannot be certain.

8557. (*Mr. Elliott.*) I understand that you favour the proposal that a fixed sum should be allowed by way of abatement from the tithe rentcharge in order to get the amount upon which the owner of the tithe rentcharge is to be rated?—For personal services do you mean?

8558. For personal services and in regard to the general position of the tithe rentcharge?—Did I go so far as that? It may be all right. I think I said that there should be a uniform abatement to represent personal services in the case of every benefice, because one man's service is as good as another's, theoretically.

8559. Do you think that the owners of the larger livings would assent to that proposition?—Yes, I do not think they could refuse to assent to it, not fairly.

8560. The instances that you have given of inequality of assessment point, I understand, in your opinion, to some improved machinery for assessment?—Yes, certainly, the assessment committees, in my mind, in agricultural districts want some control.

8561. What suggestions do you make for the amendment of the constitution of the committees?—For one thing the surveyor of taxes should be always present.

8562. Do you think the mere presence of the surveyor of taxes would give you a satisfactory tribunal?—Not his mere presence, but I think he might have certain powers given to him.

8563. What powers do you suggest should be given to him?—To object to assessments.

8564. By whom should the objections be determined?—By the Commissioners of Land Tax at Somerset House, I should think, or by the Local Government Board—by some Governmental Department.

8565. Then you suggest there should be an appeal by the surveyor of taxes from the decisions of the assessment committee, to a central authority?—Certainly.

8566. (*Mr. Arthur O'Connor.*) I see that you state in paragraph 4 of your memorandum that land is not assessed at its net annual value, but much below it?—I do not know that it is much below it—it is certainly below it.

8567. Your opinion is that land, as land, has no particular grievance, because it is assessed below its value?—It has no particular grievance as regards assessment. I have got some figures here that I think will show that.

8568. Let us confine ourselves to one point at a time, so that we may get it clearly on the evidence. I take your statement to be that you think that land, speaking generally —?—Within my own experience—nothing else of course.

8569. Quite so. That makes it all the more valuable, because you are able to speak from personal experience. You think that land is not assessed at its net annual value?—Not in my opinion and according to my experience.

8570. I will go to the next paragraph in your memorandum, beginning:—"It is impossible to contend that the gross value of the rentcharge —"—that is in paragraph 5 of the memorandum which you have caused to be drawn up for, I understand, you yourself have not drawn it up?—No, I did not draw it up.

8571. It is not antagonistic to Mr. Peterson's?—No.

8572. It is not foreign altogether to it, is it, as regards its origin?—No. I think his memorandum\* covers a great deal that is in mine.

8573. But you do not entirely agree with all his conclusions?—No, I do not know that I do.

8574. We will go to paragraph 5 of your memorandum:—"It is impossible to contend that the gross value of the rentcharge, less tenants' rates and taxes, "law expenses, bad debts, costs of collection, and

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 131 to 157.

*Rev. E. F. Gepp, M.A., J.P.*

29 June '97

Deductions. Tithe rentcharge. Personal services.

Assessment committees. Surveyor of taxes should be present and have power of appeal.

Valuation of land in Essex. Land assessed in Dunmow Union at less than its annual value.

*Rev. E. F. Gepp, M.A., J.P.*

29 June '97

Redemption of tithe rentcharge. Number of years' purchase necessary to produce present income.

Deductions. Tithe rentcharge. Personal services.

Deductions. Tithe rentcharge. System adopted in the Dunmow Union. More rates paid proportionally in respect of tithes than of land, since fall in value of land.

Redemption of tithe rentcharge. Number of years' purchase necessary to produce present income.

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29 June '97

“ecclesiastical dues, is the gross estimated rental of it,” by which I understand that you wish to convey that there is a great practical difference between the gross nominal and the gross real value of the rentcharge?—What do you mean by the gross nominal?

8575. You say, “It is impossible to contend that the “gross value of the rentcharge,” less certain things, “is the gross estimated rental of it.” You yourself have drawn the distinction, I have not. I only want to draw out the meaning of your own words. I do not press it if you deny the paternity of the language?—Stay a minute, I want to take it all in. I do not quite at the present. I do not know whether that means gross estimated rental as it appears in the column of the rate book and the valuation list.

8576. Well, never mind, we will go on?—I do not think there is much in that.

Hackney cases.

8577. In paragraph 6 you refer us to certain judgments in cases known as the Hackney cases in which Mr. Justice Coleridge gave some pronouncements, and at the end of the extract from the judgment which is given in this memorandum, you say: “With these observations I quite agree. But when they are compared with the manner in which both in this and other cases rentcharge has been treated, I cannot see how they are applied.” I presume that a fair deduction from that observation is that these learned judges did not practise what they preached?—Perhaps not. “I do not observe,” I go on to say, “this large and liberal analogy” which Mr. Justice Coleridge laid down, has been adopted.

8578. You think that the decision did not entirely harmonise with the very wholesome principles by which the decision was preceded?—He says they proceed by analogy.

Tithe rentcharge. Hypothetical tenant. Difficulty of conjecturing what a lessee would give.

8579. I shall assume you say “yes,” as I entirely agree with you. Let us go to paragraph 8, “the thing then to be got at is the letting value.” We are speaking now of tithe rentcharge in the hands of a hard-working ecclesiastical tithe owner; now let, let us assume for a moment that it has to be let, not only with its advantages but with its duties and responsibilities. Supposing that the tithe owner says to an intending lessee: “Now I will let you this, I will lease this tithe rentcharge to you for what it is worth, if you will undertake the duties and responsibilities, as well as the benefits,” who is there that could offer to lease it at all?—Exactly.

8580. The clergyman does his duty to the community, to say nothing about higher references, by inculcating lessons of order and peaceful and patient labour and justice, all of which are of material value to an industrial community and to society at large; but will he find a lessee for that duty as well as for his tithe rentcharge?—Certainly not, I should say.

8581. Then is it possible, when we take the case of a clerical tithe owner, to talk about a lease of tithe rentcharge and disregard altogether the moral and religious duties which are bound up with it?—I should say not.

8582. The clerical tithe owner has a duty to that portion of the community which constitutes his flock in respect of which he receives this tithe rentcharge?—In consideration of which he receives it.

8583. He does work, if it is only work of a lubricating character?—Yes.

8584. The lay impropiator does no work, as I understand it?—Not at all; nothing in any shape I should say.

8585. The clerical tithe owner, as distinguished from all other people who have interests in land, is a man who has a daily and hourly duty to the community?—Certainly.

8586. Very often a duty most inadequately recompensed by the tithe or the income of whatever description he derives from his living?—Certainly.

8587. In dealing, therefore, with the income, such as it is, that he gets, he ought to receive—I suppose this is your suggestion—at any rate as much consideration as any other member of the community in respect of that in regard to which he is taxed?—Yes.

8588. What do you say are the considerations which ought to be kept in mind in view of the working clergyman's income?—I do not quite understand the question.

8589. We have heard a great deal about farmers and of their tenants' profits, and all that kind of thing, but I suppose very often a clergyman finds that his duties are more heavy than, with a conscientious regard to their full discharge, he can possibly undertake single-handed?—Yes.

8590. In which case he is at the necessary expense to provide some kind of assistance to himself?—Yes. That is the question of curate's stipend.

8591. Yes?—Of course, I think that ought to be allowed as a deduction.

8592. That is one item. Are there any other deductions you think ought to be made?—First, I should claim a uniform deduction for personal services; of course, if a curate is required besides, there must be a deduction for that.

8593. We have already, I think, understood that the consideration is his personal service, which he cannot delegate to a layman?—No.

8594. Which he, and he alone, can discharge, unless he happens to have a curate who is a mere *alter ego* for certain purposes; the personal services are the consideration for which he receives this income?—Yes, quite so.

8595. It is not a question of deduction at all?—You are asking about other deductions; of course there are the ordinary deductions, the normal deductions for expenses of collection, and all those things.

8596. Are you not putting it upon a level too low altogether for a man in the position of a clergyman to talk about personal services; he is in a unique position, and nobody can replace him; he is not like a journeyman tailor?—Quite so; but I do not see why he should be unfairly rated on that account.

8597. I want you to bring out that point?—Therefore I say his services should be valued at so much; I do not know what the figure may be—that is a matter of comparative unimportance.

8598. Do you think that the whole of the tithe rentcharge put together equals the services of the clergyman of a parish?—No; but he must be rated on something or other.

8599. Do you think, seriously speaking, that the theory of a hypothetical tenant is at all reasonable, or anything but a simply ridiculous and laughable suggestion in respect of tithes and of tithe rentcharge for a working clergyman?—It is the only legal definition of a hereditament.

8600. Apart from your existing laws, and looking at it from first principles, do you think that the test of a hypothetical tenant can in reason and common sense be applied to the case of a clergyman who has special and exceptional duties of a unique character to discharge in a particular parish?—If his services are worth more than he receives for those services he ought not to be rated at all; I was not going so far as that, and do not propose to.

8601. That is your opinion?—Well——

8602. (Chairman.) Is there any point you would like to add?—There was one point that I did not finish with regard to the depreciation of land. I have here figures showing the instance of my own parish. Still, returning to the year 1883, the average then was at par 40*l.*, my rateable value was 31*l.*, and I paid 4*l.* for rates. In the year 1896 my annual average had gone down to 29*l.*, the rateable value was 22*l.*, and I had 5*l.* to pay, the calls from the union in the two years being precisely the same. Then I take a farm in my parish of 210 acres. In 1883 it was rated at 182*l.*, and paid 26*l.* in rates; in the year 1896 it was rated at 94*l.*, and paid only 20*l.* in rates. So that you see the payment of rates by the farmer is reduced and the payment of rates by the tithe rentcharge owner is increased; and, of course, that is a very tangible hardship indeed.

8603. Is there any other point?—I do not think so.

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Deductions. Tithe rentcharge. Curate's stipend and personal services.

Tithe rentcharge. Hypothetical tenant. Difficulty of conjecturing what a lessee would give.

More rates paid proportionally in respect of tithes than of land since fall in value of land.

The witness withdrew.

Rev. CHARLES ABBOT STEVENS called and examined.

Rev. C. A. Stevens. 8604. (Chairman.) I understand that you are Vicar of Portslade, near Brighton, and an author of a number of papers and pamphlets on the subject of rating and taxation?—Yes.

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8605. What have you to say as to the classification of contributors?—Will you allow me, first, to take what appears first in my memorandum?

8606. I do not think we need take you over that first part; we have had the law very fully brought before us already?—It is rather a new point I have to mention; it is as to the policy of the three Acts, 43 Eliz., Parochial Assessment, and Inhabitants Exemption Acts.

8607. I must be allowed to judge, if you please. What have you to say about the classification of contributors?—The Act of Eliz. distinguishes them into two classes. (1.) Inhabitant, parson vicar and other. (2.) Occupiers of lands, tithes impropriate, appropriations of tithes, and so on. The judges have thought fit without any authority in the Act itself to limit the liability whatever it may be to property, first, personal, then real, within the parish.

Assessment, rent the basis of. Is not now a fair basis.

8608. Is it a matter of history that the Parochial Assessment Act fixed the test of rent exclusively upon hereditaments?—It did so for the first time; it fixed it upon hereditaments exclusively. Then comes the question of the suitability of that test of rent; I am not prepared to assert that that is a fair test of rateable value.

8609. Why not?—Because you cannot apply it equably to land, tithe rentcharge, houses, let or owned, mills, ground rents, betterment, and machinery; it is impossible to apply the test of rent equably to them. All these questions are questions now upon the tapis. Machinery, everybody knows, is a very difficult question to settle; then there are ground rents and betterment, and the principle on which they should be assessed is wholly uncertain. Rent might possibly have been a fair test at one time as regards land when land was the only property of any value at all, because Professor Jones states that the proportion of real value in the time of Elizabeth was four times that of other property, whereas now, of course, personal property is 20 times as large as real property. What might have been, therefore, a very fair test and a reasonable test at one time becomes a very unfair test at another, because it is now confined only to real property. The Parochial Assessment Act has done this by ruling that the parson and vicar are occupiers of a hereditament, and so has, in fact, transferred them from the class Inhabitant to the class Occupier, and for the first time they have been taxed as occupiers. It is a very open question whether the right of the parson and vicar is a hereditament at all, because what is his right? It is that only to receive the rents during the time that he renders certain services.

Inhabi- tants and occupiers. Position of parsons and vicars.

Mainte- nance of the poor and highways, &c., should be defrayed out of the general income of the country through Imperial contribu- tions. Question of admin- istration.

8610. Would you agree with me that if a property which is now rateable is the proper basis upon which to levy the charges for this class of expenditure; you cannot get the whole value of the land which is subject to tithe rentcharge unless the tithe rentcharge is included?—I am not prepared to admit that all subjects to which rates are applied are properly chargeable upon real property; on the contrary, I think it is not so. I think the whole of the income and profits of the country all arise out of labour. Labour, I maintain, is that which produces all profit of any kind or sort. Labour is what the profits all property, personal as well as real, have to look to for their very production and existence; and therefore they are bound to maintain it under all circumstances. I therefore do strongly urge that the maintenance of the poor and highways, and all of those things which are not distinctly for the improvement of property, ought to fall—I will not say upon the income tax—but ought to fall upon the whole exchequer of the country. It is very hard to put it upon the income tax only, for reasons which appeared this morning, but I think it ought to be paid out of the general income of the country. The whole income of the country is derived from labour, and ought to pay all the expenses of the support of that labour. Therefore I do not think that the application of the test of rent to tithe rentcharge and land as the basis of taxation is maintainable at all.

8611. It is a matter of history, is it not, that the condition of assessing for poor rate according to so-called ability was really given up because it was found

to be impossible?—It was just for that reason that I wanted to start with that point first of all.

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8612. It was not necessary to give that in evidence; I thought everybody admitted that. You say that it ought to be an income tax upon the country; the question that you have to direct yourself to if you make that statement is how the administration is to be carried out under those circumstances?—I am not prepared to say there are not difficulties, but one has implicit confidence in the wisdom of Parliament. And moreover things are altered from what they were. In the time of Elizabeth there was no possibility of an income tax; it did not exist, and the very point of the Act of Elizabeth was to fix the population, because previously to the time of Elizabeth the monasteries had really been for hundreds of years the support of the unsettled poor. After their suppression people were wandering about the whole face of the country, a danger and nuisance to everybody. That appears in the Act of Elizabeth—it is distinctly stated so—and also in the Act of Charles II. Those Acts stated they were particularly for the purpose of fixing the population. Then came the laws of settlement, all to carry out the same object. In order to provide for them when settled there was this Act of the 43rd Elizabeth; but everything has altered since then.

8613. Your memorandum gives me such a very slender idea of what you are going to say that I am not able quite to take you over the points which are new to us, or to distinguish those which it is not necessary to go over. We have had a good deal of what you are suggesting to us from other witnesses, and I do not propose to take you over those points. If you would address yourself to any particular grievance under which you think the clergy are labouring, or any special remedy which you would like to suggest to us, within the terms of our reference, I should be glad to hear you?—Under the existing Act there is no remedy.

8614. Then what is your suggestion?—My suggestion is to revert to the principle of the 43rd Elizabeth, extending the liability for maintenance of the poor and highways to the ability of the personal inhabitant, from whatever source derived, not only within the parish—which was a mistake. That limitation within the parish simply arose from the desire of Elizabeth to fix the population; that has now been washed away, and we have done with the law of settlement almost entirely.

Mainte- nance of poor and highways should be paid for out of the general income of the country through Imperial contribu- tions and according to the ability of the inhab- itants. Question of admin- istration.

8615. That suggestion has been made to us on several occasions, and also the following one, which I observe in your memorandum, namely, that local taxation should be limited to the properties benefited or improved thereby. One of the questions which the Commission always put to those who make that suggestion is, whether you propose to make the management of the poor a matter for the central authority and an Imperial concern, or whether you propose to continue local administration?—I say that in those days there was no local administration at all except the overseers, but now in the last few years you have got county councils set up, you have got parish councils, you have got an organisation now which never existed before, and what was perfectly impossible when these objections were raised is now perfectly practicable, and I do not see why it should not be managed.

8616. Do you propose that while the charge is to be Imperial the administration is to be local?—Precisely in the same way that the relief now given to the rates through the Exchequer subventions is also administered locally.

8617. Under present circumstances you know that when the charge is local the penalty of extravagance falls upon the locality; if I understand your proposal aright the charge is to be Imperial, and the penalty for extravagance would cease to fall upon the locality, but would fall upon the general taxpayer?—Does not that argument apply equally to the subventions already existing?

8618. If you ask me the question I do not think it does, because there is a very large part of the penalty which still falls locally; but I understand your proposal to be that all local rating for such purposes as poor rate is to be done away with and the whole thing to be put upon an Imperial fund?—I should increase the present subventions from 2,000,000*l.* to cover the whole of it.



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8619. Is there any other suggestion you wish to make to us?—There is a great deal more I should have to say. I am here not for the purpose so much of construction as of destruction, and I say that under the present Parochial Assessment Act it is perfectly impossible—

8620. I am afraid if you want to put that before us you must put it in writing in such a way that we can consider it. It is not possible for anyone to make it the subject of question and answer across the table without much more elaborate preparation than is contained in your memorandum, or else we should be going over the same ground over and over again. We have had witnesses from the Local Government Board and from central authorities, and if you choose to send us a paper we will be glad to consider it, but I am afraid I cannot take it in a vivâ voce examination without more preparation?—The whole thing has turned upon the decision of the Mersey Docks case, which has knocked away all the old principle of beneficial occupation which had before been accepted by the courts.

Inhabitants and occupiers. Position of parsons and vicars.

8621. We have had the law very carefully stated to us by Sir Harry Poland after a great deal of careful preparation. I think he was two days here?—I say that the Inhabitants' Exemption Act, which excepts the parson and vicar from the exemption accorded to all other inhabitants, together with the Parochial Assessment Act, shuts them out entirely from their position as inhabitants, and makes them now to be rated as Occupiers and not as Inhabitants.

Monasteries. Confiscation of property. Maintenance of the poor.

8622. (*Mr. Arthur O'Connor.*) I understand you to say that in the good old times the monasteries used to look after the poor?—Yes, to a very great extent they did. They were the main sources then of charity. There was no poor rate.

8623. The property of the monasteries was confiscated?—It was.

8624. Do I understand you to suggest that the charge should follow the benefit, and that the property confiscated from the monasteries should continue to bear the charge for the poor?—No. The property confiscated of the monasteries was granted or sold by Henry VIII. and his successors down to William and Mary for money, and so that accounts for the totally different position in which the owner of tithes inappropriate is placed by Elizabeth—in the position of occupier and not of inhabitant.

8625. That the land which bore the charge for the poor in the time of Henry VIII. and later passed into other ownership, is that your suggestion?—The land to a certain extent, but not the whole of the rectorial tithes; only about one half, roughly speaking, of them had been granted or given by the founders to the monasteries, and the other half remain to this day as rectories.

8626. I put to you the short point, whether you say it is equitable and just that those who took the property of the monasteries should bear the burdens which the monasteries bore in respect of that property?—I think it is fair that the owners of tithes inappropriate should bear their share in the Imperial taxation for the poor.

8627. The monasteries bore before all the poor's rate?—Not the poor's rate, because it was entirely and purely charity.

8628. All the poor burden?—Yes, practically all the poor burden of those persons wandering about the country.

8629. Therefore, if the tithes inappropriate were now made to bear the whole of the poor's rate it would only be historically just?—In so far as I have said. But you must remember also the enormous increase of population since then.

8630. And with increase of value of the property concerned?—Not of tithes, certainly.

8631. Do you not think that the tithe of a particular county is more valuable now than it was in the time of Henry VIII.?—I would not say of a county; I am speaking of those belonging to the monasteries.

8632. Well, the monasteries in any particular county?—Then you must take into account the different value of money; money is worth three times what it was.

8633. It is the same thing in another form?—Only the population has increased very much also. The question was asked a little while ago how much our

population has increased. Since 1843 it has increased 90 per cent., and the clergy now are called upon to provide duty for all that increased population with a falling compensation.

8634. With a corresponding increase in the value of landed property?—In paragraph 55 of a paper\* which I have ventured to submit to your consideration there is a comparative statement which I think you would like to hear. From 1843 to 1895 the gross value of Schedule B decreased from—

8635. You are now coming to the present century?—I am about to show you how these values have increased or decreased since—

8636. I want to confine myself for the moment to the very interesting point you referred to yourself of three centuries ago—not the present century. In the days of Henry VIII., the time you refer to, and of Elizabeth, the charge for the poor was entirely on land?—Almost exclusively. But there was no charge; all relief was voluntary until 43 Eliz.

8637. And since then such charge as there is on personal property, other than landed property in respect of the poor is a growing innovation?—Simply because that property did not exist.

8638. At that time?—At that time; therefore, of course, it has been a growing innovation.

8639. Whatever the reason, it is an innovation as compared with the time of Elizabeth and Henry VIII.?—Hardly innovation; innovation implies something that is innovated; it is not innovated; it is a novation, not an innovation.

8640. It is something which exists now which did not exist in the origin?—True.

8641. (*Mr. Dallon.*) Do you consider that the Church has gained or lost by having its property in land and tithes, instead of having changed it and put it into personal property? The Church is a great landowner and tithe owner; do you think it has lost or gained during the last 200 or 300 years by being the owner of land and the owner of tithe, instead of the owner, we will say, of consols?—Do you put it as a pure money question?

Property of the church in land and tithes. Whether a profitable security.

8642. As a money question; purely financially?—That I cannot answer without going into figures; it is impossible.

8643. Cannot you ascertain in this way? If you look back at the value of livings as entered in the Queen's Books, as they used to call them in the time of Queen Anne, do they show so large an income or a smaller income than they do now?—Very much smaller of course, because the value of money has altered.

8644. But if the property instead of being in land, had been invested, we will say, in the National Debt, would it have risen to the same extent?—That is a question purely of figures; I could not give you an opinion on that.

8645. Is there not a difficulty in treating Church lands and tithe for rating purposes, differently from other lands and tithe? It is the property of the Church; it is property belonging to a particular landowner, and why should it be treated differently for rating purposes because it belongs to one landowner and does not belong to another landowner?—Do you mean to draw the distinction between landowner and tithe-owner?

Tithe or tithe rent-charge belonging to the Church should be treated differently from the tithe belonging to a lay tithe owner. Question whether tithe or tithe rent-charge is a hereditament.

8646. For rating purposes?—Between landowner and tithe owner, is that your comparison?

8647. Why should the land belonging to the Church be differently treated from the land belonging to another owner, or, why should tithes belonging to the Church, be treated differently for rating purposes from tithes belonging to another owner?—In the case of tithes belonging to another owner, it is really and truly a hereditament, which can be bought and sold.

8648. Suppose the income of the church were put in consols instead of in land, should you then claim that the consols belonging to the church should be treated differently for purposes of taxation from consols belonging to other owners?—If they were to contribute to the maintenance of the poor, on the principle I maintain, out of the general exchequer, the question would vanish.

8649. I do not understand that you claim to have glebes treated differently from other agricultural land

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 189 to 214.

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for rating purposes, do you?—I have not said a word about glebes.

29 June '97 8650. For tithe then, do you claim that the tithe belonging to the church should be treated for rating purposes differently from the tithe belonging to a lay owner?—Certainly, for the very obvious reason that it raises the whole question that I raised before, whether or not tithe or tithe rentcharge received by a parson or vicar is a hereditament. He has merely the right to receive that income from tithe, not as a matter of ownership, but so long as he does the duties.

8651. That is equally true of any endowment that belongs to the church; if you have got a living, the property of which is invested in consols, do you make a similar claim with regard to exemption from taxation in the case of that living?—If it is in consols it will go into the general taxation of the country which I fall back upon.

8652. I do not understand what is the ground on which you say that if one living has its income from tithes it should have certain exemptions, but that a more modern living, for which an endowment has been left, which is invested in consols, should not have similar exemptions?—I have no objection to its being exempted at all; I have not put that forward.

8653. If there is a claim in the one case is there not an equal claim in the other?—That is not a question arising under the present law; there is no local taxation of incomes held by parsons in consols.

8654. No, but there is in glebe lands?—That is a separate question altogether from tithes.

8655. Do you put the glebe land rating on a different principle from the tithe rentcharge rating?—That I will answer upon consideration; I am not prepared to

answer it at a moment's notice. My impression is that I should consider it in the same way, because it is dependent upon the labour withdrawn from other occupations and given by the parson. In neither case is he the actual owner.\*

8656. (*Chairman.*) A good deal of the points you apparently wish to speak upon deal purely with questions of law?—May I say that my point is that I object to the existing law, and I want to go back.

8657. That is what I say; your memorandum deals entirely with questions of law. We have gone very fully into questions of law, and the whole Commission spent two days over them after a great deal of preparation, with Sir Harry Poland, who is one of the Queen's Counsel; and therefore we could not possibly, I am afraid, even if I was competent, spend time in going over a great deal of the same ground again; but if you choose to put in writing the points on the law which you would like to bring before us in such a form that we can read it in a connected narrative I shall be very glad to put it before the Commission. It is quite unsuitable to be made the subject of question and answer over the table without careful preparation beforehand, and I have not in any paper that was sent to me got the means of taking you intelligently over the ground?—I have troubled you with two or three very long papers which I have no doubt you have not had time to consider, but I have sent in papers explaining the whole matter and going into it most thoroughly.† I am confident that no satisfactory conclusion ever can be come to under the existing two laws, the Parochial Assessment Act, and the Inhabitants Exemption Act, and the only remedy, the only solution of all these various questions, machinery among others, can only be arrived at by falling back upon the general taxation of the country and upon the ground that labour is the source of all profit whatever.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

## TWENTY-THIRD DAY.

Wednesday, 30th June 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. C. B. STUART-WORTLEY, Q.C.,  
M.P.

Sir E. W. HAMILTON, K.C.B.  
C. N. DALTON, Esq., C.B.

C. A. CRIPPS, Esq., Q.C., M.P.  
E. O. SMITH, Esq.

JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, *Secretary.*

Mr. GEORGE LAURENCE GOMME called and examined.

*Mr. G. L. Gomme.*  
30 June '97 8658. (*Chairman.*) You are Statistical Officer of the London County Council and have been good enough to prepare this memorandum which I hold in my hand for submission to the Commission?—That is so.

Papers put in by Mr. Gomme.  
8659. That memorandum the Commission will print in their Appendix;\* therefore you will not be taken through it in the form of an ordinary examination, but questions will be put by different members of the Commission to elucidate points on which they may wish further information. You have also, I think, handed to us two other papers, one of which is a return prepared pursuant to an order of the London County Council, dated 28th July 1896, and is for the purpose of showing the amount of expenditure by local authorities in respect of each

*Mr. G. L. Gomme.*  
30 June '97 parish in the administrative county of London in the year 1895-6,† analysed according to the principal heads of charge?—That is so.

8660. That paper was published by the London County Council in the month of May last?—Yes.

8661. I understand that you wish to refer to it in the course of your examination, but being a public document we do not propose to print it specially for this Commission.

\* The witness subsequently wrote:—"I think that the parson or vicar ought equally to be relieved from undue pressure of taxation, whether he derives the wages of his labour from land, corn rents, or tithe rentcharge, because there is the same reason in each case. All the incomes equally accrue to him upon the residence and performance of duties to which he is statutorily compelled. In no case is he the actual, indefeasible owner."  
† Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 161 to 214.  
‡ County of London, Expenditure and Rating per cent. of rateable value, 1896-6.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 215 to 307

Mr. G. L. Gomme.

30 June '97

Local taxation in London. Amount of. Proportion to England and Wales.

London. Expenditure of the local authorities in London. Amounts.

London. Expenditure. Principal heads of expenditure. Receipts in aid.

sion?—I have used that return for the purpose of preparing my evidence.

8662. You have also sent us another paper, which is a tabular statement of the Exchequer contributions for the year 1893-4, showing the relationship of London to other counties and county boroughs in respect of rateable value, rates raised and contributions received from the Imperial taxes for the year 1893-4, and in respect of the proportions of local taxation borne by Imperial taxes and by rates?—Yes, that is so.

8663. That paper is also available to anybody who chooses to purchase it of Mr. Stanford, of Cockspur Street?—Yes, it was prepared for the Council in October last.

8664. (Mr. Stuart.) Will you just give me, in one word, what is the total amount of local taxation in London?—Nearly twelve millions of money, namely, 11,995,673*l.*

8665. What proportion does that bear to the total local taxation levied in England and Wales?—I cannot give the exact figures, because I do not know the indirect taxation of the rest of the country, but of the amount just quoted, 9,904,675*l.* are the assessed rates levied in London, and that is equivalent to 28 per cent. of the whole rates levied in the kingdom.

8666. (Mr. Stuart Wortley.) In England and Wales, I suppose?—In England and Wales.

8667. (Mr. Stuart.) So that in presenting the case of London before the Commission you are presenting a very large proportion of the whole case of urban rating?—Yes, I suggest that is so.

8668. Taking the expenditure of the local governing authorities in London, could you shortly state what the amounts are, or refer me to the page in your memorandum on which they can be found?—On page 216 I set out what the municipal expenditure of the different authorities is, and I can give them very shortly. The expenditure of the county authorities is 6,480,296*l.*; of the district authorities, 1,610,674*l.*; of the union authorities, 1,318,275*l.*; of the special district authorities, 164,522*l.*; and of the parish authorities, 3,572,367*l.*, making a total of 13,146,134*l.*

8669. I need not go into any more detail about that, because you have got it in the memorandum on the page you have referred to. What are the local governing authorities who deal with these amounts?—There are a great many in London. There are four county authorities, 16 district authorities, 17 union authorities, 34 special district authorities, and 331 parish authorities. Those 331 parish authorities include 112 parishes in the city of London.

8670. What are the principal heads of your expenditure? I do not wish you to go into detail about it, but if you will point out to me where, in your memorandum, those are shown, that will be quite sufficient?—The table which begins at the top of page 217 and finishes on page 218, sets out the principal heads of expenditure, beginning with the maintenance of the poor, and finishing with a few special services which are administered by the different authorities.

8671. A portion of this expenditure is met, I presume, by receipts in aid?—Yes.

8672. How much does that amount to out of the total expenditure?—The total amount is given on page 219 of the memorandum; it is 1,311,744*l.*

8673. That is the total amount of the expenditure of London, all the bodies included, which is met by receipts in aid of expenditure?—Yes, these receipts in aid, consist, as you will notice from the headings to the table on page 219, of repayment for services, receipts in aid (which are of a general character) and revenue from municipal property.

8674. These receipts in aid amount in all to what did you say?—1,311,744*l.*

8675. That is in reduction of a total local expenditure of what amount?—It is in reduction of a total local expenditure of 13,146,134*l.*

8676. Then, dealing with that same matter, what is the comparative value of these receipts that you have now referred to, as they are distributed among the several governing authorities?—That is rather an important matter, and I set it out in the table given on pages 220 and 221, reducing the amounts to a percentage of the rateable value, so that the Commission could

compare the value of these receipts as they come to the different authorities.

8677. I do not suppose I need ask you to repeat those if they are all shown in the table on pages 220 and 221?—They are in that table.

8678. Still, in respect to that I might ask you this question: I observe you there discriminate between receipts, which, as you say, lessen expenditure and receipts which reduce taxation; what do you mean by that distinction?—I mean by that that the receipts which lessen expenditure are receipts coming from services which caused expenditure; for instance, if a local improvement is carried out, it is carried out with a certain amount of cost, which is recovered by the local authority. There are also the services which are rendered by local authorities and are paid for; as an instance we might take the payment by relatives for maintenance of the poor. I classify those items as receipts which really lessen expenditure in quite a definite way, whereas the other receipts are independent of any cause of expenditure, as they flow in from various sources which have nothing whatever to do with expenditure. Therefore, the two classes of receipts in aid become divided in that way.

8679. And these two classes which are very nearly, according to your allotment, equal in amount, come altogether to 1,311,744*l.*, and when you deduct those receipts in aid you leave a balance to fall upon taxation of 11,834,390*l.*?—That is so.

8680. How is this remaining balance that falls upon taxation distributed?—That is set out in the table given on pages 221 and 222, which is divided as in the other cases according to the authorities which incur the expenditure.

8681. And which in each case is somewhat reduced from the sum which you mentioned in reply to an earlier question?—That is so.

8682. Now you say, as I make out from your paper, that there are three classes of local taxation; what are those three classes, and the amounts received under each?—In analysing the taxation of London I find that there are three classes; first, the class consisting of the amounts appropriated to local taxation from Imperial taxes; secondly, there are certain indirect local taxes levied by various authorities; and then, thirdly, there is the final balance of expenditure which is met by levying assessed rates.

8683. Could you give me the amount receivable under each of these heads?—That is given in the table beginning at the bottom of page 222 and going over on to page 223. The appropriations from imperial taxes amounted to 1,792,732*l.*, the indirect local taxation amounted to 298,266*l.*, and the direct local taxation, that is to say, assessed rates, amounted to 9,904,675*l.*, making in all 11,995,673*l.*

8684. In other words, of the total sum that falls upon the taxation expenditure of London, the three items, the contribution from Imperial taxes, from indirect local taxation and from direct local taxation amount respectively to about 1,800,000*l.*, something nearly 300,000*l.*, and something just short of 10,000,000*l.*?—That is so.

8685. The question of the amounts receivable from Imperial taxation has received your attention for some years past, has it not?—Yes, the Council have for the last two or three years been investigating that subject, and I have reported two or three times to the Council upon it. There is before the Commission my last report on that subject.

8686. That is to say you have examined the position of London in detail in the separate return to which the Chairman has just referred entitled "London County Council, Exchequer Contributions, 1893-4" and which can be obtained for 7*d.* from Edward Stanford, Cockspur street?—Yes.

8687. In respect to that I only wish to ask you a very few questions in order to bring out one or two of the points. You have in that furnished an investigation, from your own point of view, as to the contributions in aid received by London from the Exchequer and by other places?—Yes.

8688. Without going in detail into that, you have accompanied that reasoning and argument by several tables I see; these tables, as I understand, are first intended to bring out the proportion of local taxation in each district of the country including counties and boroughs and London?—Yes.

Mr. G. L. Gomme.

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Receipts which lessen expenditure and receipts which reduce taxation, distinguished.

London. Local taxation. Three classes. Amount of each class.

London County Council. Imperial contributions. Position of London. Statistical tables.

\* "London County Council, Exchequer Contributions, 1893-4," Return No. 313, price 7*d.* Edward Stanford, Cockspur Street, S.W.

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8689. Then the proportion of local taxation expenditure which is borne from the rates and which is borne from grants in aid?—That is so.

8690. You have brought that out first in respect of local taxation for all purposes other than education?—Yes; that is the first table.

8691. In the second place you have brought exactly the same comparison out in respect of local taxation for education purposes?—Yes, that is the second table.

8692. And thirdly you have brought it out in respect of local taxation for all purposes including education?—That is so; that is the third part at pages 8 and 9.

8693. Then on page 10 you have brought it out in respect of local taxation for all purposes other than education?—That is a comparison of two years.

8694. The three principal tables are the three first to which I have referred?—Yes.

8695. Why did you bring education in separately; why did you separate education?—Because the immediate object of this return was to discuss the basis of the Exchequer contributions under the Local Government Act, 1888, and the education grant is a grant made upon a totally different footing. Although it is a grant from the Imperial Government, it does not come into the same category as grants which are from the Exchequer contributions under the Local Government Act.

8696. Then, taking for one moment your first table for all purposes other than education, would I be right in saying that the general view that you set out from those figures in the previous part of your paper is that London and the boroughs generally receive a smaller proportion of each 100l. that they spend from Imperial sources than the counties do?—Yes, that is the general conclusion. Of course, I have been more particularly interested in London, but in the figures which are given at the bottom of pages 4 and 5, I have separated the totals into the three classes of London, county boroughs, and counties. Of course, in the counties are included ordinary boroughs, as I have not been able to separate those areas. That summary shows that while the rates raised in the year of this return, namely, 1893-4, amounted in London to 22·41 per cent. of rateable value; the rates raised in the county boroughs amounted to 22·32 per cent.; and the rates raised in the counties (that is including all the urban districts and including municipal boroughs which are not county boroughs) amounted to 14·36 per cent. of the rateable value. But although those three proportions obtained so far as the rating was concerned, the grants that are respectively received from Imperial taxation as given in column 19 on page 5 were, for London 18·45 per cent. of the total, for the county boroughs 22·03 per cent., and for the counties 59·52 per cent., or calculating that on rateable value London received 3·37 per cent., the county boroughs received 4·09 per cent., and the counties 3·83 per cent.

8697. Am I right in saying that you bring out finally this: that in London on every 100l. spent 13·07 comes in relief from the centre, in the county boroughs 15·49, and in the counties 21·07?—That is so. It is given in column 28 on page 5.

8698. Would you just exactly say what is the meaning of those figures which I have last quoted and which you have corroborated?—They mean that, of the total local taxation for all purposes other than education, London receives from the Imperial Exchequer 13·07 per cent. and pays the remaining 86·93 per cent. out of its rates, the county boroughs receive 15·49 per cent. and pay 84·51 per cent. out of their rates, and the counties receive 21·07 per cent. and pay 78·93 per cent. out of their rates.

8699. Then further than that, and without going into detail at all, I am right in saying, am I not, that there are great variations between the counties themselves of which you have here given the average, great variations also among the county boroughs themselves of which you have here also given the average annual receipts?—That is so, as far as the counties are concerned, and to some extent it is so in regard to the county boroughs.

8700. You have included in these receipts from what I may call Imperial sources everything except education, have you not?—Everything except education, but now, of course, since this return was made, the Agricultural Rates Act has been passed, so I have not included that

8701. I quite understand that; this return refers to 1893-4?—Yes.

8702. Since then, of course, the relief to local taxation, in counties at any rate, is very much greater than this table shows?—I think it would turn out to be so.

8703. In fact it comes to all that has been granted under the Agricultural Rates Act as far as it goes to those counties?—Yes.

8704. This table is earlier than that?—This table was prepared before that Act was passed.

8705. The inequality between London and the county boroughs, on the one hand, and the counties, on the other, will probably be increased by that?—It will be greatly increased so far as London is concerned certainly.

8706. You cannot give me any idea of the increase yet?—So far as London is concerned, I have dealt with that in my memorandum of evidence; it will come a little later on, in order, unless you would like to put it to me now.

8707. I would rather take it in the course in which it would come naturally, if it does not quite arise out of this table. When you come to take education, which is in your next table, what do you include in that? When you take the grants that are given for education, and you speak of "taxes (through the education grant)," do you include science and art?—Yes.

8708. Do you include the grants to voluntary schools?—Not the grants to voluntary schools. Again, this table was prepared before the Act of this year, and I did not include the previous grants to voluntary schools, because it was almost impossible to get the information from the point of view of rating, and, of course, there is a question whether that is a contribution to rates or not. In some sense, of course, a grant to a voluntary school is a contribution to rates.

8709. In any case it is not included here?—No, I have not included it there.

8710. But if you were to include it, have you formed any conception how it would affect London and the great county boroughs in altering the proportions?—I have not considered it from the point of view of the county boroughs, but in a special report, which is not before the Commission, that I prepared for the Council I did go into that question, and if the Commission wished it I could supply the information.

8711. At the very bottom, in columns 39 and 40 on page 7, you give the final gist of your figures in respect of local taxation for education purposes?—Yes.

8712. Will you state what those are?—For education purposes London receives 28·4 per cent. from the grants, and pays in rates 71·6 per cent.; the county boroughs receive 46·1 per cent. and pay in rates 53·9 per cent., and the counties receive 50·9 per cent. and pay in rates 49·1 per cent.

8713. Then these figures which you have now given me are exclusive of any grants to voluntary schools?—That is so.

8714. You say that since then you have made an investigation as far as you can into the effect of the grants to voluntary schools upon the relation of London to the rest of the country?—That is so.

8715. Would you give me, in the shortest possible way, what the character of those results is?—I cannot charge my memory to give the exact facts, but I could at any future time, if the Commission thought proper, give them that information.

8716. Does it increase or decrease the discrepancies between London and the rest of the country?—It increases the discrepancy.

8717. (Mr. Cripps.) Does that apply both to county boroughs and to counties?—I did not investigate it from the point of view of county boroughs: I only took it for London.

8718. (Mr. Stuart.) The comparison to which you refer as increasing the discrepancy is as between London and the whole of the rest of the country?—The whole of England and Wales.

8719. I do not think I need go further into this return on the Exchequer contributions, than to ask you in respect to the third table that you have in that document, in which, as I understand it, the results of the last two tables are put together?—Yes, they are put together there.

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Imperial  
contributions,  
London.  
Education  
Statistics

Education.  
Proportion  
of expenditure  
borne  
by Imperial  
contributions  
in  
London,  
county  
boroughs,  
and in  
counties.

Imperial  
contributions.  
Amount  
received by  
London  
and the  
county  
boroughs  
said to  
compare  
unfavourably  
with that  
received by  
counties.  
Statistical  
tables  
(1893-4)  
in support  
of this  
view.

Imperial  
contributions.  
Amount  
received  
varies in  
different  
counties  
and also in  
boroughs.  
Agricultural  
Rates  
Act, 1896,  
inequalities  
further in-  
creased by

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Imperial contributions in London, in county boroughs, and in counties. Proportion of Government grants and of local expenditure out of rates.  
Imperial contributions, London. Alleged inequitable distribution. Reasons for this. The year chosen for fixing the basis of apportionment by icon- sidered rates not in London.  
Imperial contributions. Alleged inequitable distribution. Reason for this. City police paid for from City states, and London. Part portion of Govern- ment grant. Also grant to London for main roads very small; and for medical officers and sanitary inspectors nothing.  
Imperial contribu- tions. Metro- politan police pension grant on satis- fac- tory basis, but not other grant.

8720. We have at the bottom of the two last columns on page 9 certain results shown, which perhaps you will state to me in your own language?—London receives for all local taxation services 16 per cent. of the total out of grants, and pays 84 per cent. by rates; the county boroughs receive 21.1 per cent. and pay 78.9 per cent.; and the counties receive 24.5 per cent. and pay 75.5 per cent.

8721. These figures are the best that you can lay before us—I mean are as correct as you can lay before us, but they do not include the voluntary school grant, and they do not include the effect of the recent Agricultural Rates Act?—That is so.

8722. But both of those things increase the discre- pancy as between London and the rest of the country? —Yes, both do. I should just like to mention that the figures here for each county and county borough had to be apportioned to some extent, and I have explained the method by which I have done that in the memoran- dum. I am fairly satisfied that that is the proper way to do it.

8723. To what do you attribute this discrepancy in the proportionate relief of expenditure that London receives, comparing it with the large boroughs which are more approximate to London on the one hand and with, say, the counties on the other?—I have set that out in the memorandum which prefaces the return on which you have just now questioned me, and I shortly summarise the points on page ix. I first of all point out that the particular year chosen for fixing the basis of apportionment by discontinued grants was not fair to London. By that I mean that the Local Government Act of 1888 fixed the basis for distributing these grants upon the actual grants made in the year 1888, with this exception, that in one or two cases—I think the Isle of Wight was one case and some counties in Wales were another—they made some special adjustment; but practically the amounts paid by the Government to the local authorities in the counties in the year 1888 were made the basis for all future grants. By comparing those grants with the four previous years, I find that it so happens—I am quite sure by accident, but it does so happen—that the London proportion was a low one in that particular year. I think that is one of the objec- tions for fixing upon an arbitrary basis like this of one particular year instead of taking an average of years.

8724. You have now explained point (1.); but there are other points at the bottom of page ix, which I will ask you to enumerate briefly, unless there is some particular explanation that you wish to offer on any one of them, or any additional statement that you wish to make about them?—The second point is that the discontinued grants do not contain provision for certain elements which operate unfairly against London, namely, in the first instance, the Government being relieved from paying a portion of the cost of the city police. It so happens that the city of London pay the equivalent of the Government police grant from the city estates, and, therefore, the amount paid in 1888 for the whole of London, was deprived of that portion of the amount in estimating its proportion, and the rest of the country really therefore benefited at the expense of London. Then the next item is the inade- quate sum paid for main roads, the main roads of London being very small and very trifling, whereas, of course, in the rest of the country they are rather important. The third item is the amounts paid to county authorities for medical officers and sanitary inspectors; it was *nil* in London.

8725. These three items to which you have referred are items in the discontinued grants?—They are items which made up the basis for the present grants and which operated unfairly to London. In connection with that I might point out that where a grant operated unfairly elsewhere, I think in the Isle of Wight, and in the counties of Wales, some little adjustment was made to obviate any injustice.

8726. Will you pass briefly to the other points?— The third point is the question of the grant for the Metropolitan police. The pension grant is based upon a very satisfactory basis for London, being practically the cost of the police, whereas the other grant is upon the old amount paid for the police in London, which is less than that paid for in the country.

8727. Then your next point?—The next point is a general one, namely, that, taking the distribution of the contributions as a whole, London is worse off in proportion both to rateable value and to local taxation

than nearly every other county and county borough. The next point is that a comparison of the results of two years seems to suggest that the position of London as time goes on does not improve, but tends to become worse.

8728. You mean a comparison of those two years that you have compared in the table at the end of this return?—Yes. That comparison tends to suggest that the figures do not improve so far as London is concerned. The sixth point is the operation of the Diseases of Animals Act, 1894, by which the Government deduct from the local taxation account a certain sum for compensation for diseased animals from swine fever; inasmuch as that is very slight in London, London is deprived of a proportion of the amount which would otherwise have come to it out of the local taxation account.

8729. I observe that you have in this said nothing as to the question of the licences which London receives? —I have not specified it in examination, but I have set it out in due form in the return. The licences are based upon the amount collected in the county, so that, assuming that they are properly collected within the county area, we have nothing to say about that except to say that it is a proper system.

8730. You approve of London getting the licences?— Yes, getting the licences in the area in which they are collected.

8731. Surely, when you compare what is received from Imperial sources to relieve the ratepayer, the inequality as between London and the counties is seen to be due partially to the extremely small proportion of licences which are thus received by London?—Yes, that is so. I think Mr. Ritchie, at the time when he introduced the Bill, pointed that out in the House, and suggested that the other method of apportioning the grants would remedy that evil; but my figures now suggest that it has not really remedied it.

8732. Have you anything to say upon this part of the question—the comparison of relief between London and the county boroughs on the one hand, and the counties on the other?—One or two questions will crop up in the memorandum as we go along; I think that is all.

8733. You have now completed, as far as the present moment is concerned, dealing with the first of the large means of obtaining money for local expenditure, namely, contributions from Imperial sources?—That is so.

8734. Then I may pass on. Returning to your memo- randum of evidence, which is going to be printed in our Appendix, I see that on pages 224 you give us various items of the indirect local taxation to which we have now been referring partly; would you explain the items which you call indirect local taxation?—Shortly, they consist of the licences and the duties which have been transferred from the Government; then they consist of a tax upon fire insurance companies, which is collected by the London County Council; and certain licences for petroleum, explosives, and so on, which are also collected by the County Council; then they consist, further, of the hackney carriage licences, which are collected and applied by the Metropolitan police.

8735. That shows the character of them?—Yes.

8736. The remainder of them are to be seen in the table on page 224?—Yes.

8737. That raises a point that I wish you to make clear to us. You put, as the first item of indirect local taxation, the licences that are received inside the county?—Yes.

8738. These, of course, are raised in this way, are they not? They are raised by the Central Government and handed back to us?—That is so.

8739. That first item amounts to 438,644l.; I presume that that large sum is included in the figures you have been recently giving us of contributions through the taxes?—That is so.

8740. Is the area of the collection of indirect local taxation always coincident with the area of administra- tion?—No. In the particular case, for instance, of the Metropolitan police, they collect the hackney carriage licences in the city of London; they have no jurisdic- tion there *quá* police, but yet they collect the hackney carriage licences from that area. Again, the City of London Corporation collect the grain duty and the market tolls over a larger area than the city, and apply

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Imperial contribu- tions. Distribu- tion of London said to be worse off in propor- tion to rateable value and local taxa- tion than counties and county boroughs, and the position gets worse. Unfavour- able opera- tion of Diseases of Animals Act, 1894.

Licences received in London. A satis- factory basis though relatively small pro- portion received by London.

London. Indirect taxation. Licences and duties collected by London County Council and Metro- politan Police.

London. Indirect taxation. Area of collection not always coincident with area of adminis- tration.

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the proceeds to city purposes. Then there are three small local markets, Southwark, Whitechapel, and Woolwich, where the area of taxation is certainly not coincident with the area of government. In those cases this discrepancy does occur.

London.  
Levying of direct local taxation.  
Map showing degree of rating and rate in the £ in every parish.  
Administrative parishes and non-administrative parishes defined.

8741. Then we come to the last of the three sources from which some of the means for meeting local expenditure are supplied, that is the direct levy according to rateable value?—Yes.

8742. Will you explain that system, which you deal with on page 226 of your memorandum?—I have prepared for the Commission a map which I should like to hand in (*producing map*).\* This map is shaded according to the degree of rating which is the subject that I am now being asked about, and shows the rate in the £ for every parish. The colouring represents the amount, the darker colours representing the higher amounts, and the lighter colours representing the lower amounts. The unit of rating is always the parish. A charge comes down from the central authorities by precept upon the parishes, and then the parish collects the amount required within its own area. The district rates are collected in the same manner by precept upon the parish authority and the union rates also by precept upon the parish authority. Then in addition to these precept rates there are the parish rates; they are added to the precept rates, and make up the total levy which in each rating unit is made every year. The fact that this rating unit, for instance, is separated from that (*indicating examples on the map*) is a matter of great importance I consider, and to some extent no doubt accounts for the difference in the various rates. In some cases, as in the centre of London like the City itself, and in the Strand, Whitechapel, and some of the smaller places on the south, the rating units are very small. I give a table on page 227 showing the largest and smallest.

8743. What is the largest administrative parish, and what is the smallest administrative parish?—The largest is Camberwell with 4,450 acres, and the smallest is St. James Westminster with 163 acres.

8744. Now let us take the non-administrative parishes?—The largest non-administrative parish is Lewisham with 5,773 acres, and the smallest is the Old Artillery Ground with five acres, each of them being a rating unit.

8745. To make it clear, what is the difference between a non-administrative parish and an administrative parish in London?—An administrative parish has the whole of its local concerns governed by a vestry; a non-administrative parish is combined with other parishes, and is governed by a district board.

8746. I notice that the expenditure incurred by the different authorities, and the taxation imposed by those authorities, which one would expect to be equal, do not agree in amount in various cases, that is to say, you find, am I not right in stating, an authority spending a certain amount and that same authority raising by taxation a certain amount, and these two amounts do not agree?—Yes.

8747. What is the reason of the difference?—I have set that out in the table on page 228. The reason, without giving the figures, is the system of equalisation of rates which obtains in London.

8748. The Commission understands the question of the equalisation of rates, and therefore I will not enter into that?—Very good.

8749. (*Mr. Dalton*.) The table which you give on page 228 is not the equalisation table is it?—The table simply gives—this is in reply to Mr. Stuart's question—the difference between the expenditure incurred and the taxation imposed; then I was asked, what was the reason of that, and my reply was that it was due to the system of equalisation which obtained in London.

8750. (*Mr. Stuart*.) I will only ask about equalisation whether you have anything to say as to the reforms necessary in the system of the equalisation of rates which now obtains in London?—May I correct myself—I was looking at the wrong table. In the table on page 228 I have, for the purposes of arriving at the amount of total rates raised, added the balances to the expenditure, and I had forgotten that; it is the table on pages 228 and 229 which deals with the difference between expenditure and taxation imposed.

8751. Without going into the system of the equalisation of rates, which is complicated and involves a considerable number of statutes, have you anything to say

as to the reforms which you believe to be necessary in that system?—Yes. I think that I have reported on several occasions to the Council that it would be of great importance that we should clear, first of all, the county rate itself of all charges which really are of the nature of an equalisation charge. For instance, we pay over to the local authorities certain sums of money; that does not increase really the taxation of London, it simply operates to equalise the charges, and yet it appears in our county rate as if we were levying for our own purposes a larger sum than we really do levy. We levy so much for our own purposes, and so much for the purposes of the local authorities. I think that, therefore, to clear the county rate of all extraneous charges of that sort and add these equalisation charges to the equalisation rate proper would be a very important thing. Further than that there is the great equalisation charge administered by the Local Government Board—the common poor fund—which deals with certain of the services which the Council deals with; and it does occur to me that the double machinery which now obtains first of all with the Council and then with the Local Government Board might very well be assimilated and all brought under one common system.

8752. You refer in your memorandum to cases of taxation which are in other hands than those of public authorities; what do you mean by that?—First of all there are the appropriations from Imperial taxes to the voluntary schools; that seems to me to be a case where a non-government authority has the administration of taxation. The second class are the three markets in London where the municipal service is in the hands of a private authority which collects taxation, namely, Covent Garden Market, Spitalfields Market, and Shadwell Market. The third great class is that of the water companies which levy taxation, and at the same time are in the hands of private authorities.

8753. Take the larger and more important one; what does the water company rate come to on an average?—That I state on page 231. It comes to 1,220,901*l.*, which they levy by rates.

8754. You mentioned a few moments ago, and it is shown in that map which you have handed to the chairman, the variety of rates in various parishes in London; can you tell me what is the range of that variety?—It ranges from 23*l.* 15*s.* per cent. in St. James, Westminster, to 42*l.* 1*s.* 8*d.* in Rotherhithe.

8755. The whole list is given at page 232 of the memorandum, which will be published in our appendix?—That is so.

8756. How has that differentiation been altered by the equalisation of rates? I mean by all the systems which have been adopted from time to time and added one upon the top of the other for equalising the rate; how has that range been altered?—That I state in the table on page 234. The range would have been, without any equalisation at all, as shown in the first column, from 19*l.* 7*s.* 8*d.* per cent. in the case of St. James, Westminster, to 48*l.* 11*s.* 9*d.* in the case of St. George-in-the-East; but by reason of the systems of equalisation, first of all, of the common poor fund, secondly, as further altered by the county fund and finally as further altered by the equalisation fund, it now ranges from St. James, Westminster, which still remains lowest, at 23*l.* 15*s.*, up to Rotherhithe at 42*l.* 1*s.* 8*d.*

8757. That table gives the range of rates between one part of London and the other?—Yes.

8758. (*Chairman*.) This table of which you are now speaking, in answer to Mr. Stuart, is compiled on a somewhat different basis from the others. The first column is headed "Rate per cent. of the charge on rates": does that mean that the first item is 19*l.* 7*s.* 8*d.* per 100*l.* of rent?—That is on the same basis.

8759. This map that you put in gives the rate per £ in shillings and pence?—That is so.

8760. But you have changed it now and make it rate per cent. per 100*l.* of value, is it?—That is so throughout the whole of this memorandum; I have treated it per 100*l.* rateable value.

8761. (*Mr. Stuart*.) But you have given the rate in the ordinary way in shillings and pence per £ in the tables at the end of your memorandum?—That is so.

8762. (*Chairman*.) But if we want to find out the shillings and pence per £ we can do it from these figures?—Yes.

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London.  
Taxation in hands of private authorities.  
Voluntary schools; certain markets; and water rates.

London.  
Levying of direct local taxation.  
Map showing degree of rating and rate in the £.  
How far the differentiation has been altered by equalisation of rates.  
Principal causes of the differentiation.  
Special county rate not levied in the City;  
Asylums Board charge not levied upon certain places;  
common poor fund not levied on Penge.  
Also exemptions from rating cause inequalities.

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8763. There is no change of basis; it is a mere change of statement?—A mere change of statement.

8764. (Mr. Stuart.) What are the principal causes of this great differentiation in the rates between one place and another? First, let me ask you if it is not the case that, roughly speaking, it is the poorer quarters which are heavily rated?—That is so.

8765. What are the principal causes of that differentiation?—The first cause is the fact of the special county rate being levied in all parts of London except the city, by which the city escapes, as I say on page 236, a rate of 13s. 10-29d.

8766. That is to say, a rate of that amount per 100l. ?—Yes.

8767. You are now going to speak in that form of language during the remainder of my inquiries?—Yes. The city escaping that, consequently throws on the rest of the county a proportionately larger sum.

8768. Now can you give us the next cause of this differentiation?—The Asylums Board charge is not levied upon certain places like Lincoln's Inn, Gray's Inn, the Inner Temple, the Middle Temple, and Penge in the county of London; that again makes a slight differentiation.

8769. Now will you give us your next cause of differentiation?—The common poor fund is not levied upon Penge. Those are what I call the county exemptions, and I summarize the results of that in the table which I give on page 237, showing the increase or decrease upon the several parts. The City of London, for instance, is decreased by 13s. 9-64d. per cent., the Inner Temple by 2l. 0s. 7-22d. per cent., and so on, and the remainder of the county of London is, by reason of these exemptions, charged with 2s. 0-04d. per cent. more.

8770. That is so far as the county is concerned?—Yes.

8771. You are still speaking of so much upon the 100l. of rateable value?—That is so. I choose the 100l. because that is so much easier to deal with than decimals of a penny and so on.

8772. Will you now proceed on the same basis, to tell us of any further causes of this great difference of rates?—The next cause of the difference of rates is the exemptions from rating which obtain in various ways.

8773. What are those?—The first exemption is properties at and below 20l. in value, which by statute are allowed a deduction of 15 per cent. from the rates. That particular property in the several rating areas is not distributed equally all over London, and on page 238 I give a list of the parishes to show how this property under 20l. is distributed.

8774. Is it the case that in Plumstead, where there is the greatest amount of property at or under 20l. in rateable value, 52 per cent. of the whole property is of that class?—That is so.

8775. Whereas if you come to St. George, Hanover Square, you have only 1 per cent.?—That is so.

8776. When you say 52 per cent., do you mean 52 per cent. of the whole rateable value of the district, or do you mean 52 per cent. of the tenements of the district?—I mean 52 per cent. of the rateable value.

8777. So that 52 per cent. of the whole rateable value, and therefore a very large quantity—more than 52 per cent.—of the tenements?—Yes, probably it is.

8778. In Plumstead more than half the property is of 20l. or less rateable value?—Yes.

8779. Of course the Commission knows perfectly well, and need not go into it, that there are certain exemptions in those houses, but I just put the fact to you?—Yes, there are.

8780. Have you anything to say with respect to those exemptions?—No, except generally I think all exemptions should be thrown on the county rate; all exemptions, that is to say, that are properly allowed exemptions. Without going into the merits of particular exemptions, or whether this particular one should be allowed or not, I think that all exemptions which obtain should be thrown upon the county rate and become a county charge in London.

8781. Meaning that where for instance, there are exemptions of a very great amount which raise the rates largely, as in Plumstead, on the rest of the

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property in Plumstead, these exemptions should be paid for by the whole of London and not by Plumstead?—I think that should be so.

8782. What is the basis on which you make that proposal?—Because the bulk of the rates in London at the present moment are central rates—to the extent of two-thirds of the whole of the rates in London they are levied centrally; and therefore it is obviously unfair that any property which is exempted from rates levied for the benefit of the whole of London should cause that exemption to operate locally; when a parish has to pay two-thirds of the rates that it levies for central purposes the exemption should fall centrally.

8783. Let me follow what you mean; it is this, I think: that the central bodies impose a certain rate upon the total rateable values of these various parishes?—That is so.

8784. That that total rateable value is made up whether the houses be subject to exemption or not?—Yes.

8785. That the parish has then to pay us without our taking account of the exemption, and it has to lose because of the exemption?—That is precisely the process.

8786. We have now spoken of exemptions owing to being under 20l. in rateable value, but there are other exemptions, are there not?—Yes; the next one, a very important one, is that of unoccupied property.

8787. Where do you give an account of that?—On page 238 I state that, and in Table 6 at p. 284 I give a summary of the local statutes, which have enabled the parishes from time to time to levy half rates upon unoccupied property.

8788. Have you formed any numerical conception of how, in a place like Plumstead, these two considerable exemptions of unoccupied property, and of property where remissions are given, affect the total rate in the parish?—Not from those two particular causes. One must include and take account of all the exemptions, and that I have stated in the table on page 240.

8789. Then I need not question you further than by reference to that table?—No.

8790. Is there any other point about exemptions that you wish to mention, or have you stated everything that you want to say?—I think I have said all, except to refer to the table where I give a list of the statutes by which the parishes at all events used to have the power to levy half rates on unoccupied property.

8791. Will you refer me to that table; on what page is it?—I am referring to pages 284 and 285.

8792. You mean that there are old Acts of Parliament still in existence and unrepealed, by which all the parishes which are set forth in pages 284 and 285 would have a right, if they like, to charge a certain proportion of the rates upon the owners of empty property?—I am not quite certain about saying "unrepealed" because I think that since the general statute of 1855 there is some legal difficulty about that.

8793. (Mr. Cripps.) These are all private Acts of Parliament, are they not?—They are local acts. I may point out that in the city the Commissioners of Sewers do at the present moment levy half rates upon empty property. They do not consider that any general Act prevents them from doing it.

8794. (Mr. Stuart.) You have been dealing with the question of exemptions: with reference to the way in which those exemptions are dealt with in the parish demand notes, are there any amendments which in your judgment would be beneficial?—Yes. We have had a great deal of difficulty with the parishes in getting them to state correctly, for instance, the central rates, particularly the county rate, with which I am more concerned; by that I mean that the council makes a rate of a given amount; take last year, the year with which we are dealing, when the rate was 1s. 3d. in the £; the parishes have throughout London the practice of adding to that 1s. 3d. the cost of all these various exemptions, in one place it may be a matter of 2½d., in another place it may be a matter of 3d., in another place it may be a matter of ½d., and so on; so that throughout all London the county rate, which is, according to the statute, a fair and equal county rate, is stated on the demand notes at a different figure. But that different figure is not exactly the truth, for this reason, that over and above the exemptions which obtain in each parish, there are

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Exemptions,  
London.  
List of  
local Acts.

Exemptions,  
London.  
How dealt  
with in  
parish  
demand  
notes, also  
county rate.  
Suggested  
alteration.

Exemptions,  
London.  
Should be  
thrown on  
the county  
rate, and  
become a  
county  
charge in  
London  
and borne  
by London  
as a whole

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certain set-offs by reason of the fact that property when it first comes into rating may conceivably exist for a year in a parish, contributing the whole of the rates to the parish, and yet not contributing anything to the central authorities. Therefore the amounts collected for the central authorities and not sent to the central authorities are so much profit to the parish. On page 241 I give an instance of how that happened to work in the parish of Westminster last year. The county rate was 1s. 3d., the parish demanded 1s. 4d. of the ratepayers, the school board rate was 11½d. and they demanded 10½d. I do not know why they made that distinction in the two rates, but as a matter of fact in that particular year they had no cause to levy anything for exemptions, because a large amount of new property was built and the Government paid a large amount on the Government property which entirely set off the loss arising from exemptions.

8795. Your complaint is, that the central rate is conveyed erroneously to the ratepayer in the demand for rate, and you would like it to be conveyed, exactly as it is put, and that in some separate item there should be these other charges that are borne by the parish at present on account of exemptions—other charges, however, which you feel ought to be borne really by the central rate?—That is so; I think it ought to be separately stated, and not mixed up with the different rates.

London.  
Levying of  
direct local  
taxation.  
Differentia-  
tion in  
rates also  
caused by  
amounts  
payable for  
loans in  
different  
parishes.

8796. A good deal of the differentiation in rate, surely, arises from a cause that you have not yet mentioned, namely, the amount payable for loans in the different parishes; that varies very greatly, does it not?—Yes, it does, very considerably. It bears upon the question of the differentiation, in that it represents the amount due to the degree of equipment, one might almost say, which each parish has reached for municipal purposes; for instance, all the central parishes of London have done all their sewerage, they have done all their paving, and they have practically completed their loans and paid them off; whereas, in the outlying places, a good deal of land is still unbuilt upon, or only now being built upon, and the parishes are heavily charged with loan in order to bring those places up into line with the parishes that have already done all this work. So that it is simply a matter of date with them; it is not so much a real differentiation as it is that they are doing now what the other parishes had done at a previous period.

Valuation  
of build-  
ings. Site  
values not  
separately  
valued.  
Effect of  
this in  
London.

8797. You have estimated the result of land not being separately valued under the present system, I believe?—Yes.

8798. Will you now say what you wish to say on that point?—The Valuer of the Council who will give evidence, I believe, before this Commission, has made an estimate of the value of the land, and I have, on page 244, put into figures the result of not separately valuing land in London. By that I mean that the land values vary at different places, being, in the city of London for instance, extremely high, and in some of the outlying places very low.

8799. (Chairman.) What do you mean by land values?—The value of the land apart from the buildings.

8800. (Mr. Cripps.) You mean, what are called site values?—Yes.

8801. (Mr. Stuart.) I see in one of the tables you have given, Table 12, which appears on page 296, you show the land values in relation to rateable values; there you set out what you call "land estimated by valuer," and buildings estimated by valuer. You give that information for each parish, and bring out a total gross value for these two of 43,614,133*l.*, according to the last valuation, of which 15,096,620*l.* are land estimated by valuer, which, I suppose, means site value, and 28,517,513*l.* are buildings. What was the basis of these figures?—The valuer will deal with that. I have no information on that point. I have simply confined myself to bringing out the differentiation among the several parishes, which is caused by the fact of land being now mixed up with buildings, and being subject to the same reduction for repairs and so on, under the Valuation (Metropolis) Act, as buildings.

Rates in  
City of  
London  
said to  
have  
decreased.

8802. Going back to these figures, which you refer us to at page 244, I see opposite the city of London that the "rates decreased per cent. of rateable value" by 1*l.* 2*s.* 11*d.*; does that mean that that is the decrease for every hundred pounds of rateable value?—Yes.

8803. I suppose you have nothing more to say upon this point?—No; I think the valuer will deal with it.

8804. Taking all the exemptions now allowed in rating, have you made an estimate of the position of the parishes as they are severally affected by them?—Yes, on page 246.

8805. In the table, on page 246, do you give the sum total of all these exemptions?—That table gives the sum of all the differentiations due to causes which are non-preventable causes, and leaving therefore the total which is given in column 7 of what I call the real differentiation of rates in London.

8806. Now you have got to the real differentiation of rates in London, missing out those which you have just been dealing with?—Yes.

8807. The things that you have just been dealing with do affect the actual rate which the ratepayer has to pay?—Yes, that is so.

8808. But your case is that they ought to be borne by the whole town uniformly?—Not entirely; I say that the exemptions should be borne by the whole of London; that the element of site value should be dealt with, but that the loan charges and the special services which are given in column 1 and column 4 are due to local circumstances which we cannot at the present moment disturb, or need not disturb.

8809. Will you tell me what are the extremes of rating in per-centage of rateable value after these adjustments you have mentioned have been made?—I make it out that the range of differentiation is from 23*l.* 0*s.* 11*d.* in St. George, Hanover Square, to 34*l.* 11*s.* 7*d.* in Rotherhithe, both per cent. of rateable value.

8810. Then your residual difference is a difference, I presume, principally owing to the poorer place on the one hand and the richer place on the other having to perform very largely the same services?—That is so.

8811. Now, turning to the appropriation from Imperial taxes to London, I do not think I need deal further with the methods of allocation, unless there is anything you have got to say; I think we have gone sufficiently into that?—We have gone into the method, but in the table on page 247 I might point out that I have reduced those methods to figures, showing that London receives from the licences 13·54 per cent. of the total—that is London's proportion; from the estate duty and the customs 21·96 per cent. of the total; on the police pensions 38·75 per cent. of the total; on the education grants to school boards 21·36 per cent. of the total; under the Diseases of Animals Act, 1894, 1·72 per cent. of the total; and under the Agricultural Rates Act I estimate we receive 24 per cent. of the total. The total that we get from all appropriations of Imperial taxation amounts to 16·37 per cent.

8812. What is the per-centage of local expenditure in London—I think you give that on page 248, do you?—Yes, it is 26·17 per cent.

8813. That is to say, of the total local expenditure of the country, that is London's proportion?—Yes.

8814. And the total local taxation; what is London's proportion?—It is 27·95 per cent.

8815. That is to say, we bear more local taxation in proportion to our local expenditure because we do not get so much relief from the central funds?—Yes.

8816. Then, in licences; what is London's proportion?—London's proportion there is 13·54 per cent.

8817. Of all the inhabited house duty of the country we collect 45·15 per cent.?—Yes.

8818. Supposing we get the inhabited house duty as well as the licences, we should get a better haul?—My point on that is, rather, that the Government, in selecting a local tax to be a portion of the grant from Imperial taxes, fixed upon the licence duties by which we receive only 13 per cent.; but, supposing they had fixed upon another local tax, namely, the inhabited house duty, we should have received 45 per cent.

8819. There is a point we need deal with only very slightly, and that is the relationship of the local taxation of London to that of other areas by which, I suppose, you mean other areas in the metropolitan district?—No, I mean something more than that.

8820. Will you explain exactly what you do mean?—I think that the question of the area with which a local

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Exemptions,  
London.  
Position of  
parishes  
affected by  
this. Differentia-  
tion in  
rates due  
to non-  
prevent-  
able causes.

Differentia-  
tion in  
rates  
(London).  
Exemptions.  
Site values,  
loan  
charges,  
and special  
services.  
DIFFER-  
ENTIA-  
TION IN  
RATES.  
(London)  
in poor  
and rich  
districts  
compared,  
due to non-  
preventable  
causes.

IM-  
PERIAL  
CON-  
TRIBU-  
TIONS.  
London's  
share.  
Licences,  
Estate duty  
and  
customs.  
Police  
pensions.  
Education  
(school  
boards).  
Diseases of  
Animals  
Act, 1894.  
Agricul-  
tural Rates  
Act, 1896.  
LONDON  
and rest of  
England  
and Wales.  
Com-  
parison of  
amount of  
local taxa-  
tion; local  
expendi-  
ture;  
licences;  
Inhabited  
House  
Duty.



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Areas.  
Question of the area with which a local authority shares its taxation. London said to be disadvantageously affected. Police area. Water companies area.

Inhabited House Duty. Position of London with rest of country compared.

Poor law. (London). Rates in respect of. Differentiation in these rates in London. How far due to differences in administration.

authority shares its taxation is a matter that has not really been fully considered at the present moment. It so happens that London, in the first instance, shares taxation with the police area, and, of course, so far as the water companies are concerned, it shares taxation with the water companies area outside London. The importance of that to London is, that the rateable value of London being so very much higher per house than the outside areas, wherever it has to share taxation with an outside area it pays a very large amount in excess of its due proportion to expenditure.

8821. (Chairman.) Is that quite certain?—Yes.

8822. Is it not relatively the fact that they get more money out of London because the water companies have more population to supply in that area?—They have more population to supply, but not more population in proportion to the amount of taxation that they get.

8823. Is that so; are you sure; have you worked that out?—I have worked that out in separate tables, and I should be prepared to show the results to the Commission, if they wish. I have considered the matter very fully, and my own distinct opinion is that London does contribute a much higher amount in consequence of its high rateable value, than the benefit which it receives from the water supply.

8824. (Mr. Stuart.) Will you proceed?—Then, of course, it shares with England and Wales the local taxation of the inhabited house duty and the land tax, and in the case of the inhabited house duty, as we have just now pointed out, London pays 45 per cent. of the whole, or approximately so, without getting the same proportionate benefit, so far as we know, out of the inhabited house duty. That being a local tax I point out that the sharing of a local tax with a larger area is a very important question to London. Then, about the rates under the poor law, of course, in comparing the London taxation with that of other places, the question of the poor law is upon a different footing, because the poor law is governed to so large an extent from the centre—to a very much larger extent from the centre, I should say, than with any other form of local taxation. There is not so much reason why poor law taxation should be different in different parts of the country, as there is in the case of ordinary municipal taxation. It is just as important that the poor should be supported in one place as it is in another; and yet at the same time we find that the range of rates, if you take the London area to begin with, for poor law expenditure alone—

8825. In London itself?—In London itself, is in Bethnal Green 3s. in the £, whereas in Hampstead it is only 1s. 2½d.

8826. Now you are returning to the old form?—Yes.

8827. (Chairman.) What is Whitechapel?—I could easily get it.

8828. What is St. George-in-the-East?—That I have not got.

8829. I think I know the reason why?—I can very readily get it for you.

8830. Does not the poor law expenditure vary more than any other in relation to the efficiency of local administration?—In London I think the principal reason for the difference is the fact that in some places outdoor relief is given, and in some places indoor relief only or principally is given, indoor relief being to a large extent equalised, and outdoor relief not being equalised.

8831. (Mr. Stuart.) Now, on pages 250 and 251, you give a list of the equivalent rates in the £ for poor law purposes over different parts of England, but I do not think we need go into those further than to ask if that is so?—Yes, that is so. I should like to point out here that London is higher for poor law expenditure than almost any other place in England, except a few county boroughs. There does not seem to be any great reason why it should be; assuming that there is no wrong doing in the administration of the poor law in England there does not seem to be any reason why the poor rate of London should be higher than the poor rate of Birmingham.

8832. There is a very strong pressure in London by the form of the law to bring about indoor relief as compared with outdoor relief?—Yes, the advantages to the parishes of course would be to have indoor relief.

8833. This question that we are really dealing with—that of the relationship of Imperial to local taxation—I suppose you regard as one of the most momentous

matters?—Yes, I do. I consider that to be a matter that deserves the most serious attention.

8834. Will you just explain very briefly what your position is about that?—I think I have practically said all that I have to say, except to refer you to the top of page 252, where I rather summarise my observations on the point. I do not know that I need read that to the Commission.

8835. If you refer to the top of page 252 as being what you wish to place before the Commission on this point in addition to and beyond what you have already said it will be enough?—The special point is that the present system of contributions causes a sort of zig-zag fluctuation in rates—I think that is the term I have used here. Sometimes we get a large amount from the estate duties ranging in several years from 358,000l. to 493,000l.—that is a difference of 135,000l., which means a penny rate—without really knowing whether we are going to receive that amount. Therefore, in one year our rate may differ to the extent of 1d. simply from the fact that our share of the estate duty was a very considerably less amount than in the previous year. It occurs to me that that state of things is not quite good from the point of view of local taxation, and that we should have a more settled income to rely upon than what is caused by these amounts receivable from Imperial taxation.

8836. You point out on page 252, as I understand, that you divide first the grants in aid, so to speak, between the various portions of the United Kingdom in a somewhat arbitrary manner, and then you proceed to subdivide them again in a somewhat arbitrary manner?—Yes, I point out that the system which has obtained is to first of all divide the taxation among the countries in the proportion of England and Wales 80 per cent., Scotland 11 per cent., and Ireland 9 per cent., although I do not quite know how these proportions have been arrived at.

8837. (Chairman.) Is that not according to the basis of contribution?—Yes, that does start the basis of contribution, because out of the total local taxation England and Wales get 80 per cent., then that 80 per cent. is divided up among the counties upon another arbitrary arrangement. My suggestion is that the two arbitrary arrangements are at all events not a scientific treatment of the subject.

8838. (Mr. Stuart.) You further suggested that in London all this is still more complicated by the fact that certain local services are paid for out of Imperial taxation and certain Imperial services are paid for out of local taxation?—Yes; the position of London is peculiar in that way.

8839. I do not know that I need ask you about it now—for I think in the present circumstances it is at an end—but one of those, the police courts question, has been dealt with?—Yes; the police courts question is one of those cases.

8840. There is a Bill\* which has just passed through Committee in the House of Commons which makes a very considerable change in regard to police courts?—Shortly, it transfers the cost of the police courts from the Imperial funds, which formerly paid it, to the Metropolitan police funds.

8841. (Mr. Stuart-Wortley.) Not the whole of the cost, is it?—There is a certain amount of it met by fees and so on; but the balance of the cost, whatever it may be in the year, that falls upon taxation and used to fall upon the Imperial taxation, according to the Bill of the Government of this year, is now to fall upon the funds of the Metropolitan police, although the area of administration of the police courts is practically coterminous with the county of London, and the area of rating of the Metropolitan police extends 15 miles out. Although the amount is not large, yet here again is an element of confusion between the area of rating and the area of administration, which seems to me to be one of those unhappy kind of things that should have been prevented.

8842. (Mr. Stuart.) Without dealing with that question which is rather being argued for the moment in the Legislature having just stated that, there is the other side of the thing where there are local taxes which are applied to Imperial purposes in London?—Yes.

8843. What are those?—I suggest that the inhabited house duty is really a local tax.

\* The Bill introduced in 1897 for "transferring the expenses of police courts to the Metropolitan Police Fund, and for making provision with respect to the courts of the stipendiary magistrate of Chatham and Sheerness," received the Royal Assent on 6th August of that year (Metropolitan Police Courts Act, 1897. 60 & 61 Vict. c. 26).

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Relationship of Imperial to local taxation (London). Imperial contributions. Estate duty varies in amount. A settled income for purposes of local taxation desirable.

Local taxation (London). Certain local services paid for out of Imperial taxation. Police courts, inhabited house duty, land tax.

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8844. You refer to the whole country now?—Yes. I also suggest that the land tax is really a local tax. Both of those taxes are collected locally and they are applied imperially. I think in looking at taxation from a scientific point of view, if I may use that term, that is one thing which could very well be remedied, namely making local taxes apply to localities, reserving for Imperial purposes the taxes that cannot be applied to localities.

8845. You mean that in fact the raising of the inhabited house duty as a central tax and then keeping it; and the raising of the licences as a central tax and then paying them back, is an element of great irregularity?—It is inconsistent at all events.

8846. Now about Imperial services paid for out of local taxation, you raise some question on that point at page 256, I do not know whether you wish to say anything about it now?—That is rather an important matter in connection with the Metropolitan police. I have gone into it at some length and pointed out practically that the Metropolitan police does perform Imperial services, and that although some of those services are paid for by the Government, yet I suggest that the evidence goes rather to prove that there is a balance of Imperial cost cast upon the ratepayers of the Metropolitan area.

8847. (Chairman.) You say "goes rather to prove," can you prove it by figures?—I cannot prove it by figures because I have not access to the whole of the documents. I have only access to the public documents, but so far as the public documents can be examined. I have stated the result of my examination of those documents in this memorandum.

8848. Just refer me to the page will you?—I have dealt with this question of the Metropolitan police in pages 256 to 261.

8849. What is the largest amount that you can suggest the London police is being charged with for Imperial services now not met by repayments; what do you suggest?—I am afraid I am not in a position to give any figure, because I have really only had before me public documents.

8850. 5,000*l.* or 10,000*l.*, or 20,000*l.* or what?—I should take it at a great deal more than that.

8851. Show me any table which I can discuss, and see whether I can check your calculation. (Mr. Cripps.) Turn to page 258. Is that in the "estimated cost of special services not met by repayment"?—No, that is only a portion of the amount. I point out that the figures show that taking into account the special services and the repayments for the special services, according to the police accounts themselves, there is a balance of cost on special services which is not met by repayments; but then there are other points that seem to me not paid for that are not considered to be the special services of the police. For instance the Government mentioned in the House of Commons so recently as the 4th May 1897, in connection with the Police Courts Bill, that they had agreed to pay 7,000*l.* per annum into the police fund in respect of the services rendered by the police to the House of Commons. My point about that is that if they have discovered that that 7,000*l.* is due to the police fund now, it is not due to it in this particular year, but it has been due to it for a series of years. That is one of the items I have questioned as coming out of the charge which has been hitherto borne by the police fund, but which really is an Imperial service. I think I give in a foot note on page 37 some quotations from the "Times" showing where the Metropolitan police have been employed out of London. I have no means of knowing whether the cost of that has been paid back again to the police fund, but my suggestion is that the Metropolitan police are so largely used for Imperial purposes that the consideration of the point from a different standpoint than that hitherto obtaining is really urgently needed.

8852. You do not know that these services are not paid for?—I do not know that they are not paid for.

8853. As a matter of fact, my information is that they are, but I cannot give you chapter and verse for it?—Even if that is so, I suggest that the keeping of a large force which may, occasionally, have to be used in different places is an expense to the locality—that if there are men who may be transferred from London to other places, then, while they are not employed imperially they are being paid for out of the local resources.

8854. Do you suggest that they are in idleness while they are not paid for imperially?—No, I do not suggest that they are in idleness, but I do suggest that the cost falling on the local funds is very much higher than it need be.

8855. You say "very much"—how much. I mean compared with your total expenditure it is very trifling, is it not?—I would not like to give a figure, but I should say it was not trifling. The reason I say that is, because I have compared the cost of the Metropolitan police with that of the other police forces, and the items of charge in it with the items of charge in other forces.

8856. (Mr. Stuart-Wortley.) These services mentioned at the bottom of page 257 are all repaid, the most conspicuous case is that of the dockyards, for which I know you will find a charge in the Admiralty Votes?—The dockyards are paid for, I know.

8857. (Mr. Stuart.) I have only one point now to deal with, but it is an important one, and I will deal with it quite shortly. There has been a remarkable growth of the amount of local taxation in London in recent times, and I think you can refer us to some figures in your memorandum which show that?—Yes, on page 262. The growth of local taxation in London has been very considerable. In 1889-90 the average over all London was 5*s.* 5*d.* in the £, and in 1896-7 it was 6*s.* 2*d.* in the £.

8858. For the sake of making it clear, I will just ask you this: I believe that that 5*s.* 5*d.* and that 6*s.* 2*d.* in these relations mean that, if you take the whole expenditure of London, which comes ultimately on the rates, and then find what rate all over London, if it were paid, would produce that, that is what that figure is?—That is so; this is the true average rate.

8859. So that the real rate that any individual had to pay would, on an average, be greater than that by probably something like 6*d.* or 7*d.*—I will not ask you to say, probably, 6*d.* or 7*d.*, but would be greater?—It would be more by reason of the exemptions and other things we have talked about. Before passing from that, may I just refer back to page 216, where I point out that the amount levied in London for rates in 1878-9 was 5,203,243*l.*, whereas, in 1895-6, it was 9,904,675*l.*, which means an increase of nearly 90 per cent. in 17 years.

8860. (Chairman.) Yes, but before that is of any value you must take population and many other things into consideration; a mere big figure taken like that is of no use?—I am simply giving you the fact, I am not accounting for it.

8861. (Mr. Stuart.) You have endeavoured to roughly estimate the expenditure on local services in its relations to benefits to property; now will you explain what you mean by them?—The municipal expenditure, more or less, either directly or indirectly, goes to the benefit of property. Some of that benefit is a direct benefit and has always been accepted as such by statute and other authorities; and that I put down in column 1. There are other services, which are indirect, such as maintenance of the poor, education, and other things, which I put down in column 2, and then there are other services which are of more remote benefit, which I put down in column 3.

8862. You are now referring to the columns in a table on page 263 of your memorandum which the Commission is to print?—Yes, it being understood that these are approximate estimates, and that I do not pretend to say they are exact figures. I estimate roughly that of the total municipal expenditure in London, 7,180,170*l.* are practically direct benefits to property, and 5,282,552*l.* are indirect benefits, and the remainder 683,412*l.*, are more or less remote benefits.

8863. What is the important point under this head which appears to you to bear upon the reference to this Commission as to the incidence of rates?—The point seems to me to be that if municipal expenditure is an expenditure which directly benefits property, then the question of the incidence of the charge in respect of that expenditure as a question of the incidence of taxation does not really come in. My point being that it is expenditure which in old days fell directly upon property owners and was paid for by property owners, that gradually the services, such as road maintenance, sanitation, sewerage and drainage, which were formerly, particularly in London, under some of the old Estate Acts, made a direct charge on the owners of property, have now become municipalised services, and

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Local taxation (London), growth of, in recent years.

Local expenditure which benefits property. Direct and indirect. Classification. Statistics. Payment of local taxation in respect of property.

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that as municipalised services they are just as much a direct benefit to property as they were before, when they were incurred by the owners of property themselves. Therefore that portion of taxation which is for municipal purposes does not seem to me to come into the question of incidence, because it is in the proportion that I have suggested, a charge which property ought properly to bear.

8864. Have you made any calculation, or have you made any estimate as to the increase in rateable value in London as compared with the increase in the rates levied?—Yes, on page 264 I have attempted that, and I must qualify that table by saying that it is only an estimate—I think it is a reliable estimate, but it is an estimate only. I have taken the property as it stood valued in 1871, and by a rather elaborate process I have endeavoured to trace the value of that property out through the succeeding years as it was re-valued at each quinquennium.

Rateable  
value of  
property  
and rates  
(London),  
increase of.

8865. Do you mean that in the first column of this table on page 264, you have, from 1871-2 to 1897-8, taken the rateable value on absolutely the same subjects as nearly as you could obtain it?—That is what I mean. Of course, it is, as any member of the Commission will readily understand, subject to the fact that property which was erected in 1871 has since been destroyed here and there, and new property put into its place; but the great bulk of the 19 millions which appear in 1871-2, I suggest, also appear in the 25 millions which it is valued at in 1897-8.

8866. In other words, what you suggest is that the rise in certain definite subjects, certain definite pieces of property, has, from 1871 to 1897, been fairly measured by the rise from 19½ millions to 25 millions?—That is so.

8867. That is the best estimate you can form of the rise in value of that property, which has remained the same subjects during that time?—Yes.

8868. What about the rise in the total rates that are levied on the property?—I can only give that for a portion of the period, as it appears in the second column of that table, namely, from 1878-9 to 1893-4. There I show that the rates levied upon this particular property, that is to say, that portion of the total property of London which appeared in the valuation in 1871-2 was, in 1878-9, 4,596,969*l.*, and that amount of rates was increased in 1893-4 to 6,479,101*l.*

8869. If you look at the column of rateable value for the corresponding years 1878-9 and 1893-4, over which you have got the rates levied, am I not right in supposing that what you say is this, that whereas the rates have risen between 1878-9 and 1893-4 upon certain pieces of property, from 4½ millions to 6½ millions, the value of that property, as nearly as it can be got at by taking the rateable value, has risen from 21½ millions to 24½ millions?—That is so.

8870. In other words, the same subjects having been taken, their rise in value during those 15 years is, according to you, 2½ millions, and the rise in the rate that it has to pay is short of 2 millions?—Yes, something short of two millions.

8871. In other words the rise in the value of the property has rather more than kept pace with the rise in the rates which it has to pay?—Yes.

8872. Do you, then, say that there is any connection between those two?—Yes; I suggest that among the elements which cause the rise in the value of property, has been the municipal expenditure in that period, and that my previous observation that municipal expenditure increased the value of property is borne out by the condition of things in London as shown by those figures.

8873. Then what you mean to infer is that it would be just—I do not ask whether they do pay it or not at all, as that is a highly theoretical consideration—but that it would be just that the owners of that property should pay the rise?—Yes, that seems to me to be the conclusion to be drawn from those figures.

8874. Is there anything more now that you wish to say on that point?—No.

8875. Is there anything that you wish to remark, or anything that you have not brought out that you wish to make any further statement upon?—There is just this one point, that municipal expenditure and local taxation not being the same thing, that is to say, the rates being less than municipal

expenditure by reason of the indirect taxation and the grants from Imperial sources, property, if I am right in my suggestion, receives the benefit of the expenditure which now falls upon indirect local taxation and upon the Imperial grants, and, therefore, in addition to being charged with the rates which are levied directly, following on the analogy of my previous answer, it should be also charged with the proportion which now falls upon indirect taxation and upon Imperial taxation.

8876. (Chairman.) Before I put to you the questions which I have to put, let me say that I am sure, along with myself, the Commission recognise the extreme amount of care with which your memorandum has been prepared, the amount of labour which you and your staff must have bestowed upon it, and the ability with which you have expounded the various parts in relation one to the other. I think early in your examination you laid a foundation by attempting to show that the proportion received in London from Exchequer contributions was 16 per cent. of your expenditure, and 84 per cent. from local sources?—Yes, quite so.

8877. That was for the year 1893-4?—Yes.

8878. I have had a series of calculations prepared which I will not ask you to accept from me without checking, but which I think will show that for the year 1895-6 the relative proportions were not 16 and 84, but leaving out decimals, of course, 18 and 81, taking Exchequer contributions for all purposes, other than education?—That 16 and 84 is including education.

8879. Including education?—Yes, including education, in which London is not so well-off.

8880. Can you give me the figure excluding education?—The figure excluding education is London 13 per cent. from Exchequer contributions, and 87 per cent. from rates.

8881. When you say excluding education do you mean excluding education altogether?—Yes.

8882. I will ask you to comment on this table, of which I will give you a copy, but for the purpose of my examination I am going to take your own figures of 1893-4, upon which your whole examination in chief has been based. The first suggestion that I make to you is that that calculation has for its basis a comparison between the grants from the Imperial Exchequer and the whole expenditure from local sources in relation to one another?—Yes.

8883. Your suggestion to us, as I understand it, is, that London is put at a disadvantage to other places because it receives less of its total expenditure?—Yes.

8884. Do you think the total expenditure taken in that way is a fair or safe basis to take for making such a calculation as you suggest to us?—No, I do not suggest that expenditure is the only or the best standard to take. I have taken it as being one of the means by which we can test the relative position of London in this matter.

8885. Still it is the only one which you put before us?—No, because I have also put to you the ratio per cent. upon rateable value.

8886. It is the one upon which you base the whole of this return of Exchequer contributions 1893-4, and those tables which were published by the County Council in October 1896?—It is the one upon which that return is mainly based.

8887. I daresay you would not disagree with me that it is the method of calculation which most directly would lead to local extravagance?—My own opinion is that the whole principle of making Imperial grants to local authorities upon any basis other than local taxation is bad.

8888. Various methods of calculation have been suggested, but is this not the one which would be most likely to be a premium upon local extravagance?—I do not think it would lead to local extravagance any more than the present one, because the present one, we must bear in mind, is really based upon local expenditure that is to say, upon the local expenditure of 1888.

8889. Exactly, but is it not your suggestion which underlies this table in the return of Exchequer contributions that a fairer basis to London would be to give the proportion of London's total expenditure?—I think it would be a fairer basis altogether than the present basis, but that does not commit me to it as being the best basis.

\* See footnote on p. 325.

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Imperial  
contributions  
in London.  
Proportion  
of grants  
and of  
local ex-  
penditure  
out of  
rates.

Imperial  
contribu-  
tions.  
London  
said to be  
at a dis-  
advantage  
because it  
receives  
less of its  
total ex-  
penditure  
than other  
places.  
Expendi-  
ture should  
not be the  
test.

Property  
receives the  
benefit of  
expendi-  
ture which  
falls upon  
indirect  
taxation  
and Im-  
perial con-  
tributions,  
and should  
be charged  
with a pro-  
portion of  
these in  
addition to  
the rates  
charged  
directly.

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8890. Would that not directly lead not only in London, for London is not worse than any other district; but if you were to take that for all districts would it not tend to undermine even the existing premium upon local economy in administration?—Not if you left a sufficient margin to fall upon the rates. No one would suggest, I think, that the Government would be likely to give such a proportion of the total taxation as would lead to very great extravagance.

8891. But is it not the whole basis of this table, which you elaborate at some length, that London is prejudiced because it does not get a definite proportion of its total expenditure?—No, I do not think that that is quite the way in which I have presented this document to the Council. What we have had to deal with is an entirely artificial and arbitrary mode of dividing up local grants. I have endeavoured to find out what is the result of that arbitrary mode of dividing up local grants, and one of the methods, and indeed the only method by which we can show whether that result has been fair as between place and place is the relationship of the grants to the total local taxation expenditure.

8892. Will it take you even the length which you desire to go? At the very conclusion of your examination I understood your figures to be that your rates from 1889-90 had increased from 5s. 5d. in the £ to 6s. 2d. in the £ in 1896-7?—That is so.

8893. And in the subsequent questions I understood you to admit, and I think to take credit for—which I have no doubt you are entitled to—the fact that your municipal expenditure had increased the value of your property, and that, therefore, you had made a good investment?—I would suggest it had increased the value of the property.

8894. Then would it be at all right to take the basis of your total expenditure, which includes the thing that has increased the value of your own property as the measure of the Imperial contribution to your local rates?—No, certainly not, but I have never advocated that.

8895. I am glad to get the disclaimer, because I thought it was otherwise?—I say so most strongly; I do not agree with that.

8896. You think I am right?—I think you are right.

8897. It is, comparatively speaking, a small point, but that calculation of 16 to 84 leaves out, in the first instance, the police courts, for which in that year some 37,000*l.* was paid from Imperial funds?—It leaves out the police courts, because at that time that was a municipal expenditure which was paid for out of Government funds, but it was not to the extent of 37,000*l.*

8898. I take it from your own figure. If you look at page 253 of your memorandum you will find that it is over 37,000*l.*?—That includes the salaries of the magistrates which still remain as a charge upon the consolidated fund.

8899. Why should they?—It is simply the wisdom of Parliament that it should be so.

8900. Never mind that. The basis of my question was right, namely, that your calculation of 16 and 84 in that year did not take into account the 37,700*l.* which was spent upon police courts and police magistrates?—That is so.

8901. Another matter which it did not take into account was the expenditure upon the London parks?—That is so; but then on that one must point out that there are parks elsewhere than in London which are royal parks.

8902. Only in Edinburgh and Linlithgow, I think?—Richmond, Edinburgh, Dublin, and Kew Gardens; I think that is all.

8903. Subject to that comment I am right that you did not take into account the parks in and around London?—Certainly.

8904. Would you agree with me that the expenditure on maintenance was 102,466*l.*?\*—I have not the figures, but I am quite prepared to accept that that is so.

\* This figure represents the cost of maintenance in 1895-6 of the following Royal Parks, &c. in and around the Administrative County of London, and includes the salary of the Bailiff of all Royal Parks:—Busby Park, Greenwich Park, Hampton Court Park and Pleasure Gardens, Kensington Gardens, Kew Botanic and Pleasure Gardens and Green, Regent's Park and Primrose Hill, Richmond Park, St. James's Park, Green Park, and Hyde Park. The receipts from licences, grazing and other rents, &c. amounting to 4,291*l.*, have not been deducted, the Civil Service Estimates only giving the sum total received from all the Royal parks and not the amounts received from each of them.

8905. It is on that paper I propose to give you, and it is taken from the Civil Service estimates for last year?—I am quite prepared to accept that figure.

8906. Perhaps you would not agree with me, but some of us might think that in calculating the advantage as between London and the country we ought to make some allowance for the capital value of the property which is enjoyed in this way?—I think allowance ought to be made, and I have mentioned those particular things as being items which the Government pay for on behalf of London in my memorandum, page 254. I should like to make this additional observation that supposing the Government were to charge the cost of the parks upon London, of course the administration of those parks would be in the hands of the municipality. I am not here to suggest that that is either a wise or a necessary proceeding.

8907. Clearly; and you are entitled to this, that probably, if you had to buy the parks, you would not have them in that particular place. You are entitled to all that; and I am not going into a matter of figures; but when we come to account and reckoning, I think it is desirable to put upon the notes that there are these things upon the other side?—Quite so.

8908. I do not carry it too far against you. The proportion which was the basis, as I said, of your examination-in-chief, that is, the proportion of 16 to 84, is the proportion of the total expenditure?—Yes.

8909. What I understand is the point of your complaint, is that that is not a sufficient contribution from the Imperial funds, and you ought to have something more?—It is not quite that. I will put it in this way: that the present basis proves that London gets 16 and pays 84, but it also proves that Bedford, which is the next county on the list, gets 27·3 as compared with 72·7.

8910. Does that include the county boroughs as well?—No, that only includes the counties.

8911. Why do you take counties?—Because the county is the area upon which the grants are made. I am bound to take the counties. My point is, that if the present system results in giving London only 16 per cent., and it gives Bedford 27 per cent., while it gives Birkenhead only 14 per cent., there is something that requires examination, at all events, to prove that those proportions are the correct proportions.

8912. I did not quote your exact words, and I do not want to be unfair to you, I want to get it quite accurately.—your exact words to which I refer, which appear on page vii. of the return on Exchequer contributions, 1893-4, are these: "The result is, that London is worse off relatively to its rateable value and its local taxation than nearly every other county borough or county in the Kingdom in respect of its receipts from Exchequer contributions" ?—Yes.

8913. You take two methods there—rateable value and local taxation?—Yes.

8914. Local taxation being, of course, the 16 and the 84?—Yes.

8915. Now will you submit to be judged by rateable value?—No; as I have explained, or tried to explain, before, I do not think that any form of arbitrarily dividing an Imperial sum among local authorities is a good or wise plan to proceed upon for the purposes of local taxation.

8916. I want to get a suggestion from you as to the standard by which you would consent to be judged?—I would only consent to be judged by this, that what is levied within a local area should be appropriated to that local area.

8917. Then take the licences—the public-house licences, the auctioneers', hawkers', pawnbrokers', plate dealers', tobacco dealers', male servants', carriage, armorial bearings, game licences, and so forth, which are the amounts handed over to you under that branch which, I think, come to 438,000*l.*?—Yes.

8918. That I gather from your own memorandum, if I understand it aright, amounts to 13·6 per cent., does it not?—Yes, that is so.

8919. That, you agree, is a reasonable method of ascertaining the proper share of that class of Exchequer receipts which is due in London?—I do.

8920. I suppose I need hardly ask you the question; you would not be satisfied with 13 per cent. of all the Exchequer contributions?—No; because licences are not the only local taxes levied by the Government for

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Imperial contributions. Distribution of London said to be worse off than counties and county boroughs in proportion to rateable value and local taxation. What is the best basis or standard?

Imperial contributions. Distribution. Amounts levied in a local area should be appropriated by that area. But the same method would not be fair to apply to all kinds of grants.

\* See footnote on p. 323.

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Imperial purposes. My point is that if you give us the whole of the local taxes which are levied by the Imperial Government, we should get in addition to the licences the inhabited house duty, and we should get the land tax. I should be quite prepared to be measured by the amounts that are collected at the present moment within the local area, but I am not prepared to take, and I do not think it would be fair to take, nor can I understand, any basis by which one particular class of taxation should be fixed upon as the measure for all other purposes.

8921. Possibly no one method is probably fair. Do you suggest now that the measure of population should be left out altogether?—Yes, I do.

8922. Why?—There are several reasons why it should be left out. My first point is, that population has never been adopted as a measure of distributing Imperial funds, and that the very last distribution of Imperial funds which took place was not based upon population, namely, that under the Agricultural Rates Act; but it was based upon the rates levied, which is the very foundation of the memorandum to which your Lordship has just now referred.

8923. You mean upon one class of property?—Upon a particular class of property. The only case where population has been made the basis of distribution of anything like a central fund is that of London, and there are very good reasons, which I could explain if you desire, why I think that that is by no means a good example or a good parallel to adopt for the country at large.

8924. I am not prepared to suggest to you that population should be the sole basis, but I should like to know your reasons for saying that population should not be taken into account?—I do not think it should be taken into account because, shortly speaking, *quâ* municipal expenditure, I can conceive of no reason why London should share with the population of Northumberland any grants for the purposes of municipal expenditure. The municipal expenditure of London is one thing surrounded by a ring fence for the purposes of London, and having results upon London; the municipal expenditure of Northumberland is another thing, surrounded by a ring fence for the purposes of Northumberland, and having results upon Northumberland. I can conceive of no reason why the population of the two should be merged for the purposes of founding a basis. I see nothing in common there. Further, the municipal expenditure of Northumberland, or of any one place, may be of an entirely different character from that of London.

8925. But, if in proportion, for example, to population the expenditure by the decree of that population is kept within reasonable limits, should they not get, in proportion to their total expenditure, a larger subsidy than if they are extravagant?—I do not quite understand the question.

8926. There are some things which are a necessity, and some things which are a luxury?—Quite so.

8927. Do you, or do you not think that, if a population resolves that it will do without luxuries, it should or should not be penalised, in consequence of that decision?—I do not think it should be penalised; certainly not.

8928. Therefore, if a population in an area does not go in for large improvements in the exercise of its own discretion, if it is economical in such matters as the administration of poor relief, and so on, do you not think that it is entitled to a larger proportion of its total expenditure than a community which spends large sums of money upon what I have ventured to describe as luxuries, and things which increase the total value of the property in its area?—I cannot answer that question with a single eye, or no.

8929. I should like you to comment upon it; I put it forward for that purpose, not necessarily as my own opinion, but to elicit yours?—My own opinion is that the municipal expenditure of every area being so intimately connected with the requirements of that area should be borne by the taxation of the area, and that there is no connection between the municipal expenditure of one area and another by which you could gauge the proportion that one should receive out of the common fund more than another.

8930. Assuming for the moment that the Exchequer contributions for a given year, I am taking the year 1895-6, are 6,164,000*l.*, what is the basis upon which

you and the County Council of London are prepared to suggest that that sum, or any other sum that Parliament gives, should be distributed amongst the various local authorities?—I am not aware that the Council has considered it from that point of view, but so far as I know the opinion of the Committee of the Council, and so far as my own opinion is concerned I do not look at it in that way at all. I do not consider that any sum, 6,000,000*l.* or otherwise, should be distributed to the authorities from the Imperial Exchequer. What I suggest is that the Imperial Exchequer should free itself from its present local taxes, and should hand over to the authorities the local taxes which it collects, and that having done that it replaces the sum of 6,000,000*l.* that it may now distribute, and simply leaves in the hands of the local authorities the local taxation which it now collects; and that therefore it is not a question of distributing any sum of Imperial taxation, it is simply handing over what it now collects as local taxation.

8931. I appreciate your point. What do you mean by local taxation; why is one a local thing and another not a local thing?—The inhabited house duty is a local tax simply because it is levied upon the rental value of a locality.

8932. Can you draw a distinction between one municipal area and another, and say this is a local tax and that is not?—As between one municipal area and another, certainly not, but I can as between one tax and another. I say that while the inhabited house duty in London, and in Birmingham, and in all other places is really a local tax levied locally and administered imperially—the present system of Exchequer grants is an imperial tax levied imperially and administered locally—and my whole point is that the exact opposite of this should be the true way of settling the question.

8933. What do you mean by "the exact opposite"? I would rather have it put into words so that I could deal with your proposition?—I mean that instead of allowing Imperial taxation to be appropriated to local taxation upon any basis whatever, the scientific process, if I may use that term, would be to clear Imperial taxation of all local taxes such as the inhabited house duty and the land tax.

8934. Would you give the locality the right to raise or lower the inhabited house duty for its own purposes?—I would within certain limits. I think that the Government might very properly put a limit on the amount of the tax, so as not to make it exceed its present incidence. The inhabited house duty is a differentiated tax among certain classes of property; within the limits of that differentiation I think the local authority should have power to abate, because I can quite think that a house under 20*l.* in a city should be exempt, but a house under 20*l.* in the country is a very different thing indeed from a house under 20*l.* in London, for while a house under 20*l.* in London might be very properly exempt, a house under 20*l.* in the country might not be so properly exempt because it would be occupied by a totally different class of person.

8935. I presume that if the inhabited house duty was collected locally and expended locally in London, you would suggest that the County Council should be the authority to administer the proceeds of the inhabited house duty?—Certainly.

8936. You would not carry your principle to the extent of allowing a district of London to get the benefit of its inhabited house duty only—and only to get that; you mean that you would take it over such an area as London, and not over each parish of London?—Simply for the reason that if you take it over the smaller areas you would increase very materially indeed the present inequality of rates in London, which it has been the policy of Parliament to obviate.

8937. Then do you suggest a general change, so that the poor law shall become a universal charge over the whole area of London, and not over the different parishes?—I am afraid personally, I go a little bit further than that. I think that a considerable part of the poor law expenditure should be a national charge.

8938. And locally administered?—No; to a large extent nationally administered. But that is my own individual opinion; I am not aware that it is worth very much.

8939. Quite so, I know that in your position it would not be fair to press you far. You would probably agree

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Imperial contributions. Inhabited house duty and land tax, which are really local taxes, should be handed over to localities instead of equivalent sums being paid by the Government on the present basis.

Poor law expenditure, considerable part should be a national charge. Question of administration.

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with me if I suggest to you that there is no branch of local expenditure in regard to which it is more desirable to keep up local responsibility than the administration of the poor law?—Yes, so long as the administration of the poor is done locally I quite agree that it is most important to keep up local responsibility.

8940. Do you think that as a matter of practical arrangement you could administer the poor law over so large an area as London?—That is rather entering into a subject that involves a large amount of argument. I am not quite prepared to say that I should admit that.

Imperial contributions received by counties and county boroughs.

8941. Many of these Imperial contributions are not given to governing bodies which govern such large areas as the administrative county of London; many of these subventions, to use the current term, go to bodies which administer much smaller areas than the county of London?—Only county boroughs.

8942. No; to parishes or unions?—No; the subventions of the Government are first of all allocated to the counties.

8943. Perhaps I am misled by my Scottish analogies; I thought that the poor law areas derived direct benefit from Imperial contributions?—They derive it indirectly. The process is this: first of all the counties receive a certain quota from the Imperial amount, and then those counties under the Act of 1888 have to contribute certain sums to the parishes and unions; but the main division comes to each county or county borough.

Imperial contributions. Position of London. Poor law, Criminal prosecutions, Main roads, Police.

8944. I should like to follow a little more distinctly than I think was brought out in your examination-in-chief what you desire we should infer from the four tables upon pages iii and iv of the return on Exchequer contributions, 1893-4, they are continuous, and as I understand it, they refer to the four paragraphs which immediately precede them?—That is so. What I mean by that is that London, so far as the poor law and the criminal prosecutions are concerned, shared with the rest of the country on an equal footing, because they received in full and proper proportion in respect of the expenditure on poor law and in respect of the expenditure on criminal prosecutions, which was a full expenditure in both cases—both in London and in the country—and there was no differentiation in the expenditure as between London and the rest of the country in those items.

8945. With the result that London gets something under 20 per cent?—Yes. Then under the second head I point out that London is at a great disadvantage with respect to the rest of the country, that is with regard to main roads, because the main roads in the county of London are so small and insignificant that the grant upon which the contribution is now made, only amounted, as I point out, to 72 per cent. of the whole, and therefore in that particular case London was at a disadvantage compared with the rest of the country.

8946. If there are no main roads, London could not expect to get a grant for them, could it?—Quite so, but my answer to that is that there were no main roads in London, not because there were not roads which had the essential features of being main roads, but because the statute debarred them from being main roads to which the Government contributed. They were just as much main roads, and just as important roads to London, going right across London and through the heart of London, as a main road through the heart of any other county; but the Government did not contribute to the expenditure on those main roads in 1887-8 and therefore the disadvantage that occurred in 1887-8 is now stereotyped and becomes a part of the disadvantage of London.

8947. Is not the answer to that that London for its own purposes requires to keep up those roads in a better condition than if they were only main roads?—Hardly, I think, taking the great arteries of London. Surely if you take the great western roads, the great eastern roads, the great northern roads, and the great southern roads out of London, they have always been roads, some of them ever since Roman times, and they are main roads in a very special sense.

8948. Still, while London requires them to be paved with wood or asphalt, the country would be satisfied with a macadamised road, is that not a difference?—That is so, but supposing the Government had given the grant on the footing of macadamised roads it would have made London's proportion better, but they did not even do that.

8949. I think you are entitled to that comment; I am only now asking you for explanation. The next one, number 3, is hardly worth much comment, is it, it is so very small?—It is a very small amount, but it is an element of consideration.

8950. It would be about 10,000l. a year to London, I believe, or hardly that?—Hardly that, I think.

8951. The next one, number 4, is a really important one, as it deals with the police?—Yes.

8952. In that case you get nearly 32 per cent.?—Yes.

8953. But I understand that you are not satisfied with that?—On the contrary, I think I have said that in respect of the police, the Government made what I think was rather an arbitrary proportion, namely, 150,000l., for instance, out of the pension fund—

8954. That refers to pensions, but I am speaking of the main expenditure on the police. I say that you are not satisfied, but I am perhaps not quite fully understanding it, and it is for that purpose I am asking; immediately below in the next paragraph I see you say "as between the Council and the police, therefore, the "new arrangement is not satisfactory"?—That relates rather to a domestic concern, because the grant on account of the police is taken from the county grant at an increasing amount each year; and by reason of excluding from the basis all consideration of the City police paying their proportion out of their estates; whereas my point is that whatever benefit arises from the City police paying their proportion out of their estates should accrue at all events to London only and not to other parts of the country.

8955. There need be no difference between us in this. That is not the fault of the Government, it arises from the fact that the City does not choose to take its grant?—Perfectly so; I am not suggesting it is the fault of the Government; it is simply a flaw in the present basis of grant.

8956. If the City did take this money, it would not go to the area which you administer, but to the City area, would it not?—That is perfectly true, it would go to the City area, but, then, London as a whole, would be receiving from the Imperial grants more than it does now receive.

8957. I do not know that I quite follow the criticism which comes immediately after, and which is in these words:—"In London this was four-ninths of the cost of the Metropolitan police falling upon the rates, while in the country it was one half the cost of pay and clothing. But the four-ninths taken as the London grant was not four-ninths of the entire cost of London police, because it did not include any grant in respect of the City of London police, nor was it four-ninths of the total cost of the Metropolitan police, because a certain portion of the total cost was charged upon fees, licences, &c., instead of upon rates." In one case you use the expression "half the cost of pay and clothing," and in the other, "four-ninths of the entire cost of London police"; these two things are not the same, are they, because one half of the entire cost of pay and clothing takes no account of the police stations and equipment, which are included in the four-ninths?—That is so.

Imperial contributions. Police. Metropolitan grant of four-ninths of cost of police, and county grant of half the cost of pay and clothing, compared.

8958. I wish you would put that right, so as to make sure we are dealing in each expression with the same thing?—The meaning of that paragraph is to say that the one half of the cost of pay and clothing which is the country grant, was on the one side, and four-ninths of the cost of the Metropolitan police was on the other side, which was the London basis. My point is, that it must not be supposed that there is any real difference between those two things, because, when you come to analyse what four-ninths of the cost of the Metropolitan police is, you find that by reason of the fact that a portion of that cost is paid for out of hackney carriage licences, for instance, and other considerations, it really practically amounts to something less than the equivalent of half the cost of pay and clothing in the country. What I mean by that is that the peculiar circumstances of the Metropolitan police make the four-ninths of the whole cost something less in value to London than half the cost of pay and clothing is to the country police.

8959. I am not quite sure whether you are accurate about that, and I suggest to you that the percentage of the total exchequer contributions to the amounts obtained from local rates is, in the case of the Metropolitan, 99, and in the case of the midland, northern,

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Imperial contributions. Police. Position of London. City police paid for out of City estates, and London lost portion of Imperial contributions.

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and southern districts of England, only 83; I cannot ask you possibly to accept these figures over the table, but I have had a statement prepared which I propose to give you to comment upon and possibly hereafter we may have a meeting to say whether we agree to the figures\*?—I shall be most pleased.

8960. I am not going into it now, because I could not ask you to take my calculations without checking them; but if I should happen to be right, of course it would make a material difference upon your argument?—Certainly.

8961. Leaving the return on Exchequer contributions, I call your attention to your own special brief; near the bottom of page 247 you will find a table with six items, number four of which is headed "Education grants to school boards according to education results," the proportion which you bring out in the second column of that table is 21.36?—Yes.

8962. With which you profess yourselves as satisfied, as being a fair proportion?—We cannot help ourselves because it is according to results.

8963. I think you quite fairly told Mr. Stuart that that calculation included nothing for the grants to voluntary schools?—That is so.

8964. Do you know what the proportion would have been if you had included the grants to voluntary schools according to results?—I cannot quote the exact figure, but I could, if the Commission wish it, give them the information, because I have prepared similar information for the Council.

8965. I only wished to know whether you could give it, because I have myself got it out. I believe the proportion is 13.6. The figures have been furnished to me by the Education Department, and like the other papers—I wish to treat you perfectly fairly—I will give them to you, and you shall comment upon them if you can\*?—I am reminded by my assistant that that is, so far as our recollection serves, something like the figure that we have.

8966. Will you, or will you not, agree with me that even on that calculation your 16 to 84 that you get for London from the Imperial contribution is shown by another possible calculation to be not so unfavourable to London as you would seek to make it?—That depends upon so many other questions, the efficiency of the voluntary schools for instance, and I am not prepared at the present moment to enter into that. Of course the grants to the voluntary schools depend upon their efficiency, and I am not prepared to say whether they are efficient or not.

8967. I want to make perfectly plain to you what my objection is. The basis of the London County Council's complaint is, that 16 to 84 puts London at a disadvantage?—Compared with other places.

8968. I am suggesting to you various methods of calculating which in some cases show that the 16 is a disadvantage to London, and in some that it is an advantage; I do not ask you to accept my suggestion, only it may be led in evidence by other bodies, and I thought it right to put to you in examination in this way these considerations, and to give you any opportunity of making any comment upon them that you wish?—Thank you. In answer to that I would point out that the educational system, so far as it is administered by the school boards and is therefore under the aegis of the Government and of the governing authority, results in London receiving 21.36 per cent., but if we include the voluntary schools which are not under a local governing authority, London receives only 13 per cent. I am not prepared to say whether that is due to the inefficiency of the voluntary schools or not, because I am not an expert upon education, and therefore I am not in a position to do so; but I do suggest that I could not answer your question and say that I should be satisfied that the voluntary school grant is a proper basis, because on the face of it there is something between the voluntary school grant as compared with the school board grant which needs explanation, which at the present moment I have no means of giving.

8969. When you are drawing a comparison, as you have largely been doing, between the burdens borne by one community and another, it would not be fair, would it, to add to the total burdens of those communities which have school boards the cost of the school rate without taking into consideration something for the burdens borne by those communities which are bearing the educational burden though not in the same way as

the school rate?—I think there is some consideration to be given to that, certainly, but what that consideration is I am not able to say.

8970. In all the statements that you have put before us I do not think you have attempted to differentiate between the incidence of those burdens which are real burdens for which the community receives no direct return, and those burdens which are more or less of benefit to the community and to the district which bears them?—In some way I think I did do that.

8971. Would you refer me to the page?—It is in the table on page 263, where I separate the municipal expenditure into three classes—that expenditure which gives benefits direct, that which gives benefits indirect, and that which gives benefits remote.

8972. You are quite right to call my attention to that table. The first point which occurs to me upon that is: why you separate the maintenance of the poor, indoor and outdoor, into two different categories. Why is the maintenance of the outdoor poor more remote than the maintenance of the indoor poor?—I conceive that the maintenance of the indoor poor is an indirect benefit to the property, for various reasons, whereas the benefit by maintaining them outdoor is not so palpable, for the simple reason that if you maintain them in their own poor places—their own tumble-down houses—you are not benefiting the neighbourhood by clearing it of poor people and tumble-down houses, but you are rather accentuating the poverty of the neighbourhood: you are, I will not say adding to, but you are rather keeping up the present standard of, poor living, and therefore although you do benefit to some extent, yet the benefit is remote compared with the other.

8973. Your argument, or your suggestion at least, would lead us to this, would it not: that the local authority ought to get more assistance when it has its poor outdoor than when it has them indoor?—No, I think not.

8974. Would it not? The argument here is that the more remote the benefit to the locality the more it ought to be helped from the Imperial Exchequer?—No, I think not; I have not suggested that.

8975. Do you not think that?—No, I do not.

8976. What line would you draw? Do you not think that when a benefit is direct to the locality, the locality ought to pay for it, and when it is general, or remote—to use your own word—the Imperial contribution should come in?—I have not considered it from that point of view. Of course, this particular table was not drawn up in consideration of this special purpose.

8977. No, but often a table which is not drawn up for a special purpose is more valuable to one than one that is; do you not see?—Yes, I quite see that, but I do not follow the argument put to me.

8978. Take the direct benefits—we will just go down that table for a moment; you say, roads and sanitation are direct. In "roads," do you include all roads?—Yes.

8979. All of them?—Yes.

8980. That would be, of course, because in London you have, comparatively speaking, no main roads?—I suggest that we have main roads in London.

8981. You would agree with me, would you not, when you come to the country as a whole, that there is a distinction between the burden which a locality might be expected to bear for the arterial roads and for the local roads?—Yes, I do say that, but in London the roads are borne not upon the whole of it—not upon the county of London as a whole—but upon a little piece of London like St. James's, Westminster. For instance, you get a small piece of Piccadilly which is charged upon St. James's, Westminster; you get the next piece of Piccadilly, which is charged upon St. George, Hanover Square; you get the next piece of Piccadilly, which is charged upon Westminster; and you get the next piece of Piccadilly, which is charged upon Kensington, and so on; and yet the traffic which goes over this road is not local and particular traffic to those particular places, but it passes right through the county, often from one side of the county to the other.

8982. I do not think you and I will differ as to that being an illogical system, but I will take your illustration and follow it out a little further. You would agree with me, would you not, that Oxford Street and Piccadilly are of more general benefit than, we will say, Herford Street, Down Street, Stratton Street, out

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Local expenditure which benefits property. Direct and indirect. Classification Statistics. Comments upon suggested classification of cost of indoor and outdoor poor, roads.

Imperial contributions. Education grants to school boards according to education results. London's share.

Imperial contributions to voluntary schools, London's share.

\* See footnote on p. 325.

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of Piccadilly, or one of the small side streets leading out of Oxford Street such as Berners Street?—More general benefit to whom?

8983. More general benefit to the larger area?—Perfectly so.

8984. Therefore it is not illogical to suggest that the main road is more properly a subject for outside assistance than the district road which goes from one place to another in a district?—That is assuming that I agree with outside assistance, but then that is a point that I have before suggested I do not.

8985. Very well; but I presume that the division here in the two heads in this table of "Loans" and "Establishment Services," part of which are put under the heading "Benefits Direct," and part under the heading "Benefits Indirect," are calculated as best you can according to the purposes to which they are applied?—That is so.

8986. More or less arbitrarily?—More or less arbitrarily.

8987. But, still, as well as you can do it in the exercise of your discretion?—Quite so.

8988. (Mr. Dalton.) As we are on page 263, perhaps I might ask a question or two upon it. I see you regard the amount expended on parks, commons, and open spaces as a direct benefit to property?—Yes.

8989. Then you would regard expenditure on the royal parks as a direct benefit to the property near them, I presume?—Certainly.

8990. And that is met out of Imperial revenue?—Yes, certainly.

8991. I am not quite sure why you have put the lunatics amongst the purposes, the benefits from which are remote. I should rather have thought that the reasons you gave for putting the out-door poor there would exclude the lunatics from that column. Is it not a benefit to the public that the lunatics should be properly maintained in the same manner as the indoor poor?—I am not at all sure that that would not be a better classification, but in considering this point, of course, there are several sub-headings that one might adopt if one went into it a little more minutely, as I should like to have done, but looking at the whole I consider that of the 422,343*l.* more of it would be remote than indirect, so I put the whole into that column. But I agree that the expenditure upon lunatics is quite a parallel to that on indoor poor, and probably would be better there than where it is.

8992. I think in these two pages, 263 and 264, you make out a strong case to show that property gets the full benefit of this expenditure upon it?—Yes, that is my point.

8993. You would not in any way consider that a purpose to which the Imperial revenue should in any way contribute?—Certainly not, subject, if I may say so, to the observation that I before made, that the Imperial revenue should be clear of local taxes—I mean of inhabited house duty, and other things—subject to my reservation that while on the one hand I do not think that Imperial taxation should pay for services which benefit property, on the other hand, I do not think that property should pay locally for services which are for Imperial purposes.

8994. Do you think that the County Council would be willing to give up the whole of their existing grants and also the whole of the education grant for London, and to take in return for them the licences, the inhabited house duty, and the land tax collected in London?—Not for the education grant as well, because I think that to a very large extent indeed the education service is an Imperial service; it is just as important to the country that people should be well educated as it is to a locality.

8995. I rather understood you to say that you would like to get rid of Imperial grants altogether, if you could take those sources of income which are collected in the locality?—Yes.

8996. But I understand you now to say that some grants you would not give up in that way, and the education grant would be one of them?—No, I should scarcely put it like that. I should say that before that is done you want to discriminate between that portion of the present local expenditure which is really for a national purpose; for instance, in my own opinion—I do not put it forward as the opinion of the Council in any way—I consider that a large part of the expenditure

of the poor law is a national purpose; I also consider that a large portion of the expenditure upon education is a national purpose, and therefore should not come upon local taxation at all. That at the present moment it is met by a system of grants from Imperial funds is partly a justification of my suggestion.

8997. Have you worked out the effect as regards London and the rest of the country, if these suggestions of yours were adopted? I do not find any figures in any of these very voluminous tables which give us any idea of what the result of working it out would be. Have you worked it out at all?—I have as a matter of fact worked out what it would be, retaining the licences and substituting for the probate duty and the beer and spirit duties, the inhabited house duty and the land tax.

8998. How does that work out?—Taking the average of the five years ended 1894-5, on the present plan London has received 1,018,192*l.*, and the rest of the country has received 4,792,543*l.*; if you substitute those taxes London would receive in the same period 1,148,567*l.*, and the rest of the country would receive 4,314,126*l.*

8999. You have lost about 30,000*l.* in five years—6,000*l.* a year?—No, it is 130,000*l.* per annum, but then that is not the whole of the question, because, of course, there is the fact that the land tax has been redeemed in some portions of the country to a greater extent than it has been in other portions. Supposing such a plan as this were adopted, you would have to make good, in all fairness, the discrepancies at all events, between the different proportions in which the land tax has been redeemed.

9000. Have you calculated to what extent?—I have calculated that. Supposing you do that, London would in the end receive 160,000*l.* more a year than she does at the present moment, and the rest of the country would receive 121,000*l.* less than it does at the present moment.

9001. That would make London receive 136,000*l.* more than she receives at the present moment?—160,000*l.*

9002. Taking that and the result of your former calculation as regards handing over those taxes?—Yes.

9003. Therefore you put it—not speaking for the County Council now, but taking your own view—that if you were to sweep aside everything that has been done for London in the matter of these Imperial subventions, and substitute the plan which you have now suggested to us, London would get 136,000*l.* more a year?—160,000*l.* more a year.

9004. But I think it has already been pointed out to you that on the parks and the police courts, which have not been included in your calculations, it gets considerably more than 130,000*l.*?—Unquestionably it gets back something in respect of parks, and in respect of police courts.

9005. Would not that redress the whole of your grievance, assuming that we took every one of your proposals, and carried them out in their entirety?—No, I do not think it does entirely, because there are very many reasons why the royal parks in London should remain royal parks. In the first instance, I think that London as the capital of the empire surely has some claim upon the country in that respect, and no one would suggest, at least I have never heard it suggested, that one would like to see Hyde Park or Kensington Gardens treated otherwise than they are at the present moment. That the Government does give London Hyde Park and Kensington Gardens, while it gives Edinburgh Holyrood Palace and the gardens there, and Dublin the Phoenix Park and so on, is only treating the capitals of the three kingdoms on a par. I myself cannot see that there is any real justification in taking that as a set-off against a distinct grievance on a distinct point.

9006. (Chairman.) Have you ever seen Holyrood and the grounds around it?—Yes.

9007. Do you put it in the same category as Hyde Park?—I do not put it in exactly the same category, but Edinburgh is not London.

9008. (Mr. Dalton.) Supposing London had to buy those enormously valuable places, leaving out of account the amount expended at the present time out of the Exchequer for keeping them up, which expenditure I think you have stated is a direct benefit to the neighbouring properties?—I would not go so far as to

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Imperial  
contribu-  
tions.  
Alteration  
of system.  
Mr.  
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sugges-  
tions.  
Effect of,  
on London  
and rest of  
country.

Local ex-  
penditure  
which  
benefits  
property.  
Parks,  
commons,  
open  
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out-door  
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Imperial  
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London parks.  
How far the benefits which London receives from the parks should be considered when reckoning what the rest of the country has had out of the Exchequer.Imperial contributions.  
Distribution. How far population should be a basis. Equalisation of Rates Act (London). Distribution on basis of population.

say that the expenditure is, because it might very well be conceived that supposing you put Hyde Park in the hands of London, London would not keep it up to the same extent as it does now; and in the same way various other economies might happen. Of course, again, I want to guard myself against suggesting that I advocate that plan—I do not; but you cannot quite say that the present expenditure by the Government upon Hyde Park is the expenditure that would be the expenditure if it were in municipal hands.

9009. I think Battersea and Victoria Parks were formerly maintained by the Government, but that they were transferred to the Metropolitan Board, and then to the Council?—They were.

9010. I presume they were transferred free of cost?—Free of capital cost, yes.

9011. They were then presented by the Government to London?—Yes.

9012. What do you consider their value—were they a valuable present or not?—I consider it a very valuable present and just one of those presents that the Government ought to grant to London.

9013. I am not suggesting that it was not right, but do you not think you should take in account all these benefits that London has received when you are reckoning what the rest of the country has had out of the Exchequer?—No.

9014. You would exclude them altogether?—I did not. I think that London as the capital of the empire does not receive at the hands of the Government what it ought to receive in matters of that special kind of consideration; I could suggest a few—not at the present moment, but I could suggest very many cases indeed where I think that the Government might, on account of London being the capital of the empire, be a little bit more generous to London.

9015. Are you aware what percentage the population of London is to the population of the rest of the country?—Yes, I have that.

9016. I think it was 14·6 at the last census?—I have it as 14·59.

9017. Going to page 247, where you add all the grants together that London gets under the Agricultural Rates Act, and everything—excluding all questions of the parks and the police courts, I see that London gets 16·37 of the whole amount?—Yes.

9018. Therefore, putting the parks and the police courts and everything of that kind on one side, it does receive considerably more than it would on the basis of population?—Quite so.

9019. I did not quite follow your argument against taking population in any way into account in the distribution of the Imperial funds. I think you admitted that it had been taken into account in the distribution of local rates in London by the Equalisation of Rates Act?—Yes.

9020. Under that Act the rates were raised on rateable value and distributed inside London on population?—Yes.

9021. On the ground, I presume, that population formed a certain indication of the needs of the locality inside London?—No, I do not think that was so. I think it was done on the ground that we wanted in London to equalise the rates, and after a series of very important tests in all sorts of ways, which I myself conducted, we found that the way which gave us the least trouble at the present moment—subject to an entire revision of the whole question—was that of population. As a matter of fact, since the operation of the Equalisation of Rates Act, we have found that there has been a reasonable approach towards the equalisation of rates in London, that is for the purpose of the equalisation of rates, but no one has ever pretended that the grants from the Imperial Exchequer have been for the purpose of the equalisation of rates, and as a matter of fact they do not equalise rates, they rather unequalise them.

9022. The same accusation was brought against the London Equalisation of Rates Bill by its opponents, I think, in Parliament?—That accusation was made I perfectly well remember, but the value of our experience has been that that accusation was not quite well founded.

9023. But you would agree that the needs of the locality depend to some extent upon population, would

you not?—I would not agree that the municipal needs of a locality should be in any way decided by population. I quite understand that the population of London, being a homogeneous population, to a large extent intermixed, to a large extent having a common interest, and at the present moment, to a large extent, having a common expenditure upon them, should be taken as a rough means of distributing money between that population which is so intermixed; but to make population the basis of grants, and to say that the London population has anything in common with the population of Newcastle-upon-Tyne, *qua* municipal expenditure, is what I cannot subscribe to in any way.

9024. You have seen a good deal of the local taxation statistics in the provinces as well as in London?—Yes.

9025. Have you never observed that where the rateable value of a district is low in proportion to population outside London the rates have been high?—Where?

9026. Where the rateable value per head outside is low, *i.e.*, where the population is large, and where the rateable value is small the rates are inevitably high?—Very likely, but that is due to questions of valuation and other matters.

9027. It may be due, and is more frequently due, I imagine, to the fact that you have a large poor population collected together the same as you see in the East End?—Yes.

9028. If you get a large poor population together and a small rateable value the rates are invariably high?—Yes.

9029. Take as an instance, West Ham, outside London?—Yes.

9030. Having regard to that consideration, do you not think that the population is in any way a test of the needs of a locality outside London to relief from the Imperial Exchequer?—No, I do not. I should like, if I can, to state as clearly as possible that I regard municipal expenditure within the municipal area as belonging to that area. You cannot by any process logically say that you should take away, for instance, from London a certain portion of money and hand it over to West Ham or any other place—I am only taking that as an example—simply because the population of West Ham is poorer than the population of London, unless you make the population of West Ham and of London joined together in one common municipal expenditure. I can see no justification for separating the expenditure and putting the population upon a common footing.

9031. Leaving London out of account, if you were dividing Imperial money between a poor borough, like West Ham, and a rich residential borough, you would think population was not at all a fair basis to take?—No, I should not.

9032. You would take the whole of the local taxation, without any question as to whether it benefited the area or not?—But then I do not think that question arises; I think it always does benefit the area.

9033. But if it benefits the area, why do you take as your main grievance here on behalf of London that if you divide the grants in proportion to the local taxation or rateable value you do not do so well as other places?—But then, I scarcely think that that is my grievance. My point is that the present system of dividing the grants proves that the result of the present system is that London, in proportion to its expenditure, is treated badly, and that the whole of the country is treated erratically.

9034. In proportion to their expenditure?—Yes.

9035. And in proportion to their rateable value?—Yes.

9036. But you would not say it was right if it came out that they were treated uniformly in proportion to their rateable value, would you?—No, and I have never suggested that.

9037. If you make it a grievance that they come out erratically when they are taken in that way, surely the inference is that you think they should not come out erratically, but should come out uniformly?—No, my inference is that, if the basis were the true basis they would come nearer at all events; you would not have such a remarkable divergence as you see; it is not as if the divergence is a very small one.

9038. In which case?—Take pages 2 and 3 of the return on Exchequer contributions where you will find that, excluding education, London's proportion is 13 per cent.

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Imperial contributions, distribution of. London said to be worse off than counties and county boroughs in proportion to rateable value and local taxation. But the purposes of expenditure in different localities must be taken into consideration.

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9039. Of its local taxation?—Of its local taxation paid for out of Imperial grants.

9040. And you find that Bedford has 22?—Yes.

9041. But, on the other hand, you do not suggest that any such proportion of the local taxation has been expended in Bedfordshire in the improvement of property as has been expended in London?—No. All I suggest is that the result of the present grant gives such a wide divergence between different areas which are supposed to benefit by those grants as to make, on the one hand, London 13, and on the other, Buckingham 26—just double.

9042. (Chairman.) You always go back upon that; but I think you must, before you go into that argument, split up the expenditure into that which is of local concern and that which is not before you draw any inference from it at all?—But is not all municipal expenditure of local concern?

9043. No?—My suggestion is that it is.

9044. (Mr. Dalton.) But in Bedfordshire or Buckingham it cannot be municipal, because the greater part of both those counties is agricultural?—I use the term municipal in its widest sense.

9045. (Chairman.) I want to take your own point. Supposing in one of those districts the proportion of the expenditure which gets a large Imperial subvention was largely on poor law, which you say ought to be national, and in another district the local taxation was very much, not for poor law, but for the improvement of property, surely the whole inference to be drawn from the gross expenditure, as you give it, would fall to the ground?—That I quite admit; but in order to test that and see how it operates I have taken out separately the poor rates.

9046. But they are not given in this table?—No, they are not given here.

9047. I can only take the table you put in?—Of course, I was quite aware of that difficulty, and I had taken out in a separate table the proportion of poor rates contained in all those rates, which, if the Commission wish, I could put in.\*

9048. (Mr. Dalton.) I see you treat the charges of the London water companies as direct taxation?—Yes.

9049. That has not, however, I presume, been included in these tables in local taxation?—No, of course not, because it is in the hands of private companies.

9050. Should you treat that as a taxation which benefited the property?—Certainly.

9051. You do not treat it in any way as a price paid for a commodity by the consumer?—It is not the price paid for a commodity, it is a tax upon the house.

9052. They do not get the water without paying for it, do they?—They do not pay for the water.

9053. They pay a certain sum of money and receive the water?—Only in the same way that they pay a certain sum of money and get their sewage taken away from the house; the water supply is first of all for sanitary purposes, flushing purposes, which are entirely sanitation, and just in the same way as a municipality takes away the sewage and charges in respect of that service a rate, so the water companies in supplying water to aid in sanitation charge a rate. There is no difference.

9054. But you have not included it in your tables?—No.

9055. Why do you exclude it?—Because it is in the hands of private companies, and it is not a part of the local taxation of London.

9056. You do not consider it local taxation?—I have not been able to include it because I have not the materials.

9057. (Chairman.) Is the Birmingham water in the Birmingham table?—I am not aware how that is.

9058. (Mr. Dalton.) Is it in the other towns, do you know; have you examined it in your tables?—It is not in any of these, if you mean that.

9059. Not if the water supply is in the hands of the municipality? Are you clear on that?—I am perfectly clear they are not in there.

9060. How have you dealt with Southampton, if I may ask that one question? In Southampton the cost

of the water was, until very recently at any rate, charged entirely upon the local rates?—We have eliminated the water in every case.

9061. It does not appear as a water rate in the local rates?—It appears in the local accounts.

9062. In Southampton it used to appear in the general district rate, I think; if so, Southampton is a very exceptional case, but there are two or three others. There would be nothing, I take it, there in the returns to show you that it was a charge upon the rates?—Not in the local returns?

9063. I should say not; it would appear in a general district rate. They make no charge for the water, they supply the water gratuitously—at least, I am speaking of what they used to do?—I will look up that point.\*

9064. You have not gone through the towns with a view of ascertaining that?—I have gone through the towns with the view of eliminating all charges for water and gas, but if it happens to be wrapped up in a peculiar rate of that kind, I would not say absolutely that I have been able to eliminate it.

9065. I think, on the questions that were asked you just now, you would not come up to a larger percentage than 20 per cent. of the whole proportion of the local grants, which you think should come to London if your plan was adopted. At present, they get 16'37, and you suggested that 136,000l. more should be added?—Yes, 160,000l.

9066. That would not bring it up to anything like the percentage of your proportion of the estate duty, to which you take such strong exception?—I have not worked out the exact percentage that I should get.

9067. Your main objection is to the division of the estate duty, and beer and spirit duties?—Yes.

9068. Of which you get 21'96 per cent?—Yes.

9069. That seems a large proportion to get for the whole of London, as compared with the rest of the country?—It depends upon the basis upon which you make that comparison.

9070. It is considerably more than one-fifth, of course?—Yes; but why more than one-fifth should be a large proportion I do not quite see.

9071. You take the licences and you get 13'6, which is the actual sum collected in London?—Yes.

9072. If you took the land tax you would get 10 per cent. Do you suggest that London contributes more than one-fifth of the estate duty?—No; but then you have left out of consideration there the inhabited house duty which is 45 per cent.

9073. Have you made any attempt to estimate what proportion of the estate duty and of the beer and spirit duties come from London?—No. I have not. I think it is utterly impossible, at all events without access to revenue documents which I have not got.

9074. Concerning the beer and spirit duty, at any rate you would agree that London probably does not contribute anything like the fifth part of it?—I am really not capable of giving any opinion on that.

9075. (Mr. Smith.) I think your theory and the problem that we have to dispose of is that you would re-classify Imperial and local taxation, would you not?—Yes, I would.

9076. And having re-classified it you would let each locality bear its own local burdens?—I would.

9077. I think Mr. Dalton asked you, but I really forget your answer; have you considered how that principle would apply outside London?—I have not been able to consider that, because I have no means of estimating what is the proportion of the inhabited house duty that is collected in other towns.

9078. Yours is 45 per cent. of the whole, is it not?—Ours is 45 per cent. of the whole. But I would just add this observation, that while in London we are obliged to screw up our valuations to the very highest point by reason of the fact that the surveyor of taxes has a voice in the matter, all over the country that is not so, and it is quite conceivable that for the purposes of keeping down taxation the valuation might be, as long as it was fairly distributed between the parts, very low.

\* The witness states that—"The expenses of water supply in Southampton, and also in Hastings and Worcester, is paid for out of the borough rates and not by a special water rate. In this case it would be included in the local rates levied by these three towns. There are no other similar cases, though any deficiency on the water account is in a few cases made good out of borough rates."

Imperial contributions. London. Distribution of. Mr. Gomme's objections and proposals. London's share of estate duty, beer and spirit duties. Also what its share would be of land tax and inhabited house duty.

Imperial and local taxation should be re-classified, and each locality bear its own local burdens.

Valuation in London high owing to action of surveyor of taxes.

Mr. G. L. Gomme.  
30 June '97

Parks. Large towns like Liverpool, Manchester, and Birmingham, have to buy parks, whereas London does not.

Imperial and local taxation, re-classification of. All taxes collected locally, including inhabited house duty, should be applied to local purposes.

Expenditure on most of poor law purposes, education and lunatics, should be paid out of Imperial sources. Question of administration discussed.

9079. The inhabited house duty, which we were speaking about, follows the surveyor of taxes' valuation, does it not—it follows the income tax Schedule A?—I think in the country it follows the poor rate valuation, the gross valuation; but that I do not know.

9080. I think it is not applicable to the tax that I was speaking about. I have only one or two very trifling questions now. You have said a great deal about the parks being given to you as the capital of the empire, but if you were not the capital of the empire but simply a town of five millions of people, you would have to buy an enormous number of parks?—No doubt.

9081. As Liverpool and Manchester, Birmingham and Nottingham and others have had to do?—Yes.

9082. The capital cost would be enormous, would it not?—Yes, very great.

9083. Calculating interest and sinking fund and maintenance, would that not make a good deal of addition to the Imperial benefits that you get at present?—If you put it in that way it would be so, but I have tried to explain before that I do not see my way to accept that as a part of the Imperial grants.

9084. It is one of the disadvantages of this Commission that whatever we give to somebody we have to take away from somebody else, and I want to show you that, although you may have a little bit the worst of it as regards the Exchequer contribution, you have corresponding advantages. I should like to know, just for my own curiosity, how you would re-classify Imperial and local taxation. Just tell us what you would leave local and what you would consider Imperial; and also in regard to the purposes that are at present local which you, I gather, would make Imperial; I should like if you would just kindly tell us that?—I would first of all take all taxes that are locally collected and apply them to local purposes.

9085. That are locally collected?—Yes, such as, for instance, the inhabited house duty.

9086. The income-tax is locally collected?—The income-tax is not locally made; a man pays on his income in London, but he may make it in Timbuctoo.

9087. You said locally collected?—What I mean by that is, that has a local incidence; for instance, the inhabited house duty is collected upon houses within a given area.

9088. "It is charged upon some visible local property"—would that meet you?—That would meet my case exactly: then I would eliminate from the local charges such things as are now, or as I deem them to be, of an Imperial nature, rather than make grants from the Imperial Exchequer.

9089. I can quite follow your suggestions?—Those services are, first of all, the poor.

9090. The whole of the poor?—No, not the whole of the poor, necessarily; secondly, education—

9091. Before we leave the poor, do you distinguish between indoor and outdoor?—No, I do not distinguish between indoor and outdoor poor, but there is a large amount of poor law administration which, at the present moment, is so stamped with central ideas and central government from the Local Government Board, and the authority of the Local Government Board is so great in poor law matters, that it is, to a very large extent, at the present moment Imperial in nature.

That, I think, could be carried to a greater extent, and you could relieve local taxation to that extent.

9092. Do you propose to leave that in the hands of local administrators?—No, I do not; I propose that whatever is Imperial should be imperially administered.

9093. How could you administer an Imperial poor law throughout the country?—There are various ways of doing it. I do not know that I am quite ready to answer that at the present moment, but I think, for instance, that the appointment of Imperial officers, instead of local officers, and paying their salaries out of the Imperial funds would be one large way towards it. Then the capital cost of the workhouses and buildings that are required for them—

9094. The whole thing to be controlled by an army of officials?—Yes, if you please to put it in that way, I can see no objection to it. At the present moment the Imperial Government, I think, has a say in the appointment of every poor law officer; each officer has to be appointed under its sanction, and I do not see why you should not extend that system a little bit further and make him an Imperial officer at once.

9095. You draw no distinction between the administration of the poor law as regards outdoor and indoor relief?—No, I think not.

9096. What do you say about lunatics?—The expenditure on lunatics is very much in the same category.

9097. You would put it in the same category?—It is very much in the same category.

9098. And I think you have told us education also?—Yes, education. I think a member of this Commission did suggest in the House that one way of meeting the education question was to make the officers of the education authority Imperial officers.

9099. I have frequently heard that suggestion made with regard to education?—Therefore the idea is not mine, and it is not new.

9100. But your suggestion as to the poor law is quite novel to me?—Yes.

9101. (Chairman.) There are the three statements which I hand to you, on which I founded some observations in the course of my examination, and I shall be glad if you will take them and examine them (handing statements to witness)?—I shall be happy to do so.\*

9102. (Mr. Dalton.) I do not notice in your paper any reference to the Metropolitan Fire Brigade; is there not 10,000*l.* a year paid to the Metropolitan Fire Brigade by the Government?—Yes.

9103. That is not included, I think?—I call that payment for services rendered. The Government do not pay the Fire Brigade rate.

9104. Is that the case—I am not sure?—They only pay the contribution in lieu of rates and we submit that that contribution in lieu of rates is far and away too low

9105. They do not profess to exclude the Fire Brigade rate do they?—They do not exclude the Fire Brigade rate on such value as they pay upon. They pay upon a low value, but that 10,000*l.* is evidently in payment of services rendered.

\* The three statements referred to with the comments thereon by the witness and his further examination on 11th February, 1898, will be given in Vol. II. of Minutes of Evidence and Appendix.

Mr. G. L. Gomme.  
30 June '97

Fire Brigade (London). Sum paid by Government. Contribution in lieu of rates.

The witness withdrew.

Adjourned till Tuesday next at 12 o'clock.

## TWENTY-FOURTH DAY.

Tuesday, 6th July 1897.

At 16, Victoria Street, S.W.

PRESENT :

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

G. H. MURRAY, Esq., C.B.  
C. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.

T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.  
JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. HARRY EDWARD JONES called and examined.

*Mr. H. E. Jones.*  
6 July '97

9106. (*Chairman.*) You are, I think, a civil engineer, and for 35 years have practised in all matters connected with the construction and the valuation of gasworks, and, occasionally, waterworks?—Yes.

9107. You are also a director of several gas companies near London, Engineer and General Manager of the Commercial Gas Company, and standing consulting engineer to some other gas companies?—Yes. I may say that the Eastbourne Gas Company yesterday empowered me to speak on their behalf. I come here to speak chiefly for the Commercial Gas Company and for the Wandsworth and Putney Gas Company, of which I am the Deputy Chairman, and for the Epsom and Ewell Gas Company, of which I am also Deputy Chairman.

9108. Of course you will understand that we do not want to take in detail the circumstances of any special company, except as illustrative of any general point you may want to put to us?—I understand that.

9109. Our business here is not to look into the affairs of any particular concern but to see whether the general principles which are in operation are satisfactory, and to receive any suggestions for their amendment?—Quite so. I should like to add that I am a member of both the institutions of Civil and Mechanical Engineers, that I am a Justice of the Peace for the county of Essex, that I have sat upon the Essex County Council for six years, and also on the Joint Police Committee of the county. I mention that to show that I am likely to take a general view of the question.

*Reg. v. Lee (L.R., 1 Q.B. 241).*  
Now circumstances, such as introduction of sliding scale, &c., have arisen since this case.

9110. We know generally, as we have had it put before us, the existing system of valuing such undertakings as you speak of; and we should like to have from you, in the first instance, any comments on that system as now in vogue?—I may say that I think, in the first place, the law, as it has been laid down by decisions of the courts, is derived from rather antiquated precedents. We have no more recent case in the Queen's Bench in gas than *Reg. v. Lee*; that is very ancient history now, and the importation of various different practices like the sliding scale, for which we are largely indebted to Mr. Livesey, the supply of fittings, and the supply of gas to working people through prepayment meters, has varied our circumstances, and I am of opinion personally that the legal precedents are too long past to be useful.

*Quarter sessions not a satisfactory tribunal of appeal. Procedure. Objection to appellants having to open their case.*

9111. Why has there been no recent appeal to the court of Queen's Bench?—Because when you go to quarter sessions their decision is practically final. If they disclose to you that they have been deciding any principle you can ask for a case, but if they give you the finding on the facts that an appeal is allowed or dismissed, which you generally do get from quarter sessions, without giving you arguments, then you really do not know quite how far they have worked upon principle, and therefore you are not able to get a statement of a case because, as you are aware, quarter sessions are final judges of fact.

9112. Do you regard quarter sessions as a suitable tribunal to which to take an appeal?—No, I do not, and I speak with that respect which is due to the fact that I occasionally sit on one. These appeals, according

to the law, as laid down by precedents, are complicated by the hypothesis of the tenant. There are a great number of calculations at different points, and there are a great many points on which there may be great divergency of opinion between the parties on either side. A quarter sessions has, if it tries to be careful, not only to decide one point, but perhaps 20 points in the whole course of the case, because of the mode adopted. Quarter sessions again have to go through a great many calculations which are not very difficult, but which are numerous, and they have to inform themselves, more than I think you would expect of an ordinary tribunal of that kind, of the state of the law, and of the state of the precedents. There is some divergency of practice. It is a misfortune that most of the county sessions insist on the appellants opening the case; in some, I am glad to say, they ask the respondents to state the basis on which the assessment appealed against has been arrived at. If that were more generally done I believe it would be better, because it would show how hastily and imperfectly many of the assessments were arrived at; but unfortunately on appeals the appellants, who are generally the gas undertakers, have to give all the necessary figures to show that there must be an error in the assessments.

9113. Is that not right? Is that not just, putting before the court a basis upon which an independent decision must be arrived at?—Yes, but I think that the light thrown upon the original assessment by evidence given by those who produced the assessment as to the lines and figures they took would be very instructive to the court.

9114. That does not amount to more than this, does it, that everybody likes to know their opponents' case before they disclose their own?—No, it goes farther than that. I think the tribunal would learn how hastily and unsatisfactorily the assessment had been prepared. May I say that I know it to be a common practice with some surveyors to spend about a quarter of an hour on a gasworks that they have got to assess, and to go home and raise the assessment to an arbitrary per-centage upon the receipts upon the mains. I have heard surveyors discuss between themselves that they thought 15 or 16 or 18 per cent. upon the receipts upon the mains would be the right thing, without going into any further question.

9115. I do not want to take you deeply into it, but what other procedure is open to them under the existing conditions?—Under the existing conditions the proper method is to find out what would be the proper tenants' profit out of the receipts, and having deducted that what would be the proper allowances to the landlord for the renewal and maintenance of his fabrics and his interest; and then, having deducted the rates, to declare the net rateable value.

9116. Have they the means to do that?—Yes, they can get that information, and are almost invariably furnished with it.

9117. You say they can get it, but have they compulsory powers to get it?—They have not compulsory

*Mr. H. E. Jones.*  
6 July '97

*Valuation of gasworks. Unsatisfactory method of valuing by some valuers upon receipts upon the mains.*

*Valuation of gasworks. Net rateable value, proper method of ascertaining.*

*Mr. H. E. Jones.*  
6 July '97

powers to obtain it, but they do obtain it in this way—that the gas companies would know very well that they must produce the figures before any tribunal that dealt with the matter, so they produce them in the first instance freely and willingly. I have never known a case where information was withheld at the outset.

9118. You would, of course, regard it as an extremely inexpedient thing that a gas company should withhold information if asked for in a fair way?—Very; and inasmuch as all our accounts are published according to a parliamentary form in the fullest detail it is almost impossible to withhold any information or to mislead.

9119. Supposing you had to build up a new system for the valuation of public undertakings such as you represent, what would you suggest as an expedient method for the Legislature to set about doing it?—If some automatic method could be found, if some ratio could be established between the gross earnings, or the net profit and the rateable value, I think it would be an improvement on what we have now. But to arrive at that ratio seems to me so complicated and so difficult a question—it would be so difficult to make a system fit all cases—that I am rather disposed myself to favour an assessment as made in Scotland, to which I have referred in paragraph 18 of my memorandum,\* by a perfectly independent assessor. If gas companies and gas undertakings—for I have acted for both; I acted for the Corporation of Birmingham, for instance, in an appeal, but they did not give us much relief, I am bound to say—if gas undertakings were not met in the first instance, as it were, by an aggressive demand for a much higher rating, but an assessor of competence, independence, and impartiality, appointed by a superior power, not appointed by either side, were employed in the first instance to determine what the rateable value should be, I think there would be very few appeals and very little discontent.

9120. Are you pointing to an appointment of an official or a series of officials by the central authority?—Yes, I am. I think that the assessments should be made by an officer such as works in Scotland under the Acts there, with an appeal from him to a special tribunal which would be specially experienced in the class of case, and not to an ordinary quarter sessions.

9121. What undertakings would you include in the purview of that official?—I think every undertaking corresponding with the supply of gas and water, canals, docks, and railways—I think all that kind of undertaking.

9122. Have you formed any idea of the number of separate undertakings that would have to go through the hands of that official or department at each valuation?—No, I have not. In the metropolis we come under review every five years.

9123. But, of course, by the local officers, not by any central department?—Quite so.

9124. I was not asking you at the moment how often you thought this valuation should be gone through, but whether you could either give me, or direct the Commission where we could get anything like a complete enumeration of the undertakings which would come under your list, and which this body would have to value?—No, I have not prepared such a list. I might give attention to it and send you a supplementary note. I cannot think, however, that that raises any obstacle, because all those undertakings are re-assessed under the present system.

9125. Do not think for a moment that I want to raise unnecessary difficulties, but when a suggestion is made I want to see what it would involve us in; how many thousands of them would there be?—I do not fancy many thousands. The whole of the most important gas undertakings in the country are included in Field's tables which I have here.† Field's book gives the cases that chiefly come to be fought, and they are not much more numerous than some 50. I suppose there would not be more than probably 500 gas undertakings at the very outside.

9126. Every municipality has one, and some urban districts, too, have they not, and a good many others besides?—Not many urban districts have gas undertakings. I am informed by Mr. Livesey that there would be about 1,200 gas undertakings, but some of these would be very small and insignificant village

works, which it would be a very trifling matter to settle. I think that such assessors, instead of travelling wide over all the variations that we get with the present assessors, would lay down fixed principles for themselves, and that they would not be dragged in their judgments by weight of evidence, one side or the other, from what they knew in their experience to be about right.

9127. Whoever did it, clearly in your opinion, would have to have some fixed principles laid down by the Legislature for his guidance?—Yes. I think that would be preferable, but if you took the law as it stands it would be a great deal safer than the present pulling and dragging that goes on in these appeals.

9128. Could you put briefly before the Commission what principles you would suggest should be gone upon?—Undoubtedly I think, unless the whole law of rating throughout the country was to be changed, the assessor should not deal with trade profits, and trade profits should not come into the assessment. Taking the case of gas companies of late years, our great advantage has arisen from the improved value of residual products. Those things are sold from the works, practically passed over the counter. They cannot be differentiated in any way from the sale of candles, we will say, and wax, and the other products of those who manufacture candles; for instance, soap may be a bye-product of the manufacture of the best candles, but the sale of soap and wax and tallow and oil and candles does not in any way enter into the assessment of Price's candle works in Battersea, which are assessed, as all other hereditaments are assessed, on their land and buildings—on their occupation. Until personal property comes under rating generally, I think the consideration of trade profits ought to be expunged.

9129. I have some sympathy with the view, but what I want to get from you is what is the barometer which you yourself would use in testing the value of an undertaking?—For myself, having ascertained that the undertaking was answering its aim and object, that it was, what shall I say, a successful undertaking, I should be guided very much by the amount of capital—not the amount of capital represented in the accounts of the undertaking—but the amount of capital represented by the fixed plant, and by the value of the land occupied, and in that I would include the land occupied by mains, although it was under the streets, and would have no other value.

9130. You say you wish to ascertain that it has been successful; surely there is a very narrow line dividing success from trade profits, is there not?—Yes, there is a narrow line. What I would wish to point out is that the landlord's interest might fairly be taken to represent a somewhat better return on his capital if the amount of buildings and plant that he had provided were generally, and, as a rule, successful in their operation compared with other plant and buildings, which another landlord might have which were not so successful; that is to say, I could imagine land and buildings for a railway company might be very fully assessed at a 4 per cent. rate upon the structural cost, and gas works at 6 per cent.

9131. Do I understand that you are to take capital value?—Yes, the capital value of the structure, not the capital as it stands in the accounts, because many things come in like Parliamentary expenses, and losses, and capital perhaps wasted, or perhaps mis-spent.

9132. What calculations would you make to see whether the capital value was a fair test after a building had been up for a considerable number of years?—I am afraid I do not appreciate the question.

9133. I will take your own business, with which you are most familiar. I will take a gasworks which was put up forty years ago; during that time there have been many alterations and additions and repairs; the capital we will say, taking a round sum for the moment, was 100,000*l.* forty years ago; what process are you going through to estimate that?—I should make a structural valuation at the price of the day, not at what it may have cost 40 years ago. I should take it that if the materials had gone up or down in the interval, the landlord would have provided for that out of his rents during the interval that has passed.

9134. You would make a separate estimate of the site from the buildings which are upon it?—Yes I think so because capital sunk in land would not carry so large a remuneration as capital sunk in plant.

*Mr. H. E. Jones.*  
6 July '97

Valuation of gas companies. Trade profits should not be the basis, otherwise the profits arising from by-products, would be assessed.

Valuation of gas-works. Suggested basis for valuation. Capital represented by the fixed plant, and value of land occupied. Method of valuing structures and sites.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 310 to 312.  
† "An analysis of the accounts of the principal Gas Undertakings in England, Scotland, and Ireland for the year 1896," by J. W. Field, (Eden, Fisher, & Co., Clement's Lane, E.C.)

Mr. H. E.  
Jones.  
6 July '97

9135. Would you take the price of the site at the price that it was 40 years ago, or at the price which it would presumably fetch at the present time?—I should take it at the price of the present day; I should take everything at the value of the present day.

9136. Would you think that applied to other structures than gas companies, or that it would be a proper principle to take, say, in regard to manufactories in private hands or even private houses?—Yes, I think so.

9137. You think that that is a thing which could be done?—Yes, I think that could be done.

9138. And ought to be done?—Yes, I think that ought to be done, especially in gas undertakings; if the growth of building had developed so much as to make land dearer *pro tanto*, the business of the gas undertaking would have grown, and made it better able to pay a higher rateable value.

9139. (Mr. Arthur O'Connor.) I did not hear the beginning of the sentence?—Taking a gasworks, if the extent of the buildings increased, so as to enhance the value of the land on which the gasworks stood *pro tanto*, the rateable value of the gasworks would have increased, because they would have the means of paying the rate; a certain prosperity would have come to them through those buildings. That is why I used the expression "success" a little while ago.

9140. The site value would have increased?—Yes, the site value would be increased, and they would proportionately be able to bear a heavier rate.

9141. (Chairman.) I notice that in paragraph 9 of your memorandum you say: "One of my companies in 1884 failed at the quarter sessions to obtain relief from an assessment which raised the expenditure on rates to the large sum of 5*d.* per 1,000 cubic feet of gas sold. At that time the average charge for the same purpose among the most important and profitable gas undertakings in the kingdom was about 1½*d.* per 1,000 cubic feet of gas. As the works was actually rented by a tenant at a rent just equal to the assessed net value, it is clear no landlord's deductions could have been allowed. In that instance the price of gas had actually to be raised by 3*d.* per 1,000 cubic feet, as the receipts did not allow of the extra expenditure caused by the extra rates" ?—Yes, that is so.

9142. What is the lesson you wish us to draw from that special instance?—Why, the unsatisfactory nature of the present system even including an appeal to the quarter sessions. My father was the tenant of that gasworks, and I acted for him. It was the Epsom and Ewell Gas Company, spreading its mains over a very large area, and it was at that time much smaller than today, and was struggling for existence. The price of gas had to be rather high because of the large amount of capital required in mains compared with the small business in gas sold upon those mains. An assessment was made which increased the previous assessment something like three-fold. We could not stand that, so we went to quarter sessions, and we thought we were succeeding, but after a short interval the Court came back and told us that they could not make any abatement. Now that assessment was 1,719*l.*, and the whole amount that the tenant was paying to the landlords—it was about the last works let on lease within my knowledge, for that practice has gone out—was about 1,725*l.*; so that it is perfectly clear that there the whole rent was assessed, and that assessment was confirmed by quarter sessions. Now surely whatever the rent the landlord had, he was entitled to his statutable deduction for the expenses of maintaining the corpus of the undertaking in a condition to command the rent. He could not by any possibility be rateable to the whole extent of the receipt from the tenant because he had his renewals. In a gasworks like that not far from London, where the growth of building is not always at the same rate, but sometimes goes forward very rapidly, the landlord would have to see that he renewed his plant, because before it would be worn out, it would be outgrown. That is one of the incidents of the undertaking, that it becomes outgrown by the extension of the district.

9143. I understand you to say that the practice of renting a gasworks has now practically disappeared?—It is abandoned; you cannot find men of good enough substance for renting works on the large scale on which they are now.

9144. Besides, almost every public authority own their own now generally, do they not?—A great many of them do, I would not say everyone but all the larger bodies do. The effect of that extra 3*d.* upon the rate handicapped that little company very seriously. We put up the price of gas because we could not meet the rent when we had paid the rates on the new assessment, we could not find the money for the rent, so the price of the gas had to be raised, and that had the effect of choking off a lot of consumers who were already paying rather dearly because it was, as I say, a struggling company with a large capital and a small business.

9145. Is there any point in your memorandum that I have missed that you would like to add a word upon?—No, I think not. But whilst we are upon the point of the practice and the state of the law I may say that there is divergence in the views given to us from the bench. In London, in the great Gas Light and Coke Company's case, in which I was the chief witness for the appellants, because we had raised the price of gas in the six months succeeding the year on which the assessment had been made, the respondents asked the court to make us bring the accounts on till the following June to cover a period during which the higher price of gas was got. That was allowed and we had to go back and revise and prepare fresh accounts. Only last quinquennial re-valuation my Wandsworth company was in appeal, as we are generally, in fact, and there the court held that we could not go on to the succeeding six months. I had prepared my figures up to June in the same way that I had been told to do in the Gas Light and Coke Company's case five years previously; but we were told we must not do that although it was important to us that we should have done it because in the meanwhile the residual products had gone down in value. It was a much fairer year finishing at the June than at the December. That is a divergence in practice which illustrates to my mind the rather unsatisfactory condition of things.

9146. (Mr. Dalton.) I think you have suggested that the best way of assessing gasworks would be to take the capital value of the structure and site at the day?—I think it would be a better way than the present. My view is shown in the latter part of my memorandum, in which I say it would be better really to employ an independent assessor. I would be contented with his views even if he went on the present lines rather than to have the present system in its entirety.

9147. Would that capital value represent what a purchaser would be prepared to pay for the works?—No. I have acted in a good many arbitrations of that sort, and I am able to say therefore that the purchaser would buy the goodwill of the business, as well as the bricks and mortar, and the land, and the pipes.

9148. Then you do not propose in any way to assess the goodwill?—No, because I think that is profit on trade.

9149. How would you get at this capital value?—It would be quite easily ascertained. A gentleman like Mr. Livesey could go into most gasworks, and having been furnished with their dimensions, could tell you what such a gasworks would cost to erect to-morrow.

9150. Then you do not take the value, but the cost that it would now take to build it?—The structural cost.

9151. Your expression "value" misled me for a moment, because, of course, cost and value may be different?—They would not be different if they are synchronous; but if they are separated by 40 years they might be very different; I do not mean value in the sense of valuing a growing undertaking with the power to make profit.

9152. That is the manner in which, I think, you have suggested a successful undertaking should be valued; what would you do in the case of an unsuccessful undertaking?—Pardon me, I attach the word success to a subsequent stage. If I were valuing two different things, one a waterworks we will say, the other a gasworks, and one was making a large percentage of profit, I should say that in that case the landlord might receive, we will say, 5 per cent. or even 6 per cent. upon his outlay; and if the other were not doing such a large business, or earning such a large amount of profit, I should say that there the landlord would be fairly represented by about 4 per cent. I attached the word success rather to the rate per cent. upon the capital cost of the works ascertained at the day than as a measure of the capital cost.

Mr. H. E.  
Jones.  
6 July '97

Companies' accounts, making up of. Quinquennial valuation. Period. Difference in practice allowed by the Courts.

Valuation of gasworks. Suggested valuation on basis of capital value of structure and site, not including goods-will. Percentage to be taken on capital cost, having regard to the success of the business. Trade profits should not be the basis, though they would have to be considered

Valuation of gasworks. Large increase in valuation in case of the Epsom and Ewell Gas Company, necessitating increased charge for gas. Gross rent taken as net rateable value.

Mr. H. E. Jones.  
6 July '97

9153. In some classes of undertakings, I suppose, it would no longer be worth anybody's while to construct them in exactly the same way as they are constructed now—I am not speaking of gasworks but of some other undertakings, a railway for instance?—Probably not.

9154. Would not your system break down there?—No, I think not, because if there were a better and cheaper way of doing it the undertaking ought not to be rated upon the heavier and more expensive and more antiquated way. Everything should be done at the cost of the day, or with what would accomplish the same object at the cost of the day.

9155. Having got at this capital cost you allow a percentage in order to get at the annual value?—Yes.

9156. And you leave it entirely to the valuer to settle that percentage, having regard to the question whether the undertaking is more or less successful?—Yes, that is a point where I think you would have to take the individual judgment of some impartial and competent man.

9157. Still he would have to be guided by the trade profits to some extent?—Yes, indirectly I quite agree, but it is the direct inclusion of trade profits that I object to. If you were to see a rating scheme of a gasworks you would see the direct inclusion of every shilling of profit after certain arbitrary deductions; I think I could amplify that, but that will be done by other witnesses.

9158. You do not think it is more difficult to get at this capital cost and then allow the percentage you are going to allow upon it, in order to get at the annual value, than to get at the annual value in the first instance?—No, because it is part of the present process. These surveyors with their hypothetical myth, as I call it, actually do the same thing, or profess to go through the same thing, because in the allocation of the first part of the rateable value, the works and stations, they actually do make the valuation that I suggest should govern the whole. I should carry it a little further and make it include the pipes in the streets. Those pipes in the streets at present, instead of paying a rental value to the landlord of 5 or 6 per cent. on what they cost, are paying a rateable value upon a rent of four or five times what they cost, because the system appropriates the whole of the profits, beyond 5 per cent. upon the gasworks which produces them, to those mains in the public streets, and yet those mains in the public streets, as you will easily see, do not derive any benefit whatever from a great deal of the expenditure in rates.

9159. I am not defending the present system, I am only trying to ascertain what your views are?—I am only wishing to bring that out; that is one of the points that I am afraid I have missed, so far.

9160. What do you consider a fair average profit of a gas undertaking on its mere structural cost?—I think I should go as far as to say 6 per cent. on the structural value.

9161. Would you allow that for the rating?—For the rating for the whole thing. I venture to say that landlords could be found in abundance only too glad to buy land to build the works, and to put down plant and the mains for 6 per cent. upon the outlay; in respect of all beyond that, I say you are really trenching on the trade profit of the manufacture.

9162. A gas company has practically a monopoly, has it not?—Of gas it has, but not of light.

9163. Of the supply of gas for the district?—Yes.

9164. Would you take that monopoly in any way into account for the purposes of assessment?—Yes, I should, in giving the 6 per cent., because we all know that a 6 per cent. return upon capital is a very large one nowadays.

9165. Do you think 6 per cent. is about the average that is made by a gas company; are not the net profits very much higher than that?—They are much less now. For many years now we have been under auction clauses—and that occasions me to think that I am answering unconsidered questions—and we have been selling our shares at such a price to the general public that we get the money practically at 4 per cent., 6 per cent. would be too high an amount to give.

9166. Would that be a percentage upon the whole of the capital expenditure, or merely upon the share

capital?—That would be upon the whole of the capital expended, from the date at which the auction clauses came into use. This is far away from the memorandum that I have prepared, and therefore I would like you not to take that 6 per cent. from me, except as a suggestion to distinguish between the prosperous and the unprosperous properties of a landlord.

9167. This rather points to the great difficulty in fixing the percentage for the purpose of the assessment, does it not?—It does, and that is why in my memorandum I say that there should be an independent assessor, and that there should be no appeal from him except to a body of an expert character.

9168. (Mr. Elliott.) Did I correctly understand you to say that in the case of your own company the rates amounted to some 16 or 18 per cent. of the receipts?—No. The assessments are sometimes in the Commercial Company very nearly 15 per cent. upon the receipts of the mains.

9169. Are those receipts the whole receipts of the company?—Yes, they are the whole receipts for gas and meter rent.

9170. The whole of the receipts for gas and meter rents, not including receipts from residual products and other sources of income?—These are included in getting up to that figure. You must not suppose that I am suggesting that we are assessed on the basis of a percentage, but it works out to that result; and sometimes the surveyors try to short circuit it to that result by omitting all the preliminary calculations altogether and asking you whether you will not take 15 or 16 per cent.

9171. I understand that the actual rates that you pay work out at something like 15 per cent. on the gross receipts?—The gross receipts for gas and meter rents.

9172. Have you worked out at all what the percentage would be on the profits of your company?—Yes, the assessed value would be nearly half the profits, or rather better than half.

9173. Do you say that an amount is contributed by your company to purposes of local taxation equivalent to 50 per cent. of your profits?—Quite.\*

9174. Supposing that you paid no rates at all, your dividends would be increased; but, of course, part of the relief in your particular case would go to the consumers?—Yes, it would. I may say that Sir Peter Edlin's decision in the Gas Light and Coke Company's case apportioned between landlord and tenant the average net annual profit, because we were only making 6 per cent. in the year on which we made the appeal. I want to emphasise that, and I have something to say about it, because I believe it is going to be commented upon by another witness. We went in a year when we were only earning 6 per cent., but I felt, in spite of the opposite instruction of counsel, as the judge afterwards decided, that we must take the probability and not the actual fact—that was against the view of eminent counsel—and as 12 per cent. was being divided by the company largely from reserves, he took 12 per cent. as the profit, and from that sum 58 per cent. was his decision in rateable value.

9175. Do you consider that a payment for the purposes of local taxation, amounting to some 50 per cent. of your net profits, is an excessive contribution?—Yes, that is my recollection of it—I have not got the figures here—and I think it is excessive.\*

9176. You would say excessive, I suppose, in relation to the contribution of other classes of undertakings?—Yes, quite so.

9177. Have you formed any idea as to the classes of ratepayers which pay too little if you pay too much?—Nearly the whole of them, because you see we are practically being rated on personal property when they go into our trade profits; and it is not the custom to rate personal property in any other class of undertaking that I know of.

9178. Have you any agricultural property in the districts in which your works are situated?—No, none.

9179. Have you compared the percentage which you have just given us with the percentage of any other class of undertaking?—No, I have not specially, except

\* The witness subsequently wrote: "There is a misunderstanding here. I had been speaking altogether of rateable value, not of rates paid. The rates paid are about 7s. in the £ on a rateable value, equivalent to 50 per cent. of the profits."

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Valuation of gasworks. Independent assessor desirable.

Rates paid by the Commercial Gas Company represent 15 per cent. on gross receipts for gas and meter rents, and rateable value represents 50 per cent. of the profits.

Gas mains and pipes. Suggested method of valuation.

Valuation of gasworks. What is a fair average profit on structural value.

Gas companies are said to be rated in respect of trade profits.

GAS COMPANIES pay in respect of rates a much larger percentage on their capital outlay than

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owners of small residential properties, and a much larger proportion comparing the incomes derived from their properties.

Valuation of gas companies. A uniform and simple method desirable. Quarter Sessions. Appeals are unsatisfactory.

Valuation of gas companies. Statutory monopolies, privileges, and obligations. Difficulty of ascertaining what a hypothetical tenant would pay for such undertakings.

that it is very obvious that, taking the bulk of the properties round about our works small residential properties, inhabited probably by compound ratepayers, the rating must be a very small per-centage on the capital represented by the outlay.

9180. And on income?—Yes.

9181. Do you say as representing the Commercial Gas Company, that you have a grievance as against the owners of the small residential property in your district?—Distinctly, and they are the people who, for the most part, are represented on the assessment committees and spend the rates.

9182. You think they pay a smaller amount in proportion to their incomes than your company does?—In proportion to the income from the property it is very much smaller; and in proportion to their general income it is enormously less.

9183. (Mr. Clave.) I understand that the one great point that the gas companies wish to arrive at is that there should be a uniform and simple method of assessment?—Yes.

9184. You consider that the appeal to the quarter sessions is at present unsatisfactory?—Yes, and very uncertain and very expensive.

9185. You find that even in large towns?—Yes.

9186. Where the quarter sessions are composed of men of undoubted ability and very often with great legal experience?—Yes, I find that. It is worse in the country places, of course, but I find it even in the ordinary quarter sessions of a large town or of a county. We had to go to the Stafford Quarter Sessions in the Birmingham case, and there a very capable man was the Chairman.

9187. Take the case of a water company or of a corporation owning waterworks which are, say, for the sake of illustration, 50 or 60 miles away from the town which wants the water, and which are in a country district; it is a little bit unsatisfactory, is it not, for that company to have to appeal to quarter sessions composed of men who live entirely in the district, and whose interests, more or less, are wrapped up in increasing the assessment?—Yes, and whose interests are in land which everybody knows has gone down, and although land only pays a fourth of some of the rates compared with other properties, it can barely afford to do that. I am afraid you cannot get rid of it; it is human nature that there should be a little disposition to get the rates out of what they think are very prosperous and wealthy corporations.

9188. Gas undertakings are all constructed, are they not, under Acts of Parliament or provisional orders?—Nearly all.

9189. These give to the companies certain exceptional privileges, and also throw upon them certain obligations?—Yes.

9190. So that assuming that the undertaking is one which pays, it has an exceptional value attached to it by reason of the privileges which the company acquire under their Acts of Parliament?—Yes, especially in the case of a water company, because it supplies a necessity of life.

9191. Let us take the case of a public house. The value of the building is immensely increased in annual value if it has a licence attached to it, is it not?—Yes.

9192. Therefore the rent that a tenant would be willing to pay for a building with a licence attached, is far in excess of the rent that he would be willing to pay for a building without a licence?—Yes, and beyond that he often pays a large premium to go in.

9193. It does not matter whether he commutes his rent or not—it all means increased annual value, does it not?—You are quite right.

9194. So that a tenant would be willing to pay a higher rent for a property which has certain privileges attached to it than for a property which has not?—Clearly.

9195. In the case of gas companies as a rule, I think the dividends are limited in the metropolis by a sliding scale?—Yes.

9196. Take the case of the company you are now representing, they pay, I think, beyond the maximum dividend?—Yes, they pay 12½ per cent. on part of the capital and 10½ per cent. on another part.

9197. Their position is such that they can look forward, can they not, to fairly calculating upon paying a dividend of about that amount?—Yes, from year to year.

9198. I presume the maximum charges allowed by their Acts give them sufficient margin to raise the price of gas in case there is any probability of the dividend being less than 12½ per cent.?—But the dividend must fall then; whenever the price is raised the dividend must fall under the sliding scale. We cannot maintain the present level of dividend and alter the price of gas; we must not increase the price of gas to maintain the present level; we have to share the loss.

9199. But, subject to the possibility of a slight variation in the dividend, the shareholders of gas companies can fairly calculate upon a pretty safe 10 to 12 per cent. dividend upon the nominal capital?—Yes.

9200. If, then, you have to let an undertaking with practically parliamentary powers enabling you to pay a pretty certain 10 to 12 per cent. dividend, what rent do you think a tenant with capital, which he would be quite willing to invest at 3 per cent., or, say, 4 per cent., would be willing to pay for the sake of getting that income?—That is to say, what consideration would he give a landlord under those circumstances?

9201. No. What rent would a man be willing to pay, to buy what is practically a pretty safe dividend, varying from 10 to 12 per cent., a dividend that is practically guaranteed by an Act of Parliament?—He, of course, would pay more than for a similar undertaking where he had not the parliamentary licence, so to speak; but how much more he should pay on that account, and purely on that account, I really have not considered. I do not quarrel with the principle of ascertaining what a tenant would pay, but rather with the way it is worked.

9202. The Assessment Act requires the assessing authority to ascertain the rent that a tenant would be willing to pay to occupy that particular property?—Yes.

9203. Now, we will assume that you have to let a property which is practically guaranteed an income varying between 10 and 12 per cent. upon the nominal capital: would not the rent that the tenant would be willing to pay depend, to a great extent, upon his view as to the certainty of that income?—It would, and also upon his view as to what return he had a right to get for his own good management, and for his working capital. A man does not generally expect to get a business along with the premises.

9204. But that is what you have to let?—Suppose I am a shareholder in a bank, and I look with equal certainty to getting a large dividend on my bank shares; my bank premises are only rated as building and land, and although it is quite certain that the London and Midland Bank will pay 15 per cent.—and it has just gone up to 18 per cent.—there is no attempt made to consider the rateable value of these buildings and premises as being dependent upon that 18 per cent., no more than a great jeweller in Bond Street, who is pretty certain, from year to year, that he is going to sell his diamonds, would expect to be assessed upon the thousands or millions of pounds' worth of diamonds that may pass through his hands. I do not in the least object to pay on a liberal assessable value for the land I occupy, and the buildings I occupy, and such fixed plant as I use and occupy; but I do object to the consideration being imported that I am a shareholder in a trade which returns me 12½ per cent. or 10½ per cent. profit even though I have this parliamentary licence.

9205. May I point out what appears to me to be the difference between the two cases? In the case of a bank you can earn your 18 per cent. dividend whether the bank is situate at one end of the street or whether it is situate at the other, and your dividend is not necessarily dependent upon the exact situation of the building; but in the case of a gas company you have parliamentary authority to supply gas within a given district, and that authority excludes any one else coming and competing with you in that district?—For gas.

9206. Therefore you have attached to the particular locality a certain advantage and profit which does not attach to an ordinary trade not protected by an Act of Parliament?—That is so; but you must not lose sight

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Valuation of gas companies. Question of the equity of taking trade profits into account discussed.



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of the fact that protection does not give an actual monopoly. We have got to compete with oil very heavily, with electric light partially, and with candles partially. There is no distinct monopoly of trade enjoyed by gas companies.

9207. But those considerations come in in calculating whether you think your dividend is well secured or not?—And they would come in in the percentage that as an assessor I would give upon the capital spent.

9208. May I take the case a little bit further? We will assume two works in a given town costing a given amount of money. In the one case the Act of Parliament limits the maximum dividend to 7 per cent.; in the other case it limits the maximum dividend to 10 per cent. I will assume that the works are such that the company is practically certain of getting its maximum dividend; would not a tenant be willing to pay a higher rent if he could get a maximum dividend of 10 per cent. than if he could only get a maximum dividend of 7 per cent.?—I am not so sure, I think the tenant would say, "This will take the whole of my time"; it would involve so much capital according to the volume of trade done, and the capital he must bring in would be in proportion to that, so he would say, "I must first of all satisfy myself before I hand anything to the landlord."

9209. You would not pay any more to get 6 per cent. than you would to get 4 per cent.?—I do not think it is a landlord's question at all; I think it is a tenant's question.

9210. I am not putting it as a landlord's question; I am putting it as a question of what the tenant can make out of this property. I am ready to let to you a property from which you can get a safe dividend of 10 per cent.; I am also ready to let you an exactly similar property from which you can get a safe dividend limited to 7 per cent., and I ask you whether you will not pay me a higher rent for the property which produces 10 per cent. than you will for the property which produces 7 per cent.?—I think it would depend. There would be circumstances in both cases that might make it not a dead certainty upon the face of it. It obviously looks as if one would; but you must look into the nature of the two businesses and see what amount of return the tenant himself should have. This I am strong about, that you have no right whatever unless you are going to rate people for their personal property generally and their personal income generally, to rate trade profit; it seems to me most unfair and unreasonable to rate trade profit. If I happen to be a gas maker and carry on a very profitable business, I have a right to the profits of that business, it is my risk and my undertaking and the landlord ought to be contented with a proper return upon his capital merely, for if he does not take the risk of the business he has no right to take the trade profits. If his buildings and pipes are a little more suitable than some other buildings and pipes will be for my purpose, I will pay him more rent, but only to that extent.

Capital  
value, de-  
duction of.

9211. I think I followed you in what you said about capital value; if I understood you correctly, capital value, according as you wish to interpret it, means not necessarily capital cost, but what the premises would be worth for anybody to purchase subject to the Acts of Parliament under which they were constructed, having regard to the fact whether they are suitable to fulfil the obligations of the Acts?—Yes.

9212. That is capital value?—Yes.

9213. So that if you have works where capital has been foolishly spent which turn out to be useless that would not be included in the capital value?—No; I should say a tenant would not pay rent—

9214. For dead capital?—For dead capital.

9215. In the same way he would be willing to pay rent for capital which has increased in value owing to outside circumstances since the works were constructed?—Clearly; a bank would pay more rent for premises near Lombard Street where property has developed than it would for premises near Putney.

Valuation  
of gas-  
works.  
Suggested  
valuation  
on basis of  
capital  
value.

9216. You suggest that capital value should be the basis of assessment, not only in the case of gas companies, but in the case of all properties?—Yes, but I think the percentage taken in order to find the assessable value—the rateable value—should differ according to the success or otherwise of the various purposes to which the plant and buildings were directed.

9217. Supposing you have a corporation owning gas works, and they are prohibited from earning any profit, that is to say, they have to supply gas at cost price, would you assess them at the same value that you would a company that is allowed to earn a dividend of 10 per cent. out of the same works?—Yes; because a company makes a trade profit, and the corporation are prohibited from making a trade profit. That is the only difference; it is a question of trade profit. The whole question turns upon rating of personal property, and I look upon the trade profit of a gas undertaking as a personal property, not as a rateable hereditament.

9218. Surely the profit arises from the occupation of particular premises, does it not? The profit of a gas company arises not from the fact that you are able to burn so much coal and to consume it, but from the fact that you are able from the situation of the premises to sell your gas to people living in the neighbourhood?—Yes, the profitable element in a gas works and a water works has been laid down by the courts to be the attachment of the service pipe in the street to the main, not the position of the works.

9219. We are not following what the courts lay down at the present moment; we are trying to find out whether we cannot suggest some better method. I must confess I fail to see at the present time why it is a tenant would not pay a higher rent for the occupation of premises out of which he can make an income of 10 per cent. than he would for the occupation of premises out of which he can make an income of 7 per cent.?—That is to say, you suggest to me that if it is derived from trade profit he would be disposed to share more of his trade profit with the landlord on the 10 per cent. works than he would on the 7 per cent. works?

9220. Not at all; I think it is according to human nature that a man would rather get 7 per cent. for his capital than 4 per cent.; that is all I suggest?—Without taking any of the risk of the trade?

9221. Yes; and that if he was willing to get 4 per cent. he would pay so much more to get a 7 per cent. than he would to get the 4 per cent.?—Of course it looks on the face of it pretty obvious according to human nature a man will pay more to get more.

9222. If that is so, then, is it not essential that in assessing gas works you must have consideration to the profits you can make out of them?—I might go so far as to agree that you must take the profit actually arising in the parish concerned; but here we are rated upon profits derived (in a different parish altogether) from the sale of certain things which in my view ought to be excluded, and cannot fairly be included unless you are going to include the profits of manufacture of every trader or manufacturer in Manchester or Birmingham.

9223. Just one point more. I notice that you say that the pipes of gas companies do not have the three-fourths exemption which is given to railway companies in respect of the railway lines?—And given in Scotland to pipes under their Act.

9224. I presume that if the three-fourths exemption were given to gas pipes it would also be given to the water pipes?—Yes.

9225. (Mr. Arthur O'Connor.) I suppose we may assume that any person would rather receive 7 per cent. on his capital than 4 per cent.?—Yes.

9226. Now, assenting to that general proposition, let us come to facts. Does a gas company get its Act of Parliament, and then having ascertained what amount of profit it is to be allowed to make, look about to find a landlord?—No.

9227. Therefore that question of the amount of rent he would be willing to pay, whether he was entitled to 7 per cent. or 12 per cent., has no practical immediate bearing upon the rent paid by the gas company?—No; it is impossible nowadays—and I say so in paragraph 13 of my memorandum—to prove the rent by any direct transaction, or by any indirect transaction.

9228. I suppose that when a gas company goes into any locality for the purpose of its business it requires to occupy land at any rate for pipes?—Yes it must, for pipes.

9229. The occupation of the land may be slight, it may be little more than a red thread through a blanket, but still it has to occupy land?—Yes.

9230. I suppose your company would not object to being assessed for the land it so occupies?—No, not in the least.

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Valuation  
of gas  
companies.  
Question  
of the  
equity of  
taking  
trade  
profits into  
account  
discussed.

Gas and  
water pipes  
do not get  
three-  
fourths  
exemption.

Valuation  
of gas  
companies  
cannot be  
ascertained  
by refer-  
ence to  
rent paid.

Valuation  
of gas  
companies.  
Trade  
profits  
should not  
be taken  
into ac-  
count.

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9231. On the other hand when a gas company starts an undertaking in a district, or extends its works, it sinks capital in the district?—Yes.

9232. It may employ labour?—Yes.

9233. So far it serves and benefits the district?—Yes.

9234. It is rather a benefactor than a charger?—We think so.

9235. Now in regard to Price's candle factory, is Price's candle factory assessed according to the number of candles it makes?—Not in the least.

9236. Or according to the real property it has there?—According to the real property, land, buildings, and plant.

9237. I understand you to say that you do not see any difference in principle between a gasworks and a candle works?—No, except for the Act of Parliament.

9238. But apart from the Act of Parliament you do not see any difference in essentials in the position of a candle works and a gasworks?—No, and I go the length of saying as to our income for residuals that they are on absolutely the same footing.

9239. Similarly a butcher, who makes live meat into legs of mutton and legs of beef, is assessed according to the value of his premises, not according to the extent of his trade?—That is so.

9240. He also has residual products?—Yes.

9241. Price's candle factory has residual products?—Yes.

9242. And they are not assessed in respect of them?—No.

9243. I understand you to say that you cannot see any principle upon which gasworks should be assessed in respect of their residual products?—No.

9244. You make a number of things which you call residual products, but is there any difference in point of principle in the production of those things which you call residual, and gas itself?—No difference.

9245. Is there any particular reason then in principle why you should be assessed even upon the amount of gas you make?—No.

9246. As I understand it, you object to assessment for local taxation upon the amount of business done?—That is it exactly.

9247. You are satisfied enough to be assessed in respect of the land within the area which you occupy?—Yes.

9248. You do not object to pay for the occupation of the land?—No.

9249. You did not sink any capital in creating the land?—No.

9250. You sink capital in labour, do you not?—Yes.

9251. You sink capital in movable tools?—Yes.

9252. You sink capital also in structure, and in fixtures or partial fixtures?—Yes.

9253. I want you to draw any distinction in principle that you can between your moveable tools, your removable fixtures, and your absolute fixtures, or your structure; they are all the production of capital?—Quite so. The only distinction that I could draw between them is that the one would pass upon sale or death with the land and buildings, and the other would be personal property.

9254. You can remove your moveable tools?—Yes.

9255. If you like you can pull down your structure?—Yes.

9256. It is an artificial creation?—Yes.

9257. Put up at the expense of your capital just as your tools are made?—Yes. Of course, I cannot divest myself of the difference in the legal view always taken of fixtures.

9258. I must ask you to clear your mind, if you can, of existing arrangements; I suppose you will agree that the littleness of the wisdom with which the world is governed is pretty well exemplified in the assessment of gas companies. Let us get rid of legal technicalities and existing legal arrangements and come to bottom facts. You do occupy land, and you are willing to be assessed in respect of that?—Yes.

9259. You object to be assessed in respect of your industry?—Yes.

9260. You object to be assessed in respect of personality?—Yes.

9261. Now I am afraid I am getting into technicalities myself; but in what respect is a building which is the production of capital and industry different in principle from any other production of industry?—A building differs because you cannot move it without destroying it.

9262. You cannot use a cigar without destroying it. What is the amount of your capital?—Something like 850,000*l.* in the case of the Commercial Company.

9263. How long has that company been established?—Something like 50 or 60 years.

9264. What was the original capital?—I am afraid I could not tell you—it was very small.

9265. How much fresh capital has been created in the last 20 years—roughly?—About 200,000*l.*

9266. About a quarter?—Yes.

9267. So that the auction clauses would apply to something less than 200,000*l.*?—They do not happen to apply to my company; we are just the one exception to the general rule in that.

9268. You are just out of it?—We are just out of it; we are the last company that escaped. That is because we were the first company to accept the sliding scale, and Mr. Forster's Committee gave us a sop for that.

9269. Do you know anything about Birmingham?—Yes; I advised the Corporation about the assessment.

9270. Who makes the gas at Birmingham?—The Corporation.

9271. Does it supply gas outside its own limits?—Yes.

9272. Does it make a profit on that supply?—Yes.

9273. That, therefore, is a case of purely trade profit in respect of the outside area?—Yes.

9274. Do you think it would be fair to assess the gas producers of Birmingham on the profit which they make outside their area?—No, not on the trade profit; but as they have to make the gas inside, they necessarily have to be assessed on the buildings and plant involved in making the gas.

9275. To go to the question of assessment; you say that different authorities adopt different forms of procedure?—Yes.

9276. And that before one committee or court the onus is thrown upon the appellant to show why he should not be assessed at a certain figure; and that elsewhere the onus is thrown upon the assessor to justify his figures?—Yes.

9277. You would be in favour, as I gather, of putting the onus of justifying on the assessor?—Yes. I think he ought to show that he is right.

9278. I suppose in most cases where that is done, the assessor is rather in a difficulty?—Very much indeed.

9279. I suppose that assessors have indicated all sorts of different standards and modes of calculating?—They generally adhere to the hypothetical tenant, but they give themselves a good deal of play in the suggestions as to what the hypothetical tenant would require in the way of capital, profits, and so on. As I say in paragraph 4 of my memorandum, they sometimes actually instigate the whole thing by writing to the assessment committee and offering to assist them in raising the assessment.

9280. I suppose that sometimes, at any rate—we will not go into details—there is a temptation on a valuer to put up an assessment to the highest point short of that at which a successful appeal could be lodged?—Yes. I produce the only copy available to me of a report of the proceedings of the case of the Salisbury Gas Light Company's works, in which I was a valuer and witness. Mr. C. A. Cripps was counsel for the appellant—

9281. Is this a published case?—Yes. This is what he said in his speech: "He was instructed that the manner in which the assessment first came to be raised was, that a gentleman made an offer to the guardians to the effect that he was prepared to take the matter in hand on the understanding that his remuneration was to consist of a commission of 6 per cent. on the increase of the valuation." I was a witness in the case, I may tell you, by subpoena; we had the letter produced in court and read, and it did justify every sentence of Mr. Cripps's observations.

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Quarter sessions not a satisfactory tribunal of appeal. Procedure. Objection to appellants having to open their case.

Payment of value in proportion to increase of valuation.

**Mr. H. E. Jones.** 9282. That is to say, the personal interest of the assessor jumped with the increase of the assessment?—Yes.

**6 July '97** 9283. (*Mr. Murray.*) If you adopted capital value as the basis for the rating of all property, do you think you would arrive at a much less hypothetical result than the one you get at now?—Very much less. You would be sure then of knowing what amount of capital a landlord really had to let, you would get in amount of money what the value is of the property, buildings, land, and otherwise that he has to let. Any reasonable man could then form his own judgment as to whether in a very prosperous thing like a gasworks a per cent. was the proper allowance to give him as a rent, or in a less remunerative thing like a dock company whether a—2 per cent. was the proper amount to allow; but when you get to structural value you do get to something that is definite, and truthful, and accurate, and at present in these assessments we are in a perfect sea of suggestion and theory, and some of it is instigated in the spirit of that 6 per cent.

9284. But is it more definite, and more accurate, and more truthful than an estimate of the annual rent that the hypothetical tenant will give?—Yes, as determined at present, very much more. If you had been with me for 13 days on the Gas Light and Coke Company's appeal at Clerkenwell you would have realised how entirely the whole thing was a matter of swaying of counsel; it was a sort of tug-of-war. The only way in which I can keep the assessments for my various companies in anything like order is that I always declare war at the outset; every quinquennial I go and retain surveyors, and I retain counsel, and I let all the assessment committees know I am going to fight; that is the only way in which I can keep the proceedings in order.

9285. Would you not have the same tug-of-war over the question of capital value?—I think if you take the suggestion in paragraph 18 of my memorandum there would be no tug-of-war, because the thing would be gone into by someone entirely independent of any kind of interest. At present there is a large body of men who really live by the litigation that is forced upon companies through these extravagant assessments.

9286. Would there not be the same amount of litigation over the capital value that there is over the annual value now?—No, because that is a matter that can be determined. I think he would be a very bold man indeed who, if either myself or Mr. Livesey went into a works and declared the structural value to be so much, would upset it—it would be impossible to upset it. I do not suggest a plan of sweeping away the whole thing, but I do suggest a plan of getting rid of the partial and unfair assessments that now go on, and of removing some of the difficulties in getting justice from, first of all, an appeal to an assessment committee who may be every one of them incapable. I have gone before some who have been incapable of making the essential calculations or of following them. Sometimes you go to quarter sessions and you will find very able country gentlemen there who manage their estates very well, but who will not give the time and patience, and the trouble to work out a case of this sort, or to keep in check the kind of statements that are made before them.

9287. Whom do you propose to substitute for that body?—Among the present assessors there are plenty of good men; I am not condemning the whole class. I know and respect a great many surveyors of eminence who are quite capable of filling the position that I suggested in my memorandum of being the primary assessors following the Scotch plan; and then I am perfectly certain it would be competent that a tribunal of three who should be, as I say, a capable lawyer, a capable engineer, and a capable representative of municipal interests, to decide whether the first assessment had gone far wrong; at any rate in such hands as those we should be able to see where we were getting, but at present we do not know in the least.

9288. You would have a great many assessors and one central body?—I should have one court of appeal. I do not know whether the court of appeal could deal with the whole of the interests that I have suggested—railway, dock, gas, water, canal, tramway, and electric lighting companies—but I should think that probably one for England, one for Scotland, and one for Ireland

would do it very well. The assessors would have to be more numerous, because, of course, there would be a railway assessor, there would be a gas assessor, there would be a waterworks assessor, and there would be a canal assessor. These would all be men so trained to begin with and acquiring such experience in their work that they would be bound to do it better than it is done at present; and then, having no interest whatever in the result, there would be this grand feature for us, that there would be independence.

9289. Would you not have the same want of uniformity that you have now?—No, I think not, because one man must act upon the same lines. No doubt he would confer with other assessors where he was in difficulty at all. I forgot to show you what the effect of the present system is; I have got here Mr. Field's analysis of the different gas companies. The average assessment paid by the large corporations of Birmingham, Bolton, Carlisle, Leicester, Manchester, Nottingham, Oldham, and Salford is 1'47d.—that represents the rates they pay on each 1,000 feet of gas they make. The great companies of Bath, Brighton, Bristol, Derby, Liverpool, Newcastle-on-Tyne, Plymouth, Portsea, Rochester, and Sheffield pay 1'31d. When you come to the neighbourhood of London you find Lea Bridge—one of the cases I was on appeal for where they put them up to nearly 6d.—is still 3'3d., and just above it there is the Crystal Palace Company paying 1'39d. I would rather have shares in the Crystal Palace Company than in the Lea Bridge Company a great deal, yet the better company is assessed at the lower rate.

9290. (*Chairman.*) Do I understand you to suggest that the assessment upon the gas companies should be confined to the value of the land which they occupy?—Land, buildings, and plant.

9291. You include all?—All what I call fixed expenditure, apart from the floating capital which the tenant would employ.

9292. (*Mr. Dalton.*) If free trade were allowed in gas do you think the price of gas would be higher or lower than it is at present?—I think it would have been lower.

9293. Would it be now if for the future no more monopolies were granted?—I think the tendency would be to lower it, because the only stimulant for getting more consumption would be the cheapening of the price. There the sliding scale has come into play, and we are now being really rated for our improved management on the sliding scale. The sliding scale has cheapened the price of gas to a degree that nothing else could have accomplished, and so much was not expected of it. But the extra profits and dividends that we make by extra attention under the stimulus of the sliding scale is made the very ground for a further assessment.

9294. If a company had no monopoly for the supply of gas do you not think that competing undertakings would be started in the same district?—They would probably carve it out amongst themselves. The London companies did agree, and carved out London long before Parliament approved of it.

9295. But they had a monopoly against any outside company?—No.

9296. I mean to say nobody might come in without parliamentary powers and sell gas?—They had general powers of competing against each other, but they partitioned the districts off.

9297. Just so; but a company could not be started without having parliamentary powers to come in and compete against those companies?—I am not so sure. There was no monopoly actually given originally. In the 1860 Act there is a clause, for the first time, giving the monopoly; but before that there was no actual monopoly contained in the Acts of Parliament.

9298. You are quite clear that you would not take this question of monopoly in any way into account for the purposes of assessment?—I did not think I said that; I did not go so far as to say that.

9299. What is your opinion?—I said, like the public-house, I would regard it as having some element in the success which would increase the percentage upon the capital value that I would give.

**Mr. H. E. Jones.**

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Valuation of gas companies. Rates paid by certain companies.

Valuation of gas companies should be in respect of value of land, buildings, and plant.

Valuation of gas companies. Monopoly enjoyed by gas companies. How far an element to be taken into consideration for the purposes of valuation.

Valuation of gas-works, railways, docks, water-works, canals, tramways, and electric light works. Independent assessors, as in Scotland, desirable.

The witness withdrew.

Mr. GEORGE LIVESKY called and examined.

Mr. G. Livesey. 9300. (Chairman.) Since 1871 you have acted for the South Metropolitan Gas Company, and in 1882 you became Deputy Chairman, and you have been Chairman since 1885?—Yes, I have been connected with the company all my life.

9301. I understand you are also the Chairman of the Crystal Palace District Gas Company, and that you represent those two companies before the Commission?—Yes, I do. I may say that I have been in communication with a number of other gas companies, and I represent, I think, absolutely all of them that I have been in communication with, as to the unsatisfactory nature of the present system, but I do not represent them as to the suggestions.

9302. I say the same to you as I said to Mr. Jones—We do not want so much to investigate the details of any particular company, as to receive suggestions of general principles which are applicable to all these undertakings. The subject very naturally divides itself into two or three parts; one, and certainly not the least important of which are the criticisms upon the existing state of affairs. I do not propose to take you at length over the points on which you heard us questioning Mr. Jones, but I put this general question to you: In his criticism upon the existing system and existing state of affairs, do you associate yourself with him?—I do, most certainly; in fact I should be inclined to speak more strongly even than he has done.

Payment of valuers in proportion to rateable values finally sustained condemned.

9303. Is there any point which you would like specially to emphasise upon the existing state of matters without going into the details which have been already amply covered?—I should like to state this as to the remuneration of rating surveyors. I have obtained extracts from the minutes of different parishes. Here is one from the minute books of the Wandsworth and Clapham Union: "For the re-valuation of the special properties which they valued at the last quinquennial a fee of 7s. 6d. per cent. upon the rateable values finally sustained, and for special properties not valued by them a fee of 15s. per cent. upon the rateable values finally sustained, including attendances, &c. The minute then recorded the resolution to employ Messrs. Hedley, Mason, and Hedley on the above terms." This is from the minutes of the Lewisham Union: "Resolved unanimously that Mr. Dinwiddy be appointed to value and assess the several railways, gasworks and mains, waterworks and mains, tramway, and any other properties of a special character which the committee may deem it expedient to place in his hands for that purpose, at a uniform charge of 15s. per cent. upon the rateable values finally sustained, such charges also to include attendances before the committee when required, but in the event of appeals that he be allowed a fee of five guineas per day when engaged upon appeal work"—in the Woolwich Union it is practically the same; Mr. Dinwiddy was engaged at 15s. per cent.

9304. I suppose your point of view is, that, in so far as the element of personal interest in a high valuation comes in, you regard it as a vicious system on which to proceed?—I do so, and the courts have condemned it.

Valuation of gasworks. Present system very unsatisfactory.

9305. Is there any other point in regard to the existing state of matters which you wish to comment upon?—I say that the system adopted by the rating surveyors for assessing gas properties is the most uncertain and the most unsatisfactory that could possibly, I think, be devised. These rating surveyors are the professional advisers of the assessment committees, and the assessment committees do not even pretend to understand the question. I have attended a great many committees, and I have never met a single case in which the committee even pretended to understand the system. I know some of the chairmen, and they have said to me: "Well, we must be guided by our professional adviser." Then, I would say that the system is not only unintelligible to the assessment committees, but I have just now had an experience of 10 or 12 days—12 days, really, but I was not present all the time—in respect to the South Metropolitan Company which had an appeal to the sessions. I am quite certain that it was equally so to the court. The court gave the most careful attention to it, but the manner in which the case was put before them on the one side and on the other, the disputing, the contradictions, were such that it is perfectly clear to both sides that the court did not understand the question.

9306. In so far as the suggestion for an authority to value gas and water undertakings, docks, and railways, which have also been mentioned, do you, or do you not agree with the suggestion made by Mr. Jones?—I want to get rid of all this uncertainty. I should be very glad indeed to see some independent and capable authority appointed to deal with these questions that are now dealt with by these surveyors. It would be a great improvement undoubtedly, but I think it would be infinitely better to settle a definite basis, such as has been suggested by Mr. Wilkins, or is to be suggested by Mr. Crowther Smith.\*

9307. I do not want you so much to refer to their evidence as to give me your own opinion?—Then I say, let us have something definite and fixed and certain; let us have a certain basis on which we can act. I cannot refer to Mr. Wilkins as you say you have to hear him presently; I wished to have come after him to have supported him. My own suggestion is that there should be ascertained, by a body appointed for that purpose, a competent and capable body, say, three men—what is the fair rateable value for gas undertakings per 1,000 feet on the price of gas. Let that be fixed and settled, and then it can be calculated in five minutes every year. I do not think there is any difficulty about the matter.

9308. Then you do not agree with Mr. Jones as to taking the structural value?—I think there is this point. I agree with Mr. Jones that theoretically he is right. Compare the rating of gas undertakings with the rating of other concerns; for instance, a brewery is rated on its structural value, and a warehouse is rated on its structural value, and the profits do not come into the question at all. But I quite see what has been said by the Commissioner on my right, that in assessing the rent of a gas undertaking the tenant would be willing to pay more if he were to get a larger interest.

9309. I understood it to be a part of your evidence that you wish to get rid of the hypothetical tenant altogether?—Yes, I do; and I should suggest either of these plans—either the one I have suggested in my memorandum,† or Mr. Wilkins' or Mr. Crowther Smith's\*—would get rid of the hypothetical tenant absolutely.

9310. I want you to choose which side of the fence you are going to sit upon, and then defend it before us?—Then I will take my own; of course I can take no other. I say that the Scotch system would be a very great improvement on the present system; that is, the appointment of independent assessors instead of the present method of employing surveyors. If that were adopted I should approve of it; but I say the hypothetical tenant is a delusion, and I want to get rid of him altogether.

9311. Do not go back upon that. You say you would like to take the independent assessor. What I want to know from you is what directions you are going to give him?—I am going on with my suggestion. I cannot put it better than I have expressed it in my memorandum. I say in paragraphs 39 and 40: "Seeing that the final result of the rating assessments is a charge at so much per thousand feet to the gas consumer, why cannot a short cut be made direct from the rating authority to the consumer, and thus get rid of the hypothetical tenant, rating surveyors, estimates of all kinds, and all appeals to the courts. Let the rates be so much per thousand feet on the gas sold. I am satisfied that the thing is perfectly practicable and that it would result in a nearer approach to absolute justice than can be attained"—I will not say, "in any other way" now. "Three capable men, a judge or a barrister of extensive rating experience, a rating surveyor, and a gas engineer could determine a fair basis."

9312. Why do you take the gas sold as the test?—You must allow me to go back and to say that gas companies differ from all other companies in this particular, that they transfer the whole of the rates to the gas consumer. Gas companies, as a

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Valuation of gasworks. Rateable value to be based on the price of gas suggested.

Valuation of gasworks. Basis of hypothetical tenant should be abolished. Independent assessors should be appointed as in Scotland.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 318 to 327.  
† *Ibid.*, pp. 312 to 318.

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Consumers of gas would pay in an increased price of gas excessive rates put upon gas companies. Position of gas companies in this respect compared with that of railways and other undertakings.

Valuation of gas-works. Rateable value based on the price of gas suggested.

rule, I think I may say, almost without exception, are paying their full dividends. If an excessive amount of rating is put upon them, or if other charges come upon them which would prevent them paying the full dividends, up goes the price of gas. We are, therefore, in a position to transfer, directly, any increase in rates to the price of gas. Therefore I say, seeing that it is a charge upon the consumers, let us ascertain what that fair charge is and settle it definitely once for all; or if it were necessary to make variations or to differentiate between the consumers in different towns, perhaps the consumers in London might have to pay more than the consumers in another town or district; still there would be no difficulty whatever in arriving at what is the fair charge per 1,000 feet in London, and in Manchester or Birmingham, or what not.

9313. Why is the number of thousand feet sold, in your opinion, to be taken as the test?—Because the rates come to so much per 1,000 feet in every case, Mr. Jones quoted from Field's tables which he had in his possession; he showed that in some places it is a 1d. and in some places it is 2d. per 1,000 feet. In every case you will find that the rates go on to the price of gas.

9314. You do not think that any principles which you can suggest for the rating of gas companies would be applicable to any other undertaking?—I am not sure, but there is this great difference—a railway company cannot raise its fares or never does, and a water company cannot raise its rates.

9315. Are you accurate in saying that a railway company cannot raise its fares or rates?—They never do; they cannot raise the penny a mile, they cannot raise the third class.

9316. If they are already charging their maximum they cannot raise it?—No.

9317. But you and I know very well as a matter of fact that, in the great majority of the rates, railway companies are not now charging their maximum and that if it was not for competition they could raise their rates?—Practically they never do; a railway company that has been charging 1½d. a mile, say, for second class, never puts it up.

9318. They cannot go beyond the 1½d. a mile?—1½d. is the maximum, and what is the first class?

9319. 2d.?—The South Eastern charge 3d.

9320. They vary?—Yes; as a matter of fact I think I am correct in saying I have never known a railway company raise its fares.

9321. Its fares or its rates?—Its rates? Yes, they have done that.

9322. What is the difference for our purpose between raising fares and raising rates?—There is not much difference, but still there is this great difference—I think scarcely any railway companies and very few water companies are paying their maximum dividends, but it is a fact that whenever a gas company is in a position not to be able to pay its maximum dividend up goes the price of gas.

9323. (Mr. Murray.) What do you mean by the maximum dividend of the railway company?—I think railways are limited to 10 per cent.; that used to be so in some cases I know, as the gas companies were and as the water companies are.

9324. (Chairman.) What limits a railway company's dividend is this, is it not, that if any railway was to approach anything like 10 per cent. there would be a competitor coming into its district?—Yes, I suppose so; there is that difference again between gas and railways.

9325. I come back to this—I am anxious to get some general principles which will apply not only to gas companies, but to other quasi-public undertakings of an analogous character; do I understand from you that in your opinion you think that is impossible?—I think either Mr. Wilkins' or Mr. Crowther Smith's system would apply all round.

9326. Supposing your system were to be adopted and a price per 1,000 feet of gas sold was to be chosen as the test of rating, how would you proceed to divide that between the different rating authorities in whose districts the gas company might have property?—I do not think there is any difficulty in that. Follow the present plan of taking the structural value of the works, the manufacturing stations, and charge a certain percentage on that; at present the percentage on the works

is 5. I think that is too high, but that could be fixed at any figure that was considered fair; then let the rest be divided amongst the parishes or districts in proportion to the gas rental as it is now.

9327. In proportion to what?—To the receipts in those districts.

9328. Altogether apart from the amount of property which the gas company has in the rating authority's district, or the amount of land it occupies?—Take a gas company; a gas company has works in a certain parish, and we will suppose the rateable value of the gas company is 20,000l. The works are estimated at 200,000l. value, and they are rated at 10,000l.; that leaves another 10,000l. to be distributed over what are known as the productive mains.

9329. I do not think there is any point special to your memorandum on which I need ask you any question, but if there is any point which you would now like to emphasise particularly please draw our attention to it?—In paragraph 3 of my memorandum I explained the two systems on which gas companies work—the old system of a maximum price and a maximum dividend, and the new system known as the sliding scale, which Mr. Jones has described;\* then I say that the effect of the sliding scale is to make gas consumers and shareholders partners, and I give the proportions in regard to the South Metropolitan Company. This point I wish to emphasise, that it is the interest as well as the desire of gas companies to sell gas as cheaply as possible, and it seems that the local authorities consider it their interest to get as much out of the gas companies as they can. The quinquennial system as at present worked I should like to speak about. It was intended to avoid intermediate appeals, but being based, as it is, on the accidental profits of the quinquennial year, intermediate appeals become almost necessary. Take the South Metropolitan Company's case of 1889; I give in paragraph 17 of my memorandum the profits earned and the profits divided during the last 10 years—

9330. That difficulty would be got over by averaging the five years instead of taking the one that happens to be last?—Yes, it would, or by taking the divisible profit; but they do not do that—they take the quinquennial year. In 1889, which was a bad year, it was said to us: "Oh, but you will not make such a small profit during the five years; you will pay your regular dividends." "Yes," we said; and in consideration of that we agreed that the assessment should be on what was a fair average. When it comes to 1894, a very good year, they will not look at it in that way. They say: "No, we are entitled to the profits on the quinquennial year as the basis of the next five years"; and it was actually said in court: "If the gas companies are so ill-advised as to throw away 30,000l. a year by reducing the price, that is no reason why the ratepayer should suffer." The result is that the object of the Quinquennial Act is defeated, and intermediate appeals are necessary. Then I give an instance of a case in the parish of Lewisham, where there are two companies supplying gas, one is assessed at 4 per cent. on its receipts—the company that charges 4d. per 1,000 more for its gas—and the other is assessed at 16½ per cent., while 21 per cent. was claimed. The consumer in the one case pays 1'38 per cent. of the price of gas for rates, and the consumer in the other pays 5'8 per cent. There is one other point, if you will allow me. I take up Mr. Jones's contention that the profits of gas companies are not entirely from the sale of gas. We obtain our profits partly from the sale of residual products, and the system that has been adopted by the surveyors is this:—they take the cost of coal, deduct from it the receipts for residual products, and say the net cost of coal is so much, and so throw the profits from the whole business on to the sale of gas. Now, in the South Metropolitan case, the receipts for gas and meter and stove rents in 1894 were 847,000l., and for coke, tar, and ammonia 341,000l.; but the profits on the coke, tar, and ammonia are ignored altogether. Then I say, again, that the effect of an excessive rate is simply to unfairly tax the consumers of gas.

9331. (Mr. Murray.) If the rates, as you say, are paid by the consumer, what is the interest to the gas companies in this question?—Our interest is only this—Mr. Jones's and mine, and I can speak for others—our interest is to sell gas as cheaply as possible because we have very serious competitors; the more cheaply we can sell gas the more secure does our position become. Moreover, being under the sliding scale, we

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Sliding scale, effect of, to make gas consumers and shareholders partners.

Quinquennial valuation. Gas-works. Profits of quinquennial year taken, which conduces to appeals. Desirable to have the average of five years.

Gas companies. Unequal valuations. How far consumers pay the rates.

Valuation of gas-works. Residual products.

Gas companies. Their interest is to be rated lightly to produce gas as cheaply as possible.

\* See Mr. H. E. Jones's answers to questions 9195-9199.

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are entitled to divide an increase of dividend for every reduction in the price of gas.

9332. But the consumer himself would be in much the same position; he would pay more in rates and less in gas?—The ratepayer would have to pay more in rates; it does not naturally follow that the consumer would.

9333. Substantially. I suppose, he is the same person, is he not?—No, not by any means; the proportions are not the same; one man burns a great deal more gas than another.

9334. (Mr. Arthur O'Connor.) The local authorities themselves are gas consumers, are they not?—Yes.

9335. They would be taking out of one pocket and putting into another?—Yes.

9336. Anyhow, the shareholders can look on with perfect equanimity?—Well, the shareholders can; it does not affect them appreciably. If we have to charge 1d. per 1,000 ft. more for gas, we divide a quarter per cent. less dividend; that is what it comes to.

9337. You simply transmit the pressure to the consumers?—We do transmit it to the consumers.

9338. To transmit the pressure of rating, perhaps, is sometimes better than to transmit the pressure of gas. But in the case of the district you were speaking of, only one part is assessed at 4 per cent., I think, and the other at 16 per cent. upon the capital, or the receipts?—The receipts.

9339. Is that not precisely what happens to two tradesmen—two tailors—one of whom is making a large income, and the other of whom is approaching the Bankruptcy Court?—Yes; but in the case of these two companies the one required 9½d. per 1,000 ft. to pay its interest and dividend, the other required 11½d.; the 9½d. one was rated at 4 per cent. on its receipts, and the 11½d. one was rated at 16½ per cent.; if in proportion, the other one ought to have been 5 instead of 16½.

9340. I suppose you would apply that principle to a couple of tailors as well as to a couple of gas companies?—A tailor, I suppose, is rated on the value of his premises, whatever it may be.

9341. It is not a question of what he is, but of what you think ought to be; if you think that the two gas companies in a given district should be assessed at the same rate upon their receipts, why would you not apply the same principle to a couple of tailors in the same district?—I do not say that the two gas companies should be assessed at quite the same. As far as the consumer is concerned, I say the two gas companies ought to be assessed at the same rate; but if you look at them as two gas companies earning different rates of profit and requiring a larger profit in the one case than in the other to pay the dividends, then the one that requires the larger price should be assessed at rather a higher figure.

9342. I do not quite understand on what particular foot you are standing, if I may so express myself; what do you say is the standard by which the rating of a gas company should be settled?—I say that seeing that the consumer has to pay it, it should be on the price of gas, but that not being recognised as a principle at the present time, the rating of gas companies is now based on what a tenant is willing to pay, and I am quite prepared to admit that a tenant would pay more for one gas concern than for another.

9343. Assume that you are a rating authority, and that a gas company has been instituted or is discovered in your area, and you proceed to rate it; on what principle or according to what system do you think it ought to be rated?—I should like to take the average of the present rates, ascertain what that amounts to on the price of gas, and say the rate shall be so much per thousand on the price of gas.

9344. Then may I take your answer to be this: gas undertakings should be assessed for rates according to the price of gas?—A certain rate per thousand feet.

9345. I only want to know what your answer is?—Supposing a penny per thousand feet is found to be the fair equivalent of the fair rateable value of a gasworks, then the penny per thousand feet should be taken as the amount the concern contributes to the rates.

9346. I want to get in reply to a clear question a clear answer; I daresay we shall do it in the end?—I am very sorry.

9347. A short answer so that we might get it on the notes. What do you say is the principle upon which a gas company should be rated—I only want to get your own phrase?—It should be commuted—that is how I would rather put it—into so much per thousand on the price of gas.

9348. What should be commuted?—The rates.

9349. We have not arrived at the rate which is to be commuted?—No.

9350. How are we to arrive at the rate; what is the principle upon which you arrive at the rate?—I should suggest that a competent committee or body should be constituted to ascertain what is the proper rateable value of a gasworks, and that then that should be commuted into the price of gas.

9351. What do you say is to be the principle of estimate which that competent body is to adopt? What instructions would you give them as to the mode in which they are to arrive, and the principle upon which they are to arrive, at their assessment?—I am afraid they must go very much on the present system. They must ascertain on the present system what a tenant would give. I am not at all sure that a short cut could not be made to it by taking the rates paid by a large number of gas undertakings, and ascertaining from that what is the proper amount of assessment—that is by taking the facts.

9352. But if that is to be the standard, your position must be that, taking the average of existing assessments of gas companies, that average is fair?—Yes.

9353. Then what have the gas companies to complain of?—We should get certainty; at present we have the most absolute uncertainty and infinite trouble every quinquennial, besides great expense. What we want is to know where we are; we want certainty above everything.

9354. Then you really do revert to the principle of the hypothetical tenant?—We must work it out from that.

9355. I was going to put it to you that the system of the hypothetical tenant was altogether fanciful and inapplicable to the real facts of the case?—So it is.

9356. And yet you say you must practically revert to it?—I think the system of the hypothetical tenant has, on the whole, worked out to about this—that the rateable value of gasworks is about half the divisible profits.

9357. (Mr. Elliott.) The rateable value, or the rates?—The rateable value is about half the divisible profits.

9358. (Mr. Dalton.) In London?—Generally.

9359. The rates vary very much in general?—Yes; there are some cases where it is more and some cases where it is less, but the average would come to about that.

9360. (Mr. Arthur O'Connor.) That is an answer which goes to existing facts?—Yes.

9361. Not which goes to that which ought to be, but we are concerned with what you think ought to be. Are you content with the existing facts?—Yes.

9362. (Mr. Elliott.) Could you inform us what proportion to the net profits of the company the actual amount paid in rates bears?—Taking the rateable value at about one-half the profits, the amount paid in rates is about one-third of that in London; the rates are about 6s. 8d. in the £ you may take it, so that the rates would be about one-sixth of the profit. If the rateable value is half the profit, the rates are one-third of that, and, of course, one-third of half is one-sixth of the whole.

9363. Have you made any study as to the proportion which exists in the case of other rateable property?—I have tried to do so, and have not been able to get any comparison in relation to profits; I cannot get at their profits.

9364. You would agree, I suppose, that in many other industries the proportion of the amount paid in rates to the aggregate profits is very much smaller than that which you have just mentioned?—I believe so, very much.

9365. It would be so, would it not, in the extreme case, say, of a bank?—It would be very much smaller.

9366. Do you feel any grievance under that head?—Yes, we feel that we are unfairly rated on that head, that we are rated more highly in proportion to our profits than most other concerns.

Mr. G.  
Livesey.

6 July '97

Incidence  
of rates.  
Share-  
holders and  
consumers  
of gas.

Valuation  
of gas  
companies  
valued on  
basis of  
what a  
hypotheti-  
cal tenant  
would give.

Price of  
gas a sug-  
gested  
basis.

Valuation  
of gas-  
works.  
System of  
hypotheti-  
cal tenant.  
Effect is  
that rate-  
able value  
of gas-  
works is  
half the  
divisible  
profits.

Rates paid  
by gas  
companies.  
Proportion  
they bear  
to net  
profits con-  
sidered too  
high com-  
pared with  
other un-  
dertakings.

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9367. Leaving out of account any question of practical administration and of benefits received, would you say that the amount received by way of profits constitutes a fair test of the ability to pay towards local taxation?—I suppose it must be taken so. Of course it may be said that the proper basis of local taxation is structural value, but I think it has been so long recognised that ability to pay is one element, that I am prepared to recognise it in the matter of the settlement of a system.

9368. Do you feel a sense of grievance as against those undertakings in which the proportion of the rates to the profits is very much less than your own?—Yes. It came before me the other day in quite another matter. Barclay's brewery is rated at 18,000*l.*, they pay 6,000*l.* a year in rates, and they must make more than 36,000*l.* a year profit—I do not know what they make, but I expect it is a great deal more than that.

9369. As representing your gas company, you feel that as against Barclay's Brewery Company, you have a distinct grievance?—Yes.

Valuation of gas companies. Basis of gas sold or profits discussed.

9370. (Mr. Dalton.) In paragraph 17 of your memorandum I observe a table showing the profits earned. In the three years, 1889-91, the profits were very much less than in any of the other years—is there any special reason for that?—In 1889 came the strike, and part of the cost of the strike was carried into 1890; it began in December and ended in February. Then in 1890 we had a considerable rise in the price of coal, which was continued into 1891. At the end of 1891 we had to raise the price of gas; we had exhausted our reserves. We had a very large amount in reserve, to begin with, and rather than raise the price of gas we used up our reserves, and when they were practically gone we put up the price; then coal went down and up went the profit, and in the next two or three years we were able to reduce the price again.

9371. Did the profits bear any relation to the amount of gas sold?—No, not in those years. The profits in relation to the gas sold varied from year to year. The gas sold was a constantly increasing quantity; it was more in 1890 than it was in 1889.

9372. Was it as much in 1889 as it was in 1888?—It was more in 1889 than in 1888.

9373. Then it would make a considerable difference to you whether you were rated in proportion to the profits, or according to the amount of gas sold. If it had been on the amount of gas sold you would have paid higher rates in 1889 than in 1888, but if it had been on the profits you would have paid very much less?—Yes, but if you take the profits over an average of years they come about right.

9374. About the same as the gas sold?—Yes, or as the profits divided.

9375. Have you any information as to which was the fairer system? I think you recommend the gas sold; do you see any objection to the profits being taken?—No; I am quite willing to accept that system as a fair one.

9376. (Chairman.) Is there anything you want to add?—I do not think so.

9377. (Mr. Arthur O'Connor.) You have just mentioned a brewery; can you give us any information

with regard to the valuation of the structure of that brewery as distinguished from the site?—I do not know that I can give it you for that brewery, but I have been furnished with some figures, I must not say to what property they belong, but it is a brewery. The site is valued in the first instance—value of site and river wall so much; structural value of building so much; the structural value is taken, and on that 6 per cent. is taken as the gross rateable value. Then the total structural value of plant and machinery is taken, and 7½ per cent. on that is taken as the gross rateable value. But then I find there are certain deductions from the annual value of the site and river wall. 10 per cent. is taken off for renewals, insurance, and maintenance, 25 per cent. is taken off for the buildings which reduces the 6 per cent. to 4½, and 33½ per cent. is taken off the machinery, which reduces that to 5 per cent. as the net rateable value.

9378. The first point I want to bring out, or was in hopes of bringing out, was this—that there is known to actual practice a distribution of the assessment as between the site first of all, secondly the structure, and thirdly the machinery?—Yes, here it is all set out in this case.

9379. In that case, at any rate, there must have been no impossibility, possibly no difficulty, in distinguishing between the site value, the structural value, and the machinery value?—I believe these are the agreed figures.

9380. Now in respect of the site there has been made a deduction in that particular case, but that was because there was something artificial in the shape of a river wall?—Yes, I suppose so; 10 per cent. is taken off for that.

9381. If you had an assessment of site alone there would be no deduction?—I suppose not.

9382. The thing would be simple, we should have got down to bottom rock?—I should think so.

9383. Do you know any reason why they should not extend that system of separating site value from structural value, and from machinery value?—In valuing our gasworks they value the site as worth so much per acre, and then they take the buildings very much the same as they do these. That is for ascertaining how much of the total rateable value is to be appropriated to the gasworks, to the working part.

9384. Therefore if it was suggested that a simple, just, and practical mode of assessment was the assessment of the site value, and the site value only, throughout the whole kingdom, in country and in town, there would not necessarily be any practical difficulty in establishing the basis?—No, but I certainly think the structures ought to be rateable too.

9385. You are departing from my question; supposing that it was decided or suggested that there should be a system of valuation of site values alone, there would be no practical impossibility in separating the site value from the structural value?—I think not; it is done constantly by surveyors.

9386. There would be no practical difficulty at all in ascertaining the site value of every site in the kingdom?—I should think not.

The witness withdrew.

Mr. CHARLES CROWTHER SMITH called and examined.

Mr. C. C. Smith.

9387. (Chairman.) You are, I understand, Secretary of the Southampton Gas Light and Coke Company, and were lately Clerk to the Guardians of the Southampton Incorporation?—Yes.

9388. You have had 36 years' experience in the latter capacity, that is with the Southampton Guardians?—Yes.

9389. They, under a local Act, assess all properties and make the poor rates?—They do.

9390. During that time important appeals to quarter sessions concerning dock and gas companies' ratings were heard?—That is so.

9391. Without going into detail over it, and asking you to emphasise any point on which you wish to speak, I understand that you concur with the two previous witnesses whose evidence you have heard in con-

demning the existing system as expensive, uncertain, and unsatisfactory?—I do.

9392. Is there any point in regard to it which you would like to emphasise more than they have done?—First of all there is a very important opinion given by Lord Esher, the Master of the Rolls, as to the uncertainty of this proceeding, namely, seeing how difficult is the calculation in all great works, such as waterworks and railway companies, "no two calculations, though made by the most skilled persons in these matters, will ever agree in the figures." In addition to that I have a number of cases here in which the utter absurdity of the present system of valuation, I think, will be apparent to the Commission if you will just allow me to give you two or three figures. With regard to the Southampton Dock Company the rating authority's valuer put it at 18,940*l.*, and the company's

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Brewery, valuation of System.

Southampton Local Act.

Valuation of gas companies. Existing system uncertain and unsatisfactory. Instances given.

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valuer put it at 9,000*l.*, being just one half. With regard to the Bristol Gas Company, the profits being 33,000*l.*, the rateable value was put at 16,000*l.* odd by the rating authority, and at 7,000*l.* by the company's valuer. This same gentleman in valuing the Southampton Gas Company where the profits were only 14,800*l.*, as against 33,000*l.* in the case of the Bristol Company, made the rateable value of the one with only 14,800*l.*, 8,801*l.*; but in the Bristol case, with its 33,000*l.* profit, he made the rateable value 7,000*l.*

9393. Who was the gentleman?—I know his name, but he is now deceased, and I do not know whether you like it mentioned in confidence.

9394. I do not care about having it mentioned. What I want to know is this; was he in one case retained for the rating authority, and in the other for the corporation?—That is just the case.

Appeals,  
great cost  
of.

9395. Then I do not think you need go further into it?—That explains it entirely. One thing I wish particularly to show you is with regard to the enormous cost of the present system. In the Southampton Dock Company's appeal the costs were 4,638*l.* for trying the question what the proper rateable value ought to be. In the case of the Southampton Gas Company's appeal—a small matter comparatively—the costs were 4,224*l.* for deciding what their assessment ought to be. I need hardly point out to you that that is a very serious charge, because it is divided between the ratepayers and consumers, and it certainly points to the fact of its being desirable to obtain some better or more simple tribunal or mode of assessing public companies.

Valuation  
of com-  
panies now  
rated on  
basis of  
hypotheti-  
cal tenant.  
Suggested  
basis to be  
half the  
net profits  
taken from  
income tax  
returns for  
each year.

9396. I understand that a part of your desire is to get rid of what you describe—quoting an eminent counsel—as the “very greatest difficulty in setting up “in flesh and bone the dreadful skeleton of the hypothetical tenant”?”—That is so.

9397. What principle do you want to adopt?—After having had the experience that you have just kindly mentioned in both capacities, I have come to the conclusion that the most equitable and the least argumentative principle would be to take the income tax first, as showing the total amount of profits earned annually by each public company. This would apply to all public companies, not simply to gas companies. Having got that, about which there is no difficulty, there is this to be said with regard to it, that the surveyor of taxes and the companies all have an opportunity of being heard by an inexpensive method by going before the Commissioners to appeal against any assessment which the companies may think is excessive; and if, after hearing all sides, the amount is decided, I submit to the Commission that that would form a very equitable and decided basis upon which the rating of all public companies might be based.

9398. You do not object to being rated on your profits then?—No; I have studied all the different opinions that have been put before me, and I have come to the conclusion, in endeavouring to reconcile all that has previously gone before as to the hypothetical tenant and the actual equities of the case, that one half of the profits as ascertained by the surveyor of taxes for each year would be the fair and equitable basis upon which any public company should be assessed to the local rates.

9399. Do you apply that to the case of a gas company which is in the hands of a corporation, as well as to a gas company which is in the hands of a private body?—Yes, I think so.

9400. How do you get at the profits of a gas company in the hands of a public corporation?—They are bound to keep separate accounts, the same as a gas company would be. All local authorities have to go to the Local Government Board for power to borrow loans to enable them to purchase, and one of the conditions under which they are put is to keep separate accounts.

9401. If they do not make a profit how are you going to ascertain it?—They all make profits. What they do is to vote so much out of their profits in liquidation of the local rates. It is a simple question of receipt and payment. If their accounts are kept separately, which they are bound to be, it is easy for a local authority to show the absolute profits they make; but instead of reducing the price of gas they generally vote so much towards the payment of the local rates out of their

profits—that is a very usual practice in fact with a corporation—and thereby they very often keep up the price of gas beyond what it would be under a gas company.

9402. Assuming that to be so, over and above the sum which they may vote, as occasionally is done in supplement of the rates, are they not bound to reduce the price of gas in such a way as to prevent their making the same profit that the same corporation in the hands of a private body of shareholders would make?—I think I am right in saying that there is no limitation of any sort; it is in the entire discretion of the corporation. They can keep the price of gas up as high as they please, and keep on contributing to the rates out of the profits which they make, and that is the usual custom.

9403. As a matter of fact they do not do that, do they?—I think it is the usual custom to contribute out of their profits a sum of so much, which goes towards the lowering of the local rates.

9404. In the event of your assessing the profits in that way, would such a corporation not have a great temptation, instead of voting the sum, as you suggest, to reduce the price of gas, and so not to show the profit on which you would rate them?—Then, you see, the ratepayers and the consumers would equally get the benefit of that in the reduction of the price of gas.

9405. Yes, but how if they are not the same persons?—They are not—all of them certainly are not. That would be so, but you see the principle, I take it, would hold that public opinion would induce the corporation to reduce the price of gas as low as possible, so as to show that they were not charging more than private gas companies, because there is a competition between the gas companies, which would always induce the corporations to endeavour to show that they were managing their affairs as well as the gas companies were theirs.

9406. (Mr. Murray.) Would you rate all public companies on this principle?—I think it is applicable, as far as I understand it.

9407. Take the London and County Bank?—I do not call that a public company for this purpose. I say that my limitation would simply be, that whatever public company at the present time is rated by this hypothetical tenant principle, the principle I now suggest should be adopted in place of that. You know, of course, that county banking companies at the present time are not rated on their profits; they are only rated on their buildings.

9408. (Chairman.) As I understand it, the principles that you desire to lay down, on which I am not expressing any opinion at this moment, are two: first, that the amount of the income-tax assessment for each year should be taken as conclusive evidence of the total net profits earned by the company; and, secondly, that half of such total net profits should be the amount of the net rateable value of the whole undertaking for that year, upon which the local rates should be levied?—That is my proposal.

9409. How do you arrive at that as being a just thing to do?—The reason that has induced me to arrive at that conclusion is, that the practice of all the oldest surveyors, with whom I have been acquainted for a great number of years, has been, whatever mode they adopted to arrive at it, to come more or less to about one half of the profits of the company; that is a matter of practice.

9410. (Mr. Arthur O'Connor.) I do not understand the terms used. What do you mean by the word “public”? Do you mean a company that is a limited liability company or do you mean a company that is supplying a public service?—What I mean is this, that this system should apply to all companies which are now assessable upon the principle of a hypothetical tenant, that is to say, it would apply to gas, water, railway and canal companies, and to any company of that sort, which is not merely rated upon their buildings or structural values.

9411. Doing something for the public at large for money consideration, is that what you mean?—I think I must put it, if you will allow me to say so, that I intend this principle should apply to all companies which at present are rated upon the principle of the hypothetical tenant. I could not go beyond that. There are a number of companies which carry on commercial businesses to which a hypothetical tenant is never

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Banking  
companies  
are rated  
in respect  
of their  
buildings.

Valuation  
of com-  
panies now  
rated on  
basis of  
hypotheti-  
cal tenant.  
Suggested  
basis to be  
half the  
net profits  
taken from  
income tax  
returns.



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Valuation of gas companies. Statistics referring to valuation of 50 gas companies.

Valuation of gas companies. Present system uncertain and expensive, but the results are not complained of.

Collection of rates. Consolidation desirable.

Compounding. Provisions in Public Health Act better than in Poor Rate Assessment and Collection Act.

applied, it is simply structural value of the premises that is brought in there; and therefore I did not intend to include those in it.

9412. You do not mean companies under the Companies Acts of 1862 and 1871?—No, I do not.

9413. You do not mean limited liability companies?—No, I do not.

9414. But a company supplying some service to the public?—I have named the particular class of company—gas, water, railways, docks, canals, and so on; that is what I intend to limit it to.

9415. (Chairman.) In other words the present system while leading to expense and to a difficulty in collection has been reduced, according to your belief, to a system of which you quote the result?—That is so.

9416. And you are prepared for the sake of convenience and peace to stereotype that in the future?—That is so. Perhaps you will allow me to state another additional fact that I have ascertained. I have obtained the profits and rateable values of 50 gas companies. Of course I am not going to trouble this Commission or your Lordship with any of those, but I wish to give you this simple statement:—Of those 50 companies, 20 are rated above one-half and 30 below one-half of their annual profits; the average, taking the whole of the 50 companies, works out at about half their profits, namely, half the profits of the whole of these 50 companies amounts to 659,847*l.*, and the present rateable value of them is 636,931*l.*; so that I give you 50 companies in which if that system were applied it would really come within 23,000*l.* of the half of their profits.

9417. Of course you are reading from a number of figures which I have not got here, and therefore I have no means of checking them?—That is so. I could not put the companies names down because it has been returned to me anonymously, but I could let your Lordship have a list of them. I have a printed form here from which you will see that what I tell you is correct; it is not entirely made up from that, but that contains the greater number of them (*handing in table*).\*

9418. (Mr. Arthur O'Connor.) What is the general result?—The general result of that is that the one-half total profits of the 50 gas companies would be 659,847*l.*, and the present rateable value of those 50 companies is 636,931*l.*

9419. (Chairman.) As I understand, you do not complain of the results, but you do complain of the expense and inconvenience by which those results are arrived at?—That is so. What we say is that the system is tedious, uncertain, and simply dependent upon which side a surveyor is engaged as to how his judgment will come out, and that that is an unsafe and an unfair system on which litigation ensues between the company and the local authorities.

9420. Passing from your experience as an official of a gas company, I think you have something to say as to the inconvenience of the present system of so many separate authorities collecting various rates?—That is so. What I say in paragraph 15 of my memorandum† is perhaps nothing very novel. I believe in London it really obtains in some parishes, I think they do make a consolidated rate. I thought it important and desirable whilst I was here to make this suggestion to the Commission.

9421. The suggestion has been made to us by several witnesses, and I would like to have your opinion that the fewer separate demands which are made upon the individual ratepayer, the more it is for the general convenience?—That is so; the number of separate demands that are made by separate collectors at present is very vexatious and annoying. I think it would be a very great improvement to abolish that. Supposing the present occupiers of the office of collectors were superannuated or compensated, as soon as they were got rid of there would be a very large saving to the ratepayers in the cost of collection.

9422. Do you say there is a material loss on the collection of the poor rates, for example, at the present time?—Yes. The poor rate authorities at present have not the same powers over the owners of small property as the local board of health or special district rating authorities have; the consequence of which is that a large sum of money becomes irrecoverable and lost, or is excused from the poor people. But if the Legislature thought it wise, and I cannot see myself any objection—of course, I am only making my suggestions with submission to you—there is no reason why the authorities

collecting the poor rate should not have equal powers with the local board authorities.

9423. Power to do what?—To collect the rates from the owners of small properties instead of losing the money by trying to get it from the tenants.

9424. Giving the owners an allowance?—Yes, giving the owners the same allowance that they would get on the local board rates.

9425. We have had several witnesses on that point but the majority of them I think, speaking from recollection, have been against those deductions upon the ground that it was unfair to other ratepayers to give a general deduction when, if the local authority took trouble and collected the rates, a much larger proportion of the gross amount would be got in for the general benefit; I should like you to comment upon that?—I think I can give certainly most explicit evidence upon that subject, because we have had experience both before and after the legal powers were given to collect from the owners. When we had power only to collect from the occupier we lost very large sums of money. The poor people, you see, are really in and out of tenements from week to week, or less frequently, and the consequence is that it is impossible for the collectors to recover the rates from those people. The landlords always get their rents weekly, and they take good care that the rents are paid, and the small proportion of the rates which would be collected with the rent enable the landlords to do the business both for themselves and for the rating authorities.

9426. What percentage would you suggest should be allowed to the landlord for his trouble and risk in collecting and paying over the occupant's rate?—With regard to the poor rate at present, if they choose to compound for payment, they get 30 per cent. allowed them off the rate; that would be nearly one third of the rate is allowed off, which, of course, is a sufficient sum to indemnify them against their losses.

9427. Is it more than sufficient?—That is a mere matter of opinion.

9428. That is exactly what I want; I want your opinion?—I am not prepared to say that it is too much because they really are collectors—they are collecting the money for the local authorities, and if they do not collect it the ratepayers would have to pay a very much larger sum in the losses on the rates than they do by the allowance of the commission.

9429. I am sure you have got an opinion, do not be afraid to express it—what is your opinion—is it, or is it not, a proper proportion to allow?—The 30 per cent?

9430. Yes?—That is where they agree to pay that whether the premises are occupied or not.

9431. Is that not another deduction rate?—No, not for the poor rate. There is 15 per cent. allowed on the tenants' rates if they compound, and if they agree to pay whether the premises are occupied or unoccupied, then they are allowed an extra 15 per cent.

9432. Do you collect the gas rate from the owner or from the occupier?—From the occupier, always.

9433. Why is it more difficult to collect the local rates than the gas rate?—I must remind you that the premises to which we have been referring are small tenements in the hands of weekly occupants, and that the gas consumers, as a rule, of course, are a much better class.

9434. These people do not use gas?—No, they are a smaller class of property altogether.

9435. (Mr. Arthur O'Connor.) You have put in a very interesting paper showing the statistics as to rating the various gas undertakings, which is brought down to December 1896?—Quite so.

9436. There are 51 of them enumerated here?—Yes.

9437. That is only one-tenth of the existing gas undertakings in the country?—Not so much; it is less than one-tenth.

9438. It is not more than one-tenth, anyhow?—No, certainly not.

9439. I see this shows, first of all, the population, then the rateable value, the rates levied in the town from the borough treasurer's return; then come certain gas companies returns of the annual consumption, the amount expended on works, mains and meters, the income from gas, coke, tar and liquor, not including

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Valuation of gas companies. Statistics referring to valuation of 50 gas companies.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 320 and 321.  
† *Ibid.*, pp. 318 and 319.

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meter rents; then there is a column for profit; after that comes the rateable value of gas undertakings, then comes the amount of rates paid by the gas undertaking exclusive of income tax, and the proportion of the total rates of the town paid by the gas undertaking; then come three sub-columns for the rateable value of the gas undertaking, and then three sub-columns for rates paid by the gas undertaking, and of those sub-columns the last is the rate per 1,000 feet of gas sold?—Yes.

9440. I notice that some of these are as low as 75d of 1d. P.—Quite so.

9441. And some are as high as 3'35 P.—Quite so.

9442. So that in the one case you would have a rate which is only one-sixth of the rate of the other?—Yes, that is so.

9443. We have already had evidence in which the suggestion was made that rates should be paid according to the thousand feet of gas sold?—Quite so; I heard the evidence.

9444. In view of these figures of yours, in which three is the figure in one case and less than one is the figure in the other, what do you say to that suggestion?—Mr. Livesey we know is a great authority on all gas matters, and therefore I should be very careful how I said anything against any evidence he has given, but I may say this, that Mr. Livesey, you remember—

9445. Do you agree, or do you not agree?—With those figures?

9446. No, with the suggestion?—I think it would be rather a dangerous principle.

9447. That will do?—I might say that these figures which you have quoted corroborate Mr. Livesey's own statements that there were great varieties of rating per 1,000, and he suggested, you remember, in his scheme, that you should have a scale propounded which would meet those inequalities.

9448. Yes, you need not labour that point?—I do not wish to, I merely explain that.

Valuation of gas companies. Basis of gas sold, as suggested by Mr. Livesey, not approved of.

Valuation of companies, now rated on basis of hypothetical tenant. Suggested basis to be half net profits taken from income tax returns for each year.

9449. The basis for assessment under your scheme is one of income and profits?—One-half of the income tax assessments for each year annually, in order to do away with the quinquennial principle which would affect us unjustly unless it went over all the five years.

9450. I want to see how; we will work that out; first of all you have your headquarters at one place and you have your customers at another?—Exactly.

9451. Are you going to make your rates at your headquarters, or are you going to make them fractional, or are you going to make them over the whole system?—If you will refer to paragraph 11 of my memorandum you will find that I state: "Where it is necessary to divide the assessments between buildings and mains, 4 per cent. of the structural value to be taken to give the rateable value of works and stations, the remainder, being the rateable value of mains, to be divided among the various parishes, in accordance with the present system, based on the earnings in the individual parishes."

9452. I thought you would say that?—That is what I propose to do.

9453. Let us take the case of Birmingham. The Corporation supplies gas to its own people and also to people outside?—Quite so.

9454. Is there anything in their Act which requires them to charge the people outside their proper area the same rate for gas as they charge to people in Birmingham proper?—I am sorry to say I could not answer that; I should think it is probable they charge a little more.

9455. Exactly, I think you are right?—We do in our district, certainly.

9456. I am sure you would, and the Birmingham people would not be likely to be behind you in that respect?—Quite so.

9457. Let us assume that outside the Birmingham area is a charge which gives a higher rate of profit than within the area; let us assume that the corporation of Birmingham manages to make expenditure and income balance in respect of consumption and production of gas within their area, but that they make a profit on the supply outside at a higher price than is charged inside; now do you propose on your principles to assess that?—First of all I must say that the Birmingham corporation make a very large profit on their

gas affairs, and hand over very large sums to the local rates, so I think your hypothetical case would not be exactly supported by facts.

9458. You do not follow me, I think. I am concerned only with the outside area; how do you propose to assess your gas company with regard to the outside area?—By the amount of the earnings in those various parishes.

9459. That is to say, in the case of a corporation you would assess their profit on the business in an outside area?—Yes, I should assess the outside areas on the earnings in the various parishes.

9460. Now let me take another Birmingham producer; he produces, we will say, idols for the inhabitants of India, do you assess him for rating purposes upon the profits he makes in India upon his Brummagem idols?—No. You see gas companies and these public companies we have named are by the present practice and by the sanction of the courts—because there have been plenty of cases before them—assessed on the hypothetical tenant principle; but this man is a mere manufacturer who is only assessed for the premises which he occupies, and in which his manufactures are carried on.

9461. We are concerned with first principles, existing law is nothing to us; we have to recommend an alteration of the law because it is found to be defective. Therefore let us put that aside for the moment and let us go to first principles. If you are to assess the manufacturer of gas in Birmingham upon his profits in an outlying district outside Birmingham, why do you not assess a Birmingham manufacturer of Brummagem idols for consumption in India?—The only reason in answer that I can give you is that the law at present does not permit of it.

9462. Yes, but then you are bringing in an element for which I postulate the exclusion. I notice that the companies you refer to in paragraph 12 of your memorandum, according to your definition, which you gave me incidentally, are all monopoly companies?—Yes, I should say it was so.

9463. Would you suggest that, in the case of a monopoly company, there should be a different principle of taxation, or rating, from that which would be applied in the case of any other company or private venture?—I think not, for this reason, that you see whatever advantage the company possesses from having a monopoly, from being a company with statutory obligations and powers, whatever advantage that company derives from that position is shown by the amount of the profits that it earns. Therefore, if that monopoly enables it to earn more money, so the rateable value would be proportionate to its earnings. I think that would cover all the advantages which these companies possess as monopolies; the profits which they earn are due, no doubt, to a great extent to their being monopolies, but then that advantage would enable them to receive a sum of money as profits, which upon my system would be rated accordingly.

9464. Then do I understand that in the case of what I call monopoly companies, you agree that one half of the net profits should be the amount of the net rateable value of the undertaking?—That is the result of my experience.

9465. Is that what I understand your suggestion is?—Yes, that is my suggestion.

9466. Now, I ask you to distinguish between the monopoly companies and any other companies, or private undertakings; if that is good in the case of monopoly companies why should it not hold good, in principle, in the case of other producers?—You see what we are giving in evidence before this Commission now, is, that the system which at present obtains by law, by Act of Parliament, and practice in the courts, and by surveyors, is an unjust, vexatious, and expensive one, and my suggestion is really to try and improve that.

9467. That is agreed; I think everybody admits that?—Yes. I admit at once that I have not studied the question whether you ought to rate all companies irrespective of their being at present under this hypothetical system; that is a wider question than I think I was prepared to go upon.

9468. You have suggested a certain standard or principle?—Yes.

9469. We are starting now a fresh inquiry; this Commission would not exist if it was not admitted that

Mr. C. C. Smith.  
6 July '97

Monopolies. Companies having monopolies. Valuation of.

*Mr. C. C. Smith.*  
6 July '97  
some alteration in the existing arrangement was required; and beginning afresh we want to get some kind of guiding principle. You have suggested a principle with regard to certain classes of companies, and I ask you why do you distinguish, if you do distinguish, between this class of company and any other class of company?—I distinguish between these companies and the others for the reason that the legislature and the courts, and the surveyors have all gone in unison together, that these are the only class to which such a principle is applicable.

9470. Let us assume for a moment that the question is settled so far as this class of companies is concerned; what other principle is applicable to what other class of companies?—I think that perhaps I might be allowed to say that I hardly came here prepared to discuss the rating of any other companies than those which are affected by the hypothetical tenant principle.

9471. Very well; then let us confine ourselves to this particular class. What have you to say on points of principle in support of this proposal that half of the net profits should be the net rateable value?—I think it would be summed up in these few words, that I believe that if this system were adopted it would be the "simplest method which can be devised for the assessment of public companies, and, if adopted, would be the means of avoiding great expense to both ratepayers and companies, would prevent much friction with the local authorities and save a great amount of time at quarter sessions now taken up by rating appeals." That is the summary of my opinion.

9472. Supposing there are two such companies, one managed by a man of great ability like one of your predecessors as a witness, and another very badly and very greatly mismanaged, and that one results in profit, and the other results in loss, how does your principle apply?—Exactly, because the persons who have made the least profit would be rated at the least sum, and those who made the greatest profit would have to pay the highest amount.

9473. But would that not be making the amount of rate dependent upon personal managerial ability and not upon the value of the occupation of the premises?—Yes, but you see I do not profess to go upon the structural value.

9474. Then you are taxing managerial ability?—You see those abilities are used for the general benefit of the company, not for his own individual benefit.

9475. A company which conducts its affairs well and makes a profit has to pay more?—That is so. That is my objection to Mr. Livesey's system of taking it per thousand cubic feet. Mr. Livesey may, with his talent and experience, produce, say, 11,000 cubic feet of gas per ton of coal, and another company may perhaps only produce 9,000 feet owing to bad management; Mr. Livesey then would be taxed more for his ton of coal

than the badly-managed company. Therefore I object to the per thousand feet being taken.

9476. Equity is equity, not only for the gas companies but for all mankind; if you apply your standard of equity to mankind at large, do you think it is fair that a man who because he makes, by good administration, a profit in his business sufficient to justify the occupation of good premises should be taxed heavily beyond his neighbour with similar premises who, because he cannot manage well, loses instead of gains?—I must point out to you the effect of that good management would be to give himself and his shareholders a higher dividend, therefore he gets some reward for his extra science.

9477. (*Mr. Clave.*) I understand that your proposal is that in the case of all companies which are limited by Acts of Parliament, that half of the net profits should be taken as the rateable value?—That is so.

9478. You are acquainted, I suppose, with the Waterworks Acts?—Yes, with some of them.

9479. How would you assess a corporation which is prohibited by its Acts from raising a higher revenue than is sufficient to cover its annual expenditure?—I think that has been decided in the courts, that you are not to follow the same principle as we should follow here.

9480. I understand that your principle is to apply to all gasworks, waterworks, and railways?—Yes.

9481. I want to know how I am to assess Liverpool Corporation Waterworks, where the Corporation are prohibited by their Acts of Parliament from raising any revenue beyond what is necessary to meet the annual expenditure?—I think that case having been decided in the courts of law it would be binding, would it not?

9482. Then I understand you do not intend it to apply to companies and corporations which are prohibited by their Acts of Parliament from getting a profit?—That is so.

9483. And that where in the case of gasworks, corporations can earn a profit if they choose, their rateable value will practically depend upon the decision of the council as to whether they shall raise more money from their gas consumers for the benefit of their ratepayers, or whether they shall supply cheap gas and let the ratepayers go without profit?—That is so. If a gas company were to reduce the price of gas or light, so that they could not make a profit, my system would be that they could hardly be assessed.

9484. The assessment then depends upon the—?—Upon the profits.

9485. Upon the opinion of the town council from year to year?—No doubt it would as to the price of gas.

The witness withdrew.

*Mr. HARRY WILKINS* called and examined.

9486. (*Chairman.*) I do not propose to take you over all the points which we have had from the other witnesses, but rather to confine your evidence to the definite scheme which you have put forward. Perhaps you would just put before us, so that we can have it upon the notes, the scheme that you propose?—The paper which I was authorised to hand in is embodied in my memorandum,\* and I think practically includes only two points.

9487. Perhaps I should put it to you distinctly—while you are Secretary of the Lambeth Waterworks Company you appear here in your personal capacity, with the sanction of your directors?—That is so.

9488. You hand in this memorandum, which I hold in my hand, on the rating of public companies?—Yes, as a personal document.

9489. As we shall print this memorandum, I need not take you over the definite points. I want you to state to us shortly the principles upon which your scheme is founded?—The principle upon which the scheme is founded is a combination of structural value and the profits made, following the analogy, for instance, of ordinary house or shop property; that is to say, if you take a grocer's or a baker's shop which is at the corner of the street, having either a flank frontage, and so being able to make a better show of goods, or a back

entrance, and so being able to carry on the trade more conveniently, that house will command a higher rent, irrespective of the actual structural cost, than a house without those conveniences. Therefore, the scheme which I have ventured to put forward combines these two elements.

9490. You do not think either one of them taken separately will work absolute justice?—I think not. If either one or the other were to be taken as the sole basis, I certainly should give the preference to structural value, because that certainly excludes all elements of trade profits which, under the present system, are included to a very large extent in arriving at the assessment of water companies.

9491. Have you made any calculation in regard to any existing undertaking with which you are familiar to show whether this system would produce an increase or decrease in the rates the undertaking would have to pay?—The illustration which I give is, roughly, the facts connected with the Lambeth Water Company. The present rateable value of the whole undertakings of the Lambeth Water Company is, I think, about 85,000/.. so that under my scheme there would be a slight diminution, but not to such an extent as to make the matter a question of principle at all.

9492. Have you tried to apply this to a gas company?—I did try, but I had some difficulty, because

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Valuation of gas companies now rated on basis of hypothetical tenant. Suggested basis to be half net profits. Valuation of corporation gasworks restricted by Act of Parliament from making a profit.

Valuation of gas works of a corporation who can earn a profit if they choose. Result of application of suggested basis of taking half net profit as basis.

*Mr. H. Wilkins.*

Valuation of gas companies. Basis of gas sold, as suggested by Mr. Livesey, not approved of.

Valuation of gas companies and certain other companies. Mr. Wilkins' scheme described. Combination of structural value and profits made.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 323 to 327.

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the question of the profits on residual products came in, and I found that I did not possess sufficient knowledge of that branch to allow of my coming to any conclusion.

9493. Are we to understand that it is only put forward as the basis for assessing water companies?—No, I think it would be applicable to all companies—railways, gas, electric lighting, and tramways; but it is quite possible that the percentage on profits might require variation, according to the class of property to be assessed. But that, of course, would not affect the principle of the scheme.

Valuation of water companies. Valuation of pipes.

9494. I think you wish to say something as regards pipes?—I should like before passing away from this to say that the underlying principle is an effort to exclude trade profits; for instance, if you take an ordinary water company and a mineral water manufacturer, both of which supply water under different conditions, in the one case you assess on the present principle, according to profits or net receipts; in the other, simply according to the structural value of the premises. That, I think, can be pushed a little bit further, because in our case, the case of the water companies, you assess the means of distribution, that is the pipes laid underground, whereas the means of distribution, vans, and bottles, used by the mineral water manufacturers, of course, are not rated at all.

9495. Unless you do something with the underground pipes how are you going to divide the assessment between the various assessing areas?—I quite admit that the pipes should be assessed.

Valuation of water companies. Element of trade profits should be excluded.

9496. Is there any other point? I may tell you that your memorandum requires careful reading, and we must look into it and see how it would apply to other places. I do not want to express any opinion about it at the present time. Is there any other point you would like to speak to?—I should like to call your attention to the general dissatisfaction which exists with regard to the present system.

9497. I do not think you need go over that again; have you anything different to say to what these other gentlemen have stated?—No, except that I wish to emphasise the importance of excluding trade profits as an element in arriving at the value of a waterworks undertaking.

Valuation of water companies. Present results not unsatisfactory, i.e., resulting in rateable value being half net profits. But apprehension is felt for the future.

9498. (Mr. Clars.) I understand you to say that your suggested method of assessing would work out to very much the same thing as the present assessments?—Yes.

9499. The present assessments are based upon profits?—Yes.

9500. How does it matter to the company, then, whether the surveyors arrive at the decision by taking the profit or by taking the other things if they arrive at the same conclusion?—Because the tendency of surveyors is to diminish the amount of capital allowed for tenants as tenants' capital, and also to reduce the percentage of interest on that tenant's capital. There is a constant tendency to increase the rateable value. I should have no objection at all to stereotype the present rateable value which I agree with the preceding witness, is about half the net profits.

9501. As far as I can make out, the present system and your suggested system arrive at the same conclusion, but by different ways?—Yes, but the present system will not arrive at the same conclusion probably 10 years hence.

9502. (Mr. Dalton.) If you take the structural value as the sole basis of assessment, you allow nothing for the monopoly of supply?—No. I think there comes a distinction between a company's waterworks and a corporation waterworks. In the case of the corporation waterworks you would take the bare structural value; in the case of the company you would take the structural value according to the profits made.

9503. Mr. O'Connor drew attention to the fact, which is rather a remarkable one, that the only companies which are rated on their trade profits are companies which have monopolies; you do not attribute any importance to the fact that they have monopolies?—The London water companies have no statutory monopoly.

9504. They have a practical monopoly, have they not?—They have a practical monopoly.

9505. And outside London they have a legal monopoly?—As against the local authority.

9506. You do not think it would be fair to charge them anything extra in the way of assessing because they possess that advantage?—Yes; and I think my scheme meets that by taking the receipts as an element in the basis of assessment.

9507. I thought you only proposed to take the structural value?—Only in the case of corporation waterworks, that is the distinction—while the corporation can only be assessed upon structural value, we should be assessed upon structural value according to the receipts which we make upon a sliding scale.

9508. Can you say how the corporation waterworks are treated for the purpose of the income-tax assessment?—No, I have no knowledge of the income-tax assessment.

9509. (Mr. Stuart.) Is there anything more you wish to state?—I should like to bring out the first point in my paper with regard to the rating of underground pipes. I wish to call attention to the ancient principle of rating according to the benefit derived, which was continued in the Lighting and Watching Act, 1833, and in the Public Health Act, 1875, with regard to certain classes of property, and to suggest that underground pipes certainly do not derive the full benefit of the sewers or lighting rate, for instance, and, therefore, should be assessed upon the same basis as agricultural land and railways.

9510. Would you like to explain that any further?—I do not know how far the Commission may be in possession of the facts.

9511. I think we know the facts, and that we are aware of the point you are indicating?—Very good.

9512. (Mr. Clars.) Do you mean to say that the undertaking of a gas company in a town is not improved in value by the judicious administration of the town by the corporation, and by the expenditure upon works, such as sanitary works, street improvements, and other things which have a tendency to increase the population, and to increase the number of people who take gas?—They are not increased to the full extent of the rate, I think. I suggest they should be charged one-fourth the rate, the same as a railway, for instance.

9513. I am speaking of the undertaking as a whole. The question of the gas pipes is simply a question of distributing the whole rateable value between the different classes of works; but taking the undertaking as a whole, do you mean to say that it is not benefited by the expenditure of the local authority?—The extent to which it is benefited would be shown in the net receipts, and the net receipts are one element in my scheme of arriving at the annual value.

9514. The net receipts to a large extent are dependent, are they not, upon increased population and increased consumption of gas?—Quite so.

9515. Therefore, if the corporation by its expenditure induces people to live in the town they increase the population and increase the consumption of gas, and, consequently, they increase the value of the gas company's undertaking?—Yes, and the rateable value would increase correspondingly under my scheme.

Mr. H. Wilkins.

6 July '97

Monopolies. Companies having monopolies, valuation of.

Pipes underground should be included among the hereditaments subject to partial exemption under the Public Health Act.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

## TWENTY-FIFTH DAY.

Wednesday, 7th July 1897.

At 16, Victoria Street, S.W.

PRESENT :

THE RIGHT HON. SIR J. T. HIBBERT, *in the Chair.*

Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
C. N. DALTON, Esq., C.B.

T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.  
THE RIGHT HON. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Captain ERNEST GEORGE PRETYMAN, M.P., called and examined.

9516. (*Sir John Hibbert.*) What is the position in which you are giving evidence to-day? Is it personal, or is it as an official?—I am giving evidence on behalf of the Committee on Local Taxation of the House of Commons.

9517. Do you give it as an owner or as an occupier?—I shall give evidence as an owner, an occupier, and a member of the Local Taxation Committee.

9518. Are you in any official position with respect to the Local Taxation Committee beyond being a member of it?—I am on the council.

9519. How long have you acted upon the council?—Since I have been a member of the House; I was placed on the council soon after I was elected, two years ago, I suppose, it would be now.

9520. I believe you wish to place before the Commission some statements which you refer to as Tables I., II., and III.\*?—Yes, I do.

9521. What are those statements intended to prove?—They are intended to prove that the incidence of the rates upon the agricultural land which I have been farming has been heavier than my ability, as owner and occupier, to bear those rates in proportion to the profits which I have made off the land.

9522. That is taking into consideration your own particular property and your own case?—Yes.

9523. Do you wish to give any evidence with respect to the general questions before you enter into the evidence with respect to your own case?—No, I do not, except that I would say that I think my case is a typical one. The reason I wish to give it in this form is that I only wish to speak as regards the actual facts from my own personal experience of what I can actually speak to, and that I have no reason to suppose that my case is any harder than that of anybody else, and that I think it is simply a typical one of the amount of rates levied in the eastern counties.

9524. From this memorandum† that you have placed before us do I understand that you have been in possession of this estate since the year 1889?—Yes.

9525. You then succeeded to that property?—Yes, I did.

9526. The estate has an area of about 20,000 acres, I believe?—Yes.

9527. Two thousand acres of which is heath land only?—Yes.

9528. That heath land is used as a sheep-run?—Yes.

9529. How many farms is this property divided into?—I should think into about 50 or 60.

9530. Are they large farms or small farms?—The largest farm is nearly 800 acres, and the smallest is about half an acre. There are 40-acre farms and 20-acre farms, and so on, on the estate. I have recently built some cottages with small farms attached to them.

9531. The two properties, according to your memorandum are about 20 miles apart, one of them extending over 18,000 acres and the other over about 1,700?—That is about it.

9532. What is the character of the land of the larger area?—It is light land, merging to good mixed land. It extends from the sea, inwards, for about 12 miles, and from Felixstowe towards Woodbridge. The Felixstowe end of the property is good mixed land, which will grow excellent barley, and it is about as good quality land as is to be found in England. As you get inland it gets lighter and lighter until you get on to the heath district. Of course, I can let the good land, and the light land is all on the larger property, or nearly all of it is light land.

9533. The smaller area is all clay land?—Yes, heavy clay land.

9534. What is the number of acres that you have in hand?—I may say that in Table II., for each year from 1890 to 1896 inclusive, you will see a statement of all the land in hand. I may say that I have also in hand the Home Farm; but as I think the Home Farm is in a somewhat exceptional position, selling produce to the house, and so on, I do not think it is fair to give that as an instance of profits on agricultural land generally, commercially farmed. I have therefore excluded that; so that I have really more land in hand than appears on the table. The Home Farm is 500 or 600 acres in extent; but, as I say, I have excluded that entirely from all these statements.

9535. What are the number of acres you have in hand, excluding the Home Farm?—You will see that stated for each year in Table II. At the end of 1896 I had 4,000 acres practically—actually 3,994 acres of land, and 1,066 of heath—exclusive of the Home Farm.

9536. You have not had the whole of this land in hand for many years, have you?—You will see each farm stated in the tables. Some have come in hand during those years, and some have been let. The farms which appear in the table for 1890 are not all the same farms as appear in the table for 1896. You will see there is a certain variation which is stated in each year; perhaps one year one farm is let and another farm comes in hand, but some of the farms were in hand continuously.

9537. What is the argument you wish to use with respect to the result of farming?—If you will look at Table II., (the summary of the expenditure on these farms in hand for the six years 1890–96), at the bottom, in black figures, you will see that the result of the seven years farming of this land practically consisting of 4,000 acres, is that the labour bill has exceeded 30,000*l.*, that the rates are approximately 2,000*l.*, being 1,989*l.* 15*s.* 11*d.*, so that we can call it 2,000*l.*; and that the tithe exceeds 3,300*l.*; whereas the profits to the owner are only represented by the small sum, possibly, of 1,000*l.* increased value of the land; that is to represent rent and interest on the capital outlay, and that would be the profits both of the owner and of the occupier. I arrive at that in this way: I think you will see in the statement that I have prepared, that the actual cash disbursements exceeded the actual cash receipts by some 5,300*l.*, but that represents an additional 700 acres. There were only about 3,300 acres in hand at the commencement of that period, and there were 4,000 acres in hand at the end of that period, so that that extra disbursement would just about represent the extra stock and capital required for stocking the extra 700 acres; and, of course, that has gone into the land. About 6*l.* 5*s.* or

Captain  
E. G.  
Pretzman.

7 July '97

Orwell  
Park and  
Bacton  
Estate.  
Number  
of acres of  
land in  
hand.

Captain  
E. G.  
Pretzman.

7 July '97

Orwell  
Park and  
Bacton  
Estate,  
Statistical  
tables to  
prove  
owner and  
occupier  
rated too  
heavily in  
respect of  
agricul-  
tural land.

Orwell  
Park and  
Bacton  
Estate,  
particulars  
of.

Orwell  
Park and  
Bacton  
Estate.  
Farms in  
hand.  
Results  
farming.  
Land left  
in bad  
condition;  
expense of  
improving  
it.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 329 to 333.  
† *Ibid.*, pp. 327 and 328.

Captain  
E. G.  
Pretyman.  
7 July '97

6l. 10s. is a fair average sum for the stocking of light land and paying of valuations, and taking it in hand. You may, therefore, practically say that taking that into consideration, the disbursements and receipts are equal, and that there has been neither profit nor loss upon farming that land. This gives the actual disbursements in farming, and is exclusive of rent, and exclusive of interest upon my capital. Naturally, getting the land in hand as one does when a tenant gives land up, it is in bad condition, and I have improved the land; I think it would be fair to say that the improvements would represent somewhere about 5s. an acre; in other words, I might say that the land would be worth 1,000l. more than it was.

9538. As I understand it, these farms as they fell into your hands were in a very bad and foul condition?—Yes, many of them were.

9539. Therefore, the cost of putting them into a better state must have added to the disbursements very considerably?—I could not quite say that. It would rather reduce the receipts than increase the disbursements; of course it would do both, but you see you clean land in rotation; you do not take a farm and clean it all at one turn; you take it in rotation. I consider that it takes two courses of four years each to really clean a farm; you cannot clean a farm once round, and, of course, during that time the land will not grow two crops; it will not grow weeds and corn equally; and while the farm is foul the profits are considerably less, and, of course, the disbursements, as you say, are greater.

9540. Has there been much extraordinary expenditure on it, such as draining and fencing?—No, there is a little, but very little included in this statement. All the fencing, and a portion of the draining, including the cost of the pipes goes down to the estate expenditure, and is not charged against the farms at all; all that is charged against the farms is the labour of men employed upon the farms who occasionally assist in the draining.

9541. But the expenses of the draining and the fencing are not included?—No, they are not.

9542. That is a very important matter to have clearly set out?—Yes, it is so. A portion of the labour on the draining is included, but not the tiles.

9543. That is the labour of your own labourers who are employed upon it?—Yes, that is so, but the fencing goes into the estate account and is kept entirely separate, and is not included in this at all.

9544. With respect to the buildings, has there been any large amount spent?—There has been a very large amount, but not one farthing is included in Table II.

9545. I understood that you had spent a considerable sum upon improving the buildings?—You will see that in Table III. which I shall come to presently. I consider that putting up new fences and buildings and draining—certainly the purchase of the tiles in draining—are absolutely items of landlords' expenditure, and as such I should not be justified in giving them as part of the expenses incurred by the occupier of a farm as set against his receipts. I have here the actual farm accounts for the whole of these farms for the seven years I have had them, and if you wish to ask any questions about any particular farm I can give you exactly the items of all the expenditure which has been incurred upon it. All the items charged to the farms are really perfectly fair tenants' expenses; the landlord's expenses come into the estate expenditure.

9546. This is not a case in which it might be said against you that accounts had not been properly kept?—No.

9547. You have very carefully kept them?—Yes. I can produce the farm accounts, and I should be very glad to leave them as long as I may have them back, because they want them in the estate office. If it is desired I should be very glad to leave them with the Secretary of the Commission if you would like to look through them.

9548. Of course, if all this outlay has taken place, the value of the estate must have much increased since it came into your hands?—I think that the fall in the value of land, from an agricultural point of view, has kept pace with the increase of comparative value that I have been able to put into my land, because my improvements as regards draining and building have been quite equally distributed over the land I have in hand, and over the much larger area where I have tenants. If you will look at Table III. you will observe that notwithstanding the enormous expenditure which has gone on for seven years the rent roll has steadily and continuously fallen; the

steady fall in the actual receipts for rents has more than equalled any improvement in value which I have been able to put into the land or buildings.

9549. Then, I presume that if you had not put this improvement into the value of the buildings and the other matters connected with the farms the estate would have been in a very much worse position?—I should not have been able to let any of it, probably, or very little of it.

9550. You say in your memorandum that in the seven years only 1,000l. have been earned?—Yes, that is the outside.

9551. Whereas 2,000l. have been paid in rates and 3,300l. in tithe?—Just so, and 30,000l. in labour. I think that is an important point.

9552. What would be the labour bill over the whole of this estate?—I have noticed that in my memorandum, and I think it works out, as any practical farmer will tell you, very fairly. You see the labour bill is 30,000l., and it works out at a little over 1l. an acre.

9553. I suppose it varies on different farms?—Yes.

9554. Your labour bill is about 25s. an acre, I see?—Yes. The Manor House Farm has a much higher labour bill relatively to the others. This is because it is a heavy land farm, and also some of the labour is for draining. A labour bill of 30s. an acre is about the average upon well-farmed heavy land, and 1l. an acre, or slightly more, upon light land. I think any practical farmer will bear that out. I quote that because I wish to make it very clear that all this land is farmed on an absolutely commercial basis, and with good overlooking, and with no extra expenses. I consider it to be a really fairly typical specimen of farming light land without any attempt at fancy farming, but farming it just exactly as a tenant farmer would farm it.

9555. It has been really carried out on commercial principles, you state?—Absolutely on commercial principles.

9556. What has been the net result of the ownership of this property for the past seven years?—If you look at Table III. you will notice that the net result has been a loss of 14,000l. Of course the property has been improved, but the actual receipts on the property have been less than the outgoings by 14,000l.; in other words, it is 2,000l. a year to the bad. It is only fair to say that an inconsiderable portion of that expenditure has been on what might be called personal expenses; the shooting is included in that, and the gardens, but not the upkeep of the house.

9557. The gardens, you mean, attached to the house?—Yes. I have since I wrote my general statement looked over the annual estate accounts for every year from 1890 to 1896 inclusive, showing every item of the agent's expenditure during that period. I have taken out from those statements an abstract of every single item of expenditure which would be considered as of a personal nature, and I have also deducted from that, as regards the shooting, the game sold. For instance, there is a decoy, and the amount of expenditure in connection with that decoy very nearly equals the receipts; but still I look upon that as to a certain extent a luxury, and, therefore, I have added all the expenses for the decoy into the private account, and I have deducted from that the receipts from the decoy which, of course, is only fair. With regard to the shooting, I have deducted the game sold, and I have put in the expenses of the shooting. I have taken account of anything paid to my private account, for the gardens, the game, the decoy, and a small expenditure on yachts, and I have also deducted the subscriptions which are paid through the agent. I hardly think that those subscriptions ought to be deducted because they are on account of my ownership of the estate, and they are only a small part of what I have to pay otherwise, but I have made them go into the account.

9558. What would be the total of this personal expenditure?—The total of this personal expenditure, after deducting all receipts on those accounts, amounts to 11,610l. within the time; that includes 730l. of subscriptions, so that without the subscriptions it would be just under 11,000l. That would still be below the 14,000l., you see. In compiling it I have thought it right to put in my statement a comparison with the estate in the seventies. If you will look at Table III., you will see there that although all these personal expenses were included in the outgoings, the income to the owner approached 20,000l. a year.

9559. What was the difference in the rent in the two periods 1873, 1875, and 1876, and 1890 to 1896?—You can see that in the table. In the years 1873, 1875, and 1876 the rent-roll was about 22,000l. to 24,000l. a year.

Captain  
E. G.  
Pretyman.  
7 July '97

Orwell  
Park and  
Bacton  
Estate.  
Cost of  
labour.

Orwell  
Park and  
Bacton  
Estate.  
Outgoings  
have ex-  
ceeded  
receipts  
during the  
last seven  
years.  
Compari-  
son of the  
rent roll in  
the seven-  
ties and  
the nine-  
ties.

Captain  
E. G.  
Prestyman.  
7 July '97

9560. (Mr. Arthur O'Connor.) And there were no farms in hand?—No farms were in hand then. There was, I am bound to say, a considerable receipt amounting to 3,000*l.* or 4,000*l.* a year in those days from coprolites which were raised on the estate.

9561. (Sir John Hibbert.) Has that ceased?—Absolutely.

9562. Ceased as matter of fact?—No, as a matter of commerce, because the introduction of the foreign ores has completely stopped that. The price which we used to obtain was remunerative for getting out this ore. These coprolites were at a depth of 20 feet a great many of them; but now that they can get them on the surface in South America and bring them over here, the price is unremunerative, it is not a farthing.

9563. I remember being told in Bedfordshire that they were worth a thousand pounds an acre?—They might be that. It all depends on the thickness of the bed, and the expenses of working. I have heard that as much as 300*l.* or 400*l.* worth was obtained out of an acre, but in my time I have never had anything out of coprolites.

9564. I was referring to some time ago. Have you made any effort of late years, or at least during the last year or two, to re-let any of the farms which you have in hand?—I have re-let several. If you will look at the tables you will see that several farms have been re-let. But then, when I have got a farm in good order, I will only let it to a thoroughly good tenant that I can trust, because if you let it to a wrecker after you have probably put down a great deal of cake upon the farm, and put it into thorough good order, he can make a good profit of it for three or four years and then throw it on my hands, and I have to begin all over again. That will not do at all. When a tenant leaves I get the farms left on my hands in bad condition.

9565. What course do you take in obtaining fresh tenants for these farms? Do you advertise, or do you do it on some other plan?—I rarely advertise; I wait until I get an application.

9566. Have you any difficulty in obtaining good tenants?—I should be very glad if I could get good tenants to let all these farms to-morrow; but I cannot get good tenants. You see the result of the farming of this land, and they know it as well as I do.

9567. Is it not the case that very often a farmer will be able to make more out of the farm than the owner can?—A little, yes, I do think so.

9568. I do not know how it is, but it is the case?—I think the reason is because it is a word and blow with him. There are many little things on a farm, as the opportunity offers in small ways as well as large ones, where a man who is on the farm and who is master and sees what is required does it immediately; then with the labourers he can give a fellow half-a-crown out of his own pocket when he sees the man has done a good bit of work and things of that description. A bailiff, of course, cannot be allowed the responsibility of those things, he has to apply to the agent, and sometimes it has to go to the owner, and delay is caused and the opportunity is lost.

9569. In respect to the expenditure on the buildings, has it been principally upon houses, or upon farm buildings generally?—It has been, perhaps, half and half. You will see in Table III. that I have spent 56,303*l.* on buildings in the seven years; that will be 8,000*l.* a year. For one thing I have built over 100 absolutely new cottages; but then those, in many cases, replaced old cottages which were not fit for habitation, so that they did not mean any increase of rent at all. Where a pair of old cottages is pulled down, and a pair of new cottages built, the people, of course, shifted out of the old cottages, and they paid no extra rent.

9570. Those cottages are generally, I suppose, let with the farm?—In some cases.

9571. Not in all?—Not in all. I prefer to let to a labourer direct, if I can; but where there is a large farm, and the cottages are situated on the farm near to the buildings, it is an impossibility to let to the labourers direct—the tenant must have the cottages.

9572. How do you account for the very large amount of rates, 1,990*l.*; what would that be per acre?—If you will look at the particulars in Table I., I think you will find that these particular rates are low rates in proportion to the rates in other parts of the country. I may say that our roads in that district are very bad sandy roads. There is material on the spot which makes roads of an indifferent character. You have nothing to do but to get the shingle out of the ground. The system adopted is that the farmer

who is responsible gets out the stone, which is rather of a soft character, and puts it upon the road, and merely charges the cartage against the parish. The consequence is that the roads are indifferent, but they have the merit of being extremely cheap. You will see that the highway rate is very low indeed. If you look at Table I. you will see that the highway rate, for instance, is only 1*d.* or 6*d.*, or 8*d.*, or 8½*d.*, and that the poor rate is much about the same thing.

9573. What is the poor rate?—You will see the poor rate for the first year on the table is 6*d.* and 8*d.*; that would have to be added together, of course, as those are two half-yearly rates, and that would mean, therefore, 14*d.* for the year.

9574. Does it include the county rate, or is this the poor rate proper?—That includes the county rate.

9575. I thought it would?—It does. In Table I. every payment of rates that was made on the farm is included and separately stated.

9576. What is the union in which you are?—The Woodbridge Union. I do not know whether you would wish to ask me about the assessments. I should like to say a word about them.

9577. If you please?—You would naturally say, considering the profits of the farms, these assessments might have been properly lowered; but in these poor agricultural unions in the Eastern Counties the only result of lowering the assessments upon the farms is to increase the rate, because the district in many of those unions is entirely rural, and if it is taken off the farms it is put on to the cottages, and is paid by the same class of people who are dependent upon agriculture just the same. My cottages, in fact, are rated at a considerable sum above what they are let at. The principle, of course, is under the law—

9578. Have you not appealed?—I have appealed, but I will tell you the answer I got. My system of building the cottages is that I put a pair of cottages always in half an acre of land, and I divide that half-acre of land between the two cottages, the land and the cottages covering the half acre, half of the land going with each cottage. The cottages are built with three good bedrooms, two downstairs rooms, and outer offices, pigsties, and, I think, everything that is really necessary, on the cheapest possible plan. Doing it in that way, those cottages cost me 350*l.* a pair to build. The rent at which they are let—and when they are let through a tenant he is not allowed, by the rules of the estate, to charge more than that which is charged to him—is 4*l.* each. Then I have to keep them in repair and paint them, and that rent does not do much more than keep them in repair and paint them; but at the same time that is the rent at which they are let—4*l.* a year. They are rated in many cases at 5*l.* 10*s.* and 6*l.* a year, and when I appeal and say they are only let at 4*l.*, they say if I choose to let them at 4*l.* a year that is because the men are working upon my own farm, and that they might reasonably be expected to let at more. Of course those are the terms of the Act. The members of the assessment committee say: "I shall be very glad to take one of these cottages, and to pay you 6*l.* or 7*l.* a year for it." That is the answer I get; but I think it is extremely hard that where the actual letting value is 4*l.* a year, and the landlord who receives that rent has also to keep the cottages in repair out of that, that it should be rated on a sum exceeding the rental; but under the present law I allow that that is legal.

9579. Are the majority of the members of the Assessment Committee farmers?—Yes, certainly. The only effect of getting these assessments down is to raise the rates.

9580. That is, it would raise the rates upon the other classes of property, such as railways and houses?—Yes, it would.

9581. Probably more than upon the cottages?—Slightly more; but it would raise the rates, of course, on the agricultural land as well. In some of the unions in Suffolk, notably one union adjoining us, the Bosmere and Claydon Union, there is not a single parish in the union which cannot be described as purely rural. As far as I am aware, there is no property in the whole of that union which is not absolutely dependent upon agriculture; so that if you lower the assessments it merely has the effect of taking money out of one pocket instead of the other—with the exception, of course, of the railway, and there is one short line of railway that goes through that union.

9582. Can you say, with respect to the amount of rates given in your paper, namely 1,990*l.*, how much of that you would be relieved from under the Agricultural Rates Act of last year?—It cannot be more than 1/5 of course.

Captain  
E. G.  
Prestyman.  
7 July '97

Cottages  
assessed  
above the  
actual  
rentals.

Agricultural Rates  
Act.  
Relief  
obtained  
with respect  
to  
rates paid  
on farms  
in hand on  
Orwell  
Park and  
Bacton  
Estate.

Captain  
E. G.  
Pretyman.

7 July '97

9583. I mean generally over your estate?—This 1,990*l.* represents rates on the particular farms in hand, and does not represent the rates on the whole estate.

9584. I do not mean the whole estate, I mean those that you have in your own hands?—On those that I have in my own hands. I can only say that it would be on the same proportion as everywhere else; I think the relief would be probably a little bit less than  $\frac{1}{8}$ . Of course buildings are excluded, and the buildings cannot be valued at less than  $\frac{1}{4}$ , so that assuming the maximum to be allowed for the land, and the buildings to be valued at  $\frac{1}{4}$ , I should get a relief in respect of half the remaining  $\frac{3}{4}$ , which would be a relief of  $\frac{3}{8}$ . Of course, I should not get that entirely, because in some cases the buildings would not be valued at the minimum. Where the buildings are valued at above the minimum, in that case the relief would be rather less than the  $\frac{3}{8}$ ; so that, I suppose, it would be fair to say the relief would be somewhere about  $\frac{1}{8}$  of that sum—say  $\frac{1}{4}$ ; that would not be far out.

Tithe Act,  
1891.  
Effect up-  
on land-  
owners.  
Incidence  
of the tithe.

9585. Have you anything to say with respect to the question of tithes paid?—I have this to say, that I should like to call attention to the question of the landlord paying the rates. I think it is very instructive to look at the rentals in Table III., and also at the tithe. You will see that in 1890 the total tithe paid by me, or rather by the tenants, was only 166*l.*; in 1891, apparently, the Tithe Act partly came into effect, but I would not be sure of that; at any rate, it fully came into effect in 1892, and from 1892 onwards the tithe which I have paid on the whole estate has exceeded 2,000*l.*, and if you will look at the rentals you will see that no part of that has been added, but, on the other hand, the rentals have been steadily decreasing.

Rates paid  
partly by  
landlord  
and tenant.  
Suggested  
that land-  
lord could  
not bear  
the addi-  
tional bur-  
den.

9586. That has been an additional hardship upon you in that way?—I am not quoting that as a hardship, because, of course, the tithe is a burden upon the land which one must bear. I do not, therefore, quote it as a hardship, but I do quote it as a proof that anything of that kind which is taken off the tenant and put upon the landlord is not again put upon the tenant in the form of rent, as is sometimes argued, but when times are as they are now it simply remains as a burden upon the landlord. I believe one of the suggestions made in the House of Commons has been that some part of these rates should be removed from the shoulders of the tenant and should be put upon the landlord.

9587. That is so in Scotland?—Yes, I know it is. I wish to say here that, as far as that is concerned, while the tenant is quite unable to bear the burden, the landlord would also be unable to bear it if it were shifted upon him, because I show by Table II. that the profits are almost *nil*, out of which these rates have been paid, and I also show by Table III. that the landlord's rent, after he has expended it upon the land, is also *nil*. Therefore, he is unable to bear the burden, and it would be putting too great a burden upon him. Of course, an estate like this is not self-supporting, and if I had no other means of any kind, outside the estate, I could not live upon it.

9588. Of course, if instead of being no competition there had been considerable competition for farms, you would have been then able to throw this tithe upon the tenant in the way of additional rent?—If times were better.

9589. Yes, I put that?—One would have been able to do it then certainly.

Tithe-  
Position of  
the clergy  
and land-  
lords.

9590. Have you any suggestion to make with respect to the question of tithes?—Is that included in the reference to the Commission?

9591. We are going to take evidence about the question?—No. I cannot say I have in regard to tithe. The tithe is a burden upon the land; it is an extremely heavy burden in the Eastern counties, and some form of tithe redemption would, perhaps, be desirable. But I am bound to say that the clergy who receive the tithe are quite as badly off as the landlords who pay it. They most certainly have not suffered in the same proportion in respect of tithe as the landlord has in respect of rent; but, of course, they are extremely poor. Their duties are enormously valuable in those poor agricultural districts, and they are, many of them, in a state of extreme distress, owing to a fall in their tithe of about 30 per cent. There is nothing to be done that I can see but to pay it; the rates are a different matter.

Orwell  
Park and  
Bacton  
Estate  
rental.

9592. May the statement that you have made about your own case be taken as a specimen generally holding good in your county?—Yes, with this reservation, that, as I have already mentioned, the land which I have in hand

is distinctly poor sandy land, and the better land, of course, I am able to let. If you take the rentals you will get an approximate idea. You will see that the total rental of the land let is 12,000*l.* latterly; but then these rents include all cottage rents—that is, the total rental of the estate.

9593. And not merely the farm rents?—No, that is the total rental of the estate, and includes all cottage rents.

9594. Does it include any houses?—Yes, it does in Felixstowe. That is the whole of the agent's receipts on the estate that I have, it includes all rentals. There is no considerable house rental at Felixstowe, because most of the land has been sold freehold, but there is some, and that includes all. If you take the purely farm rentals, I got my farm rentals in a few days ago for the last half-year, and the total amount received was only 4,500*l.* for the half-year; there will be a certain amount not paid, so I put it that at the maximum it would not be more than 5,000*l.*

9595. Then there are 500*l.* of arrears?—It will not be arrears. Men do not pay to the day always. The arrears are very small, as I will not have arrears if I can help it. I never have arrears. I would sooner meet a man. If a man cannot pay his rent one half-year, he cannot pay two rents the next. Even in these bad times I have reduced the arrears down much below what they were when I succeeded. The total farm rentals would be about 10,000*l.* only. If you look at the acreage, you will see there are about 4,500 acres in hand. Excluding the heath, the total area will be 18,000, of which about 4,500 is in hand, so that that rental of 10,000*l.* would be a gross rental on an area of somewhere about 14,000 acres, or something of that kind, and part of that is extremely good land, near Felixstowe.

9596. You say there is a difficulty in letting the light land which you have; how is that generally farmed, in what way? I mean what are the products of this light land?—It very rarely fails in a turnip crop, because we can sow our turnips very late, and we can sow them over and over again. It is not like heavy land; if we do not get them the first time, we get them the second or the third. It is very rarely that turnips fail on light land. It is very healthy, good, sheep-breeding land; in fact, it is what you would call turnip and sheep land. It will grow good barley.

9597. I was going to ask you about the barley?—It will grow good barley when we get rain. The last three or four years have been exceptionally droughty years, and the consequence is that the crops have completely failed. This year there is very much better promise, as we have had rain in June. I ought to have added, when speaking about that rental, that the point I was upon was this, that is the rental I receive, and a good deal of that land is very good land, and I have no doubt at all but some profit is made upon it by the tenants; and they would not be, of course, in quite such a bad position as I should be in regard to the rates they pay in proportion to their profits. I mean to say, I would rather argue from this, not that everybody is in as bad a condition as I am in regard to these particular farms and the relative proportion of profits to rates, but I would argue from this that the fact of there being no profit does not exonerate from rates. Where there is a profit I do not see why a man should not pay rates, whether his profit is on land or on any other form of property; but my point is to show that where profit is non-existent, even though the farming is commercial, and good, and good accounts are kept, the fact of their being no profit does not exonerate a man from the payment of rates.

9598. Is there any other point you would like to raise?—I do not know whether you wish to ask me what remedy I consider possible in the matter of rates?

9599. Have you any remedy to suggest for the relief of the landowner or the tenant as regards rates?—I should not wish to separate the two at all. The occupier, of course, at present pays the rates, but whether he is tenant or landlord—and I look upon it as a question for the land, not as a question for any individual man—of course where the outgoings are on such a scale as you will see here, where 30,000*l.* is for labour, it stands to reason that if I had been farming this land without any capital behind me, I could not have afforded to pay that 77,000*l.* while I was only getting 71,000*l.* out of it. I must have kept back a portion of that 30,000*l.* which has been spent in labour for my own subsistence. I must pay the tithes, I must pay the rates, and, therefore, the only item of expenditure on the farms from which I could have extracted my subsistence would have been the labour bill. I think that that

Captain  
E. G.  
Pretyman.

7 July '97

Arrears of  
rent.  
Practically  
none on  
Orwell  
Park and  
Bacton  
Estate, as  
the owner  
will not al-  
low them  
to accrue.

Light land,  
how  
farmed.

Agricultural  
land.  
Interests  
of land-  
owner,  
farmer, and  
labourer.



Captain  
E. G.  
Pretymann.

7 July '97

is conclusive. Therefore, if I had been in the position of an ordinary farmer, in order to pay these rates, I must have kept my labour bill down, reserving merely a bare subsistence for myself. That labour is only a fair amount of labour for the land in order to keep it in a proper state of cultivation, and the result of docking the labour bill would be that the land would get into bad condition, and that the possibility of profits would be still further reduced, and the result of that would be that the land would go out of cultivation altogether. Therefore, I look upon it as a question that affects the landlord, because he gets no rent, that affects the labourer, because the tenant cannot pay him in wages what he has to pay in rates, and that, of course, directly affects the tenant's subsistence and capability of farming. Therefore it is absolutely fair to say that the question of the rates is not a question of the relief of the landlord; it is not a question of the relief of the tenant, it is not a question of the relief of the labourer, but it is a question of the relief of the land, and of the capacity of all those three persons and classes to get a living upon that land. Approaching it from my point of view I would say that I do not see why the land as a property —

Personal property should be assessed to local rates for purposes of a national character just as much as agricultural land.

9600. Do you mean agricultural land?—Yes, I mean agricultural land; I see no reason why land as a property which either does produce, or ought to produce, some profit to the persons engaged in cultivating it, should be charged on a different scale to provide rates for Imperial purposes as apart from purely local purposes. For Imperial purposes—that is to say, rates which are of Imperial interest, such as the poor rate, the highway rate, the police rate, the lunatics rate, and those kinds of rates—I see no reason why property of that description should be rated on a different basis to property producing income of any other description. I see no reason why I, for instance, and others should receive incomes in respect of shares held in certain foreign investments, and in regard to which there is an ability to pay rates, although in regard to it we contribute nothing to local taxation, should not be rated to local taxation in respect of those incomes. I see no reason why a man who is living in this country, and who has property in investments from which he derives an income, should be rated on a different basis to a person who is deriving an income from agricultural land. He is just as much under the original Act. I believe it is generally agreed, taking the poor rate, for instance, that a man should contribute to the poor rate in proportion to his ability to pay, not according to the proportion of his ability to pay on land only. A man who has 500*l.* a year has an ability to pay on an income of 500*l.* a year, and, although it is in investments, I see no reason why he should be treated differently to a man who has 500*l.* a year from agricultural land. Of course the system is entirely changed. In the old days land was practically the only source of income which was visible. There were no income-tax returns then, and it was practically the only taxable entity which local authorities could deal with. Now land bears a very small proportion to the taxable income of the country. Of course you are met at once with the difficulty that a local assessment for foreign investments is an impossibility, and therefore you are thrown back at once on an Imperial basis.

9601. Does not your argument also include other investments of a personal nature?—Everything.

9602. You speak of foreign investments, but you mean all personality, I presume?—Not to the same extent, because, for instance, if I have got an investment in an English railway I do not pay rates on that money, but the railway company pays it indirectly. My profits are reduced by the amount of rates, which are very heavy, and which are paid by the railway company itself. Therefore, it would not be fair to say I do not pay any rates in regard to that property. There may be a great many investments in England which do pay rates in the course of their business, though they do not pay rates on the actual income; but, of course, they would be relieved in proportion if the system that I advocate were to be adopted—they would escape. I do not want to ask for any favour for agriculture.

9603. Of course you are aware that it is owing to the difficulties of rating anything in the nature of personality that fixed property like land has been used to so large an extent for rating purposes?—I am perfectly aware of that. I think I began by stating that land was visible property, that it was easy to be taxed, and that, therefore, it has been taxed. All legislation appears to me to be a compromise. It is a choice of evils. If we were all agreed that something was unobjectionable or very useful there would be no need for Commissions to sit, and there would

be no need for debates in Parliament; we should simply pass the laws. But all legislation is a compromise, and when this form of taxation was imposed the evil of eliminating personality, personality being at that time so very small in the country, was infinitely less than would have been the difficulty of trying to include personality in rating. Now the position is entirely reversed. The position of personality in regard to the proportionate wealth of the country has so enormously increased, whereas the position of land has so enormously decreased that the boot is quite on the other leg, and, in my opinion, the balance of convenience in regard to that particular compromise is exactly in the opposite scale to what it was when this form of taxation was imposed. Therefore, though I quite allow that to rate personality on an Imperial basis, and to distribute the money so raised to local centres would raise the very difficult question of an Imperial poor rate, and would open the door, of course, to certain evils, I think at the same time the evil which would be there encountered would be infinitely less than the present evil, namely, that land is being thrown out of cultivation, and that living upon the land is impossible on account of burdens which ought to be borne and shared by other people. The only form of tax which appears to me to be a really fair one to adjust itself to the condition of the moment is a fair tax upon income, because where a tax is thus placed upon income, if from any outside circumstances that income is reduced, the tax is proportionately reduced too, and if from any other sources the income is increased the tax is also proportionately increased; whereas, if you place a tax upon some particular entity, such as a piece of land or a particular business, the profits from reasons absolutely outside the control either of the Government who imposed the tax or of the person who is running that industry or land, the profits which, after all, are the taxable entity absolutely disappear, or they may be, on the other hand, enormously increased, and there is no change made in taxation to meet that increase, or to meet that decrease of capacity to pay. Our ancestors, when they originally imposed taxation, tried to impose it according to ability to pay; our taxes now upon land are not in proportion to the ability to pay at all, and the only method which seems to me a possible method of meeting that difficulty, and of taxing upon ability to pay, is to tax upon income, and the only basis of taxing upon income is an Imperial basis.

9604. Would you propose that the income tax should be increased for local purposes so as to distribute that money for local purposes?—Yes, I should. I should not propose that the income tax as at present apportioned should be increased, because I do not see that it is fair that men with small incomes, however small, who are responsible for rates now in agricultural districts, such as small farmers, should absolutely escape. All I ask for is absolute plain justice to agriculture. We do not want any advantage over anybody else in any one respect. We say that where a man earns an income from agricultural property, he ought to be just as liable to pay taxes in respect of that income as if he derived it from any other class of property. But where he does not derive an income he ought not to pay that tax. At present a man, of course, is liable for rates in his parish if he occupies only quite a small holding. Therefore, in respect of an income tax in lieu of rates, I consider it ought to be kept separate from the present income tax entirely, and should have a slightly different name and that there ought not to be the exemptions which are now granted in respect of the income tax. This tax ought to go down to very small incomes indeed. There, of course, you would come to the great difficulty, I do not profess to be able thoroughly to give complete evidence upon the whole question, which would require enormous consideration; but you would, of course, have to exempt incomes directly derived from the labour of the person who is taxed; and, of course, where that line has to be drawn would involve enormous difficulties. But if it were practicable and if it is found to be practicable, I think that is the only direction in which we can hope for relief on a fair basis. If we tried to exempt agricultural land, as was done last session when the Agricultural Rates Bill was introduced, we should be told, as we were told then, that agriculture is demanding exceptional treatment. So it is. It is getting exceptional treatment. That puts us in great difficulty in the House of Commons, and lays us open to the charge that we get relief and that we are getting a dole from the State. We are in one sense and we are not in another. All that we demand is fair play, and that we should be taxed on our incomes as other people are on theirs.

9605. I suppose you admit that relief has been given largely during the last few years in aid of the rates from the Imperial taxation?—I do. That is the direction in

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Personal and real property, history of rating in respect of. Reasons for rating in respect of real property. Tax upon income for purposes of a national character suggested. Ability to pay, doctrine of, discussed.

Imperial contributions. System approved of, and its extension suggested.

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which I wish to see an extension, absolutely. Great relief, of course, has been given, but it is in a form which to a certain extent, in its later form in the Agricultural Rates Act, lays us open to the charge of receiving a dole.

9606. I did not mean to include that?—No, you did not mean to include that; in other respects it is absolutely in the form you mean, and we have the precedent.

9607. Do you wish to say anything on behalf of the Local Taxation Committee, or do you merely wish to state your own views?—I believe my view is the view of the Committee as far as I have been able to ascertain it. I should be sorry to say that my view as to the income tax was the absolute view of every member of the Local Taxation Committee, but I believe that the general view I have adopted is that which has been taken by them. I know that they consider that it would be better for me to be sent by them to give this particular evidence, concrete evidence, which I am able to give on my own personal knowledge of my own typical case, than to go into generalities on which I could only give hearsay evidence.

9608. Do you wish to add anything?—I think not, beyond what I have written in this statement.

9609. (Mr. Murray.) May I take it that your Table II. represents the case of the occupier, and your Table III. represents the case of the owner of the property?—Yes, practically.

9610. Roughly, that is so?—Yes, quite so.

9611. Could you tell us how your last column in Table II. is arrived at, the column headed "Rent made or Loss Incurred"?—Yes; I have stated that in my written statement. That is arrived at by taking the total of the two preceding columns and combining with the valuation at the beginning and the end of the year. You see the valuation upon the farm at the beginning of the year has to be added to the disbursements, and the valuation of the farm at the end of the year has to be added to the receipts. But as I have further stated in my paper, I do not consider that as absolutely reliable, because those valuations, of course, have to be made for income tax purposes at the actual value of the stock at the moment when the valuation is made. Take sheep, for instance, the principal stock on those farms is valuable breeding flocks of sheep—the Suffolk and Southdown sheep. The market value of those sheep varies as much as 10s. a head from year to year according to the season and the price of the sheep in the market at the moment. If I were to dispose of one of those flocks in the autumn of one year I might make 10s. a head more, or 10s. a head less than I should the autumn before or the autumn after. They must be entered in the valuation at the actual price at the moment, in order to enable my agent to go before the Revenue Department, and to state the actual profit and loss upon the farm in which the valuation must be counted. The valuation has to be taken actually at the value of the moment, as if it were a realisable property; but, of course, those flocks are never sold, they are carried on from year to year, and therefore that value is one which simply automatically rises and falls with the prices and does not really affect the profit and loss of the farm at all. The same applies to cattle and to horses, to a certain extent; and all the saleable property, which is actually sold during the year is included in the receipts, and therefore it is a perfectly fair statement of profit and loss. But when you take the rents made or loss incurred, though it works out to a certain extent to more or less the same figure as I have stated, namely, a profit of 1,000l. for the seven years' farming, it is not an absolutely reliable statement for our purposes, and therefore I have preferred to rely upon the receipts and expenditure, which are absolutely reliable.

9612. In fact, the last column represents the result of a balance sheet, and not a profit and loss account?—That is it, exactly.

9613. In the column headed "disbursements," how much of those other columns do you include, if any?—The disbursements would, of course, include the whole of the expenses and the labour bill.

9614. Would it include labour, tithe, and rates?—Everything; the entire disbursements. It would include, for instance, the entry on taking a farm. Take Brightwell, in the last column but one; you will see the receipts were 825l. and the disbursements were 1,343l. That farm had just come in hand, and there would be the tenant right, and so on, included in the disbursements; but I have all the farm sheets here with every item for each year, so that, if it is desired by the Commission, I

shall have the greatest pleasure in leaving all my annual statements for the Orwell estate, and my farm accounts for each farm; and should the Commission desire the Secretary to look through them he can do so and return them to me at leisure, provided I get them back.

9615. Thank you; but if Table II. represents the case of the occupier, why do you include tithe amongst his disbursements?—For the earlier part of those years the tithe was paid by the occupier, and, of course, when I say it does represent the case of the occupier, I mean it represents the case of owner and occupier also, to a certain extent.

9616. I thought you were trying to separate those two?—Yes, I was. The tithe would not now fall upon the occupier; it would be an additional burden upon the landlord.

9617. It is no more a charge upon the occupier than a mortgage on the land?—No, not now; certainly not.

9618. Then, as regards the grievance about the rates; they are very low, I should imagine?—They are in this case.

9619. Probably they would not come to 2s. in the £, would they?—It depends on what you take. They are more than 2s. in the £ on what is made.

9620. On the hypothetical value of those 5,000 acres?—No, I should think not. You can see the assessment in Table I.

9621. Your argument is that as the land is practically making no profit it ought to pay no rates?—Not for Imperial purposes.

9622. To local purposes?—Not for Imperial purposes. If there is any local thing, then I do not see how to escape.

9623. By Imperial purposes you mean the poor rate and things of that sort?—Yes, I do.

9624. If it is the case, as you represent, that the land is making no profit, ought not the rateable value to be nil under the existing law?—Quite so. That would be another way of arriving at it.

9625. Why is it not so, then?—Because there is nothing in many of these unions but agricultural property, and if you treat the rateable value of agricultural property as nil, you would have no rates, and you would not be able to support the population at all.

9626. That may be?—How would you carry on the local work?

9627. Can you not get all you want under the existing law, which practically says that the rateable value of the farm is to be what the hypothetical tenant would give for it from year to year. According to your case he would not give anything, therefore it has no rateable value?—On the other hand, I would repeat what I said before, that there are a lot of cottages attached, and there are buildings and houses attached, and the law does not say that you are to be rated upon what you do get as rent. It says:—"What it may reasonably be expected to let at," and if it was all taken off the land they would put it on the cottages, and as long as there is something to let you would have to pay the whole of the rates upon that particular property which is rateable. Where they can say under the law, as they do say here, "You have so many cottages which we may reasonably say would let, supposing desirable tenants could be found, for 6l. or 7l. a year each; we shall assess those at that rate, and therefore you will have to pay rates upon those. If you pay none upon the land, you will have to pay all the more upon the cottages." So we cannot escape under the existing law.

9628. You could not complain of that, could you, if the cottages would let for the assumed sum?—No, but I do not think they would.

9629. That is a matter for the assessment committee, of course?—You would not be able to let them all. Of course, you might take an individual one by itself. I have no doubt I could let some of them, but I could not let them all at that rate.

9630. Then, as to Table III., could you give us any idea of how much that represents of agricultural income and agricultural expenditure?—Yes, I have already stated the rent from the farms at the present moment, but I would include the rent from the cottages let to the labourers. You would call that, I think, an agricultural expenditure. They are let simply as part of the farms of course. If you include those, the agricultural rent would probably be 11,000l.—there would be about 1,000l. a year from cottages

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Their  
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Farming  
accounts,  
Orwell  
Park and  
Bacton  
Estate.

Land from  
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profit is  
derived  
should pay  
no rates in  
respect of  
purposes of  
a national  
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But if the  
land is val-  
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and 10,000*l.* from farms in the agricultural receipts. Then to that you would have to add either the profit or loss on the farms in hand, which would also be agricultural. As to the expenditure, you may take first of all the expenditure on the farms in hand, and then, if you take the buildings and improvements—56,303*l.* in the last column but two—that is practically all agricultural.

9631. That is what I was coming to. I was so struck with the amount of the expenditure; on a rental of 13,000*l.* a year you lay out on the average of the last seven years about 8,000*l.* a year in buildings and improvements?—Yes, I think you will see, if you look into my statement, that the expenditure on buildings is very heavy, and certainly exceeds a fair average. The estate had been very much let down in that respect, and the present rate of expenditure must be continued for some three or four years, at least. I think, over a long period, 5,000*l.* a year would be a fair estimate of the landlord's expenditure on this property for repairs and maintenance, exclusive of management. I have already stated that in writing.

9632. That is supported, too, by the fact that in the three years you give in the first part of Table III.—1873, 1875, and 1876—the expenditure is only a little over 2,000*l.* a year?—Yes. That was the period when the letting down was going on rather. It was in this way—I think I may perhaps explain that the buildings in that part of the country were originally, and up to recently, all wooden buildings, thatched with straw, which were the sort of buildings which a tenant who is making a profit can keep perfectly well in repair. My predecessor's policy was to charge a reasonable rent on the distinct understanding that those buildings were kept in repair by the tenants. As long as times were good the rents were never raised, on that distinct understanding that the tenants did keep the buildings in repair. Then when the times got bad, naturally the landlord did not like to begin lowering the rents, and the tenants stopped the expenditure which they were not absolutely obliged to carry out. The consequence was the buildings all began to fall into ruin, and they practically, most of them, fell into ruin just about the time I succeeded, and I had to take it all in hand. But I may say that, so far as my predecessor's expenditure on the estate was concerned, it is given in these tables; but exclusive of anything that is put in the tables, he spent 350,000*l.* on building a railway and a dock. The railway went right through the very centre of the estate, and was 14 miles long, and the dock was constructed at Felixstowe, also upon the property. Both of these undertakings have largely contributed to maintain its value; and to arrive at a fair estimate of the losses here, you ought to add the interest of that money to the fall in rents, because the farms down by Felixstowe, of course, are largely increased in value by the proximity of the town, where there is a great demand in the summer for milk. Just at the time when milk is cheapest, they can sell their milk there at a very much higher value than they can obtain for it in London. They keep cows, and in other ways it is, of course, a great advantage to them. Being very good land down there, and having that market handy, those farms are very lettable, and bring in fair rents at this moment. That is, owing to that expenditure of 250,000*l.* upon the railway, and 100,000*l.* upon the dock; so that though he did not spend the money upon buildings he still spent it upon the estate and in the employment of labour in another form.

9633. On the other hand, do you not think that looking at the agricultural question alone the cost is so abnormal that we could hardly draw any useful inference from it?—I do not think it is abnormal at all.

9634. Not owing to the large amount of repairs?—No. Take the average that I stated, of 5,000*l.*, and you will see then what is the position of the estate. I had written it down beforehand, that I think a fair average would be 5,000*l.* a year. When the estate came into thorough working order, you would have to say that the income would be 3,000*l.* a year better than it appears in the tables no doubt, but then the loss as it appears in them would have been 2,000*l.* a year, so that would only leave 1,000*l.* a year to the good.

9635. When the estate has been got into proper order, surely on an estate of 18,000 acres of tillage land you would not require to spend 5,000*l.* a year regularly in upkeep?—I do not think it would be very much less. Things come round very quickly. There is a great amount of building to be done. Take it in this way, which I think would be a very fair way of looking at it. When I came into the property everything was in great disrepair, and we estimated then that it would cost pretty nearly 100,000*l.* to put the whole estate into proper order.

At any rate it would be below the estimate to say that to start *ab initio* and to put buildings upon the estate would cost 100,000*l.*; it would cost a great deal more than that, and I do not think the 5 per cent. is a very high amount to say would have to be expended to keep those classes of buildings in order. The 5,000*l.* would be only 5 per cent. you see.

9636. (Sir John Hibbert.) Are the buildings of brick and slate?—No, not entirely. I have taken advantage of my natural opportunities I think, and I have got as cheap a plan of building as can possibly be devised. We have got shingle on our coast of very good quality, which I can get for picking up, and we have also cement extremely cheap. The system I use for all farm buildings which are not close buildings—close buildings I treat rather differently because of the ammonia—for all buildings which are not close buildings I dig a hole three or four feet deep and about two feet in diameter; I put concrete into that, made of this shingle and cement, and into that I put wrought iron rolled girders as columns; I put a wall plate on the top of those girders, and a corrugated iron roof on the top of that. That is practically everlasting. Where a wall is required, it is filled in with concrete between the girders. The girders break up the long lengths of concrete, and prevent it from cracking. Supposing the concrete wall were to be knocked down, or broken down, or worn out in any possible way, that does not affect the structure in the least, as there is nothing upon it. That comes about 3 feet or 2 feet 6 inches above the ground. On that is a wood latting; *i.e.*, on the top of the concrete wall is just laid a small plate, and from that to the wall-plate at the top is latting, upright wood. What is called latting is pieces of wood of about a foot wide, ordinary 11-inch deals side by side, sawn from the estate, with perhaps  $\frac{1}{4}$ th of an inch between, and then a narrow one put across the joint. On that principle I do not have to employ skilled labour; a labourer can do everything except the carpentering. No bricklayer is required, which of course means a very great difference in the wages bill. I am able to put up buildings like that, I think, as cheaply and as efficiently and as durably as can possibly be erected.

9637. (Mr. Murray.) You think that on an average, taking England all over, 5,000*l.* a year on buildings and repairs for an estate of that size would be about right?—On an arable estate. I have shown that it is not five per cent. on the original outlay. If you ask any builder he will tell you that is not too much for those classes of agricultural buildings which are subject to be knocked about; they are not occupied by the person who has to build them, mind, and that makes a good deal of difference; I do not say that tenants are worse than other people, but they do not take the same care of other people's property as they do of their own. It is less a great deal than five per cent. on the outlay, because 100,000*l.* only represents what it would really cost me to put them in thorough repair, allowing for all that existed when I took the property, and to begin *ab initio* to put them up I am sure would cost 200,000*l.*

9638. What would the 5,000*l.* represent on the gross annual value?—Oh, the gross agricultural value, somewhere about 50 per cent.

9639. Surely that is very high?—Indeed it is not so. I assure you it is a most common case. Hundreds of landlords could come here and tell you that their expenditure upon buildings is so great that their total income only yields them perhaps 5 or 6 per cent., or less, by a great deal, on their outlay in buildings, since they have had the property without allowing anything whatever for the value of the land. It is a common case; ask Lord Ancaster, ask many other landlords.

9640. Then as regards your scheme for an assessment upon income, that would practically abolish local taxation altogether, would it not?—Yes, as far as Imperial taxes are concerned, so far as those particular rates are concerned that I have referred to.

9641. It would cease to be local in fact?—It would cease to be local.

9642. How would you apportion among the different localities the money that you would raise?—You would have to apportion it in proportion to the expenditure which was actually required. It would have to be passed by a Government official.

9643. Do you mean that the central Government should undertake the administration of that expenditure?—No, I do not mean that they should administer it, but they would have to supervise it. The expenditure would have to be audited by a Government official.

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9644. (Sir John Hibbert.) To distribute it?—It would never do to allow one authority to spend the money and another authority to supply it.

9645. (Mr. Murray.) Is that not practically what you are proposing there?—No, certainly not. I propose that it would have to be calculated on the present basis, and that any increase on the present expenditure would have to be passed by a Government authority before it could be allowed; they would have to show good cause for any increase.

9646. Say that in a particular parish the guardians took to distributing a large amount of out-door relief, how would you deal with that?—That would have to be disallowed, and there would have to be a rate raised to meet it.

9647. Who is to say whether the outdoor relief is proper or improper?—The Government Department which would be responsible the same as now.

9648. Do you think they could possibly give an opinion on that?—Yes, I do.

9649. In the case of every parish all over the country?—It would not be likely to arise in the case of every parish, because no parish has the power of giving outdoor relief.

9650. Every union I should say?—I see no reason to suppose they would be more anxious to spend their money if they paid it in the form of Imperial taxes than they would if they paid it in the form of rates, or very slightly.

9651. Except that in one case they would be spending money that they raised themselves, and in the other they would not?—Yes, they would. They would pay the rating tax, if you call it that, just the same as they have to pay the rates now.

9652. They would have to pay a larger income tax according to your scheme?—Yes; I call it a rating tax.

9653. It would fall on income tax payers generally, and not on the people in that particular locality?—It would fall on them as much as on anybody else.

9654. Yes, as much, if not more?—Why should it fall on them more?

9655. Because they are spending the money?—Not for their own benefit.

9656. For the benefit of their locality?—Yes, but then so would everybody else be doing; I think that is a very much exaggerated bugbear. I can quite understand, in the old times when every locality was so very much dependent upon itself, and when communication was so difficult that that was a very dangerous principle; but now that communication is so easy and the country is so much more one unit, a thing of that sort is so much more easily got at, and people realise so much more their imperial responsibilities and that they do pay imperial taxes as well as local; I think it is very much exaggerated, although I quite allow that it is a weak point.

9657. I cannot see what check you would have or what check the central government could possibly have on local expenditure of that sort all over the country?—They could surcharge. The auditor, the government official, would surcharge any expenditure exactly as the Local Government Board can surcharge the expenditure now of any rural district council or of any urban district council.

9658. All that he can do is to say that certain expenditure is not within the law; he cannot say it is not within the discretion of the people if it is within their discretion?—Of course the law has yet got to be made upon that particular point, and I can see no difficulty in it being part of the law that any expenditure which exceeds the present average expenditure for, say, the last five years in those districts would be chargeable to a local rate unless it had been previously sanctioned by that Government official whose duty it would be to sanction it.

9659. That would be stereotyping the existing expenditure everywhere as the standard?—As the original standard, but any reasonable increase which would be necessarily due to increase of population or to local necessities which were obviously necessities, the official could not of course withhold his sanction from, and if he did, it could be brought to the notice of Parliament.

9660. I think the duties of Parliament would be very largely increased in that case?—Parliament has given a great deal of attention to Imperial taxation, and by the time it has given the same amount of attention to local taxation, we may get it on a better footing.

9661. (Sir Edward Hamilton.) I see that according to Table III., in which you gave a comparison by the two periods 1873-76 and 1890-96, that whereas in the first period there was a net annual profit of about 16,000*l.* or 17,000*l.* a year —?—More, really.

9662. I am taking the average?—According to that table, if you will look at the note at the bottom, you will see that there was a good deal of money spent on the Felixstowe Tramway, Pier, Hotel and so on, which really ought to be added. It is about 20,000*l.*

9663. That is not very material; in the latter period there has been an annual net loss of about 2,000*l.* a year?—Yes.

9664. Therefore I presume from what you have said that *quâ* owner of the Orwell Park and Bacton estates, you would claim to be exempt from rates altogether yourself?—I am now.

9665. You are paying rates *quâ* the house that you are living in?—That is a different matter altogether. I am not living in my house on this income.

9666. I understand you to say the only fair basis for the assessment of rates is income?—Exactly.

9667. I assume for the sake of argument that you have no other income except that derived from those estates?—I should not live there then.

9668. Therefore you are in a minus condition?—I should not live in that house then; I should not be able to. Somebody else would have it, and would pay the rates upon it.

9669. However, you claim that the income is the fair basis of assessment for rates?—Yes.

9670. And, as I understand it, in order to carry out your scheme, you would increase the income tax largely?—Yes.

9671. That is the least impractical way which suggests itself to you, as I understand?—Yes, that is so.

9672. How would you draw a distinction between the man who had 1,500*l.* a year in Consols and the man who had 1,500*l.* a year derived from personal exertion? I presume you would say that the incomes were not on all fours? I daresay you know that the income tax draws no distinction and can draw no distinction between the sources of income?—I know that.

9673. How do you think that difficulty would be got over?—I do not think you could get over it, I do not think it would be possible to draw the line.

9674. Do you not think it would be extremely unfair?—I quite allow that these things are a compromise. I should like to see a distinction drawn if it could be done, but I think that evil would be a very much less evil than the present one.

9675. Do you not think you would be substituting one inequity for another inequity?—Yes, but a very much less one.

9676. You think it would be a much less one?—Yes, I do; much less.

9677. Do you not think, in addition to the income which you consider to be the fair basis of assessments for rates, there is another consideration, which is value received in respect of expenditure incurred locally; for instance, supposing two men live in the same district, one with 1,500*l.* a year and one with 15,000*l.* a year—I will assume, for the sake of argument, that both incomes are derived from investments in Consols, and that they live in houses not materially different in size; do you think one man ought to contribute 10 times more than the other towards, we will say, the police rate?—If they have both got the same income, do you say?

9678. No, I assume one income to be 1,500*l.* and the other 15,000*l.*?—Yes, certainly I do.

9679. Without regard to value received?—There would be no difference in value received from those particular rates—none whatever.

9680. You say there would be no distinction between value received, but one man would have to pay 10 times more than the other?—I mean in proportionate value received. For those particular rates, my opinion is that people ought to contribute according to their ability to pay—in those cases I specially said, and I am only referring to rates, which would be judged by those competent to decide as of Imperial interest.

9681. You leave out of account altogether value received? Surely there is a certain value received in having your house looked after by a policeman?—I do not think there

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Assess-  
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Ability to  
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of a na-  
tional  
character.

*Captain E. G. Pretymann.* is very much in that in the country; I do as far as the roads are concerned, and as far as the poor are concerned, which are the main things, I think, that the two persons ought to contribute to according to their ability to pay.

7 July '97 9682. Do you consider roads among Imperial purposes then; do you classify roads so?—Yes, except certain parish roads, which would be of purely local interest. Roads are used generally now not as they have been in the past, when the locals were the only people who used them; now you have people from all parts of the country on bicycles and every sort of conveyance, who go from Land's End to John o' Groats, and they make much more row about bad roads than the locals do. Consequently I do consider that roads are rapidly becoming entirely a question of Imperial interest. I only say that under correction, as what is of Imperial interest would be for those competent to judge to decide. But I think where a rate can be shown to be of Imperial interest, the two persons that you name, the one with 15,000*l.* a year and the other with 1,500*l.* a year would be fairly rated upon those incomes—one 10 times as much as the other. That is exactly what I do mean.

9683. You think that an enormously increased income tax would be preferable to the present plan?—I do not think it would be so very enormous.

9684. Would it not be very considerable?—I think Mr. Rew would be more competent to speak to that than I am, because I have got here Mr. Rew's pamphlet. Perhaps he will put it in himself, and I do not want to anticipate his evidence; but he has taken a great deal of trouble over this question, and he has in his pamphlet tabulated all these rates and given the totals. There is the rate for the relief of the poor, which amounts to about 7½ millions; there is the rate for pauper lunatics, which is nearly 2 millions—that would be 9½ millions nearly; then there is the police rate which is 4½ millions—that would make it 14 millions; and the education rate, which would bring it up to 20 millions; and the highways rate, which makes it 27 millions. Altogether, therefore, it would be about 27 millions.

9685. Twenty-seven millions to raise?—Yes, supposing all those rates should be considered to be of Imperial interest.

9686. That is about 14*d.* in the £ additional, and that added to the 8*d.* would make it rather high, would it not?—Wait a minute, I have not done yet; there will be no exemptions, and you must remember that the persons who are going to pay that tax are going to escape another one. You must not consider it as an additional tax, it is merely a shifting of the same burden.

9687. I beg your pardon, it would not be a shifting of the same burden; take a man with 200*l.* a year derived from personal exertion, how is he better off? He is only paying a very small rate now, and how does he get better off by having to pay an additional 14*d.* in the £ income tax?—It would not be an additional 14*d.* in the £, I take it. The income tax at present raises more than 2 millions, nearly 2½ millions, on the 1*d.*

9688. You cannot put it at 2½ millions; it would be about 2,200,000*l.*?—Yes, but all incomes below 160*l.* are absolutely exempted, and below 400*l.* they get an exemption; if you included all those incomes the produce of a penny would be enormously increased.

9689. Would you subject the incomes of 160*l.* and lower to this new tax which you suggest?—Certainly I would, except in the case of labour. I would not do it where a man earned it by actual labour; where a man earned his income by actual labour he would of course be exempted the same as he is now. He pays no rates now, and he should pay no taxes. But all those persons who now pay rates on their properties should also pay the tax in lieu of them.

9690. I very much doubt whether any Chancellor of the Exchequer would ever propose that in the House of Commons?—I do not see how else it is to be got at.

9691. Have you yet been able to at all see what the effect on your property is of last year's Agricultural Rates Act?—I have already answered that question as far as I can, that I imagine it will be much the same as it is on the average.

9692. I put it in this way: Most of your property is let on annual tenancies—?—I have not any leases; I think I have one small lease though.

9693. How will the Act work practically?—You will be able to raise your rents accordingly?—No, at what happened in the case of the tithe; the rents were worse now than they were then. That is what is particularly pointed out about the tithe; the same applies now.

9694. Do you consider that the whole of the relief which your property would derive under the Agricultural Rates Act of last year will go into the pockets of the farmer?—Every farthing, except that the labourers get some of it, because wages in my district were raised directly on account of the Rates Act having been passed.

9695. They have been raised?—Yes, and the farmer have told the men that that was the reason. They have been raised 1*s.* a week in a considerable part of the district in consequence of the Rates Act having been passed. Of course it would be only fair to say that I absolutely agree with this, that the Rates Act, if it were made permanent, and, at any rate, for as long as it lasts, is distinctly a relief to land; and as an owner of land, if I took that land into the open market, that land is relieved of a burden, and in that sense I do, of course, derive, I may fairly say, I suppose, the whole benefit of the Rates Act, as regards the ownership of the land. But, as far as the present position is concerned, in regard to all land let to tenants, I do not get one single farthing of advantage pecuniarily. I will not say that some tenant, perhaps, who may have been thinking of giving notice to leave may have found the relief of such value to him that he has determined to hang on another year, or to hang on altogether. I cannot say that that is the case, as I know of no such case; but in that indirect way, as landlord, it might make my land more lettable.

9696. Do you, in fact, see no means by which you can retain your tenants, and at the same time increase the rents by the amount of relief which the farmer *quâ* occupier is getting by the Act of last year?—I do not suppose my tenants would all give notice to quit if I did so for the moment; the feeling is too good. They would not give it, I daresay. I do not say for a moment I should not be able to put it on, but I do say I should consider it most unfair, and I should never think of doing such a thing.

9697. You regard the Act of last year as intended to benefit the farmer immediately, at any rate?—Yes.

9698. Not the landlord?—I do not see that there is any intention to benefit him alone. I come back to what I originally stated. I want to look upon the whole of this as a matter that is not a question for the farmer, that is not a question for the landlord, that is not a question for the labourer, but that is a question for the land. I think that if relief is given, we may be perfectly able to settle it between ourselves, and you can see that the occupier gets no profit, and that the landlord gets no profit. I think my statement shows pretty clearly that in the case of my property the landlord and the tenant have each managed, as far as they could, to live upon little or nothing and to keep the land in good order. The relief that is given to any one of us none of us would ever attempt to grab from the other. We look upon the relief as given to the land, and the first object from a national point of view is to keep the land in cultivation. We have borne the burden between us, and I do not suppose that there are any two classes in this world where the feeling is better, generally speaking, than it is between landlord and tenant in England at this moment. We have gone through the mill, and we are going through the mill, but we are doing it together, and we are each bearing the burden as far as we can. The labourer cannot take less. His wage is a minimum wage for a man to live on, and bring up a family decently on—10*s.* or 12*s.* a week; he cannot do it with less. We must pay a man what will keep body and soul together. This 30,000*l.* looks to be much more than his share, but he cannot do with less. It is a necessity, it is a minimum wage; I believe it is absolutely the minimum wage for a man. A man cannot do with less; it is a necessary factor. If a man was a horse, putting aside all feelings of humanity, and all the rest of it, if you are going to keep a horse to work on the farm you must feed him, and he will cost you something. Putting aside all questions of right and wrong, which are, of course, of enormous importance, you have the question of having your work done properly, and you cannot get a good man without a living wage, and that living wage is all that the land gives in certain cases. It has produced a living wage for a certain number of labourers and nothing else, as the landlord and the tenant have got nothing, and we can only do the best we can, as we have done, for each other. That is the position.

9699. (*Mr. Arthur O'Connor.*) Do I understand you to say that for some years on your property the landlord and the tenant have lived upon nothing, and have left the estate better at the end than it was at the beginning?—No. I said that as regards my own farms in hand, because of other resources, but I could not say that the land let to the tenants is better than it was, and I do not say that it was any worse. One farm might be better, and one farm might be a little worse.

*Captain E. G. Pretymann.*  
7 July '97

Agricultural Rates Act. Agricultural labourers' wages raised in Suffolk on account of Agricultural Rates Act.

Agricultural Rates Act. To what extent an indirect benefit to land-owners.

Position and interests of land-owners, farmers and labourers.

Agricultural Rates Act. Relief obtained under this Act has gone to the farmers and labourers, and not to the land-owners.

Captain  
E. G.  
Pretyman.

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Ownership  
of land and  
payment  
of rates.

9700. Would you assent to the general proposition that the man who enjoys the benefit should bear the burden?—Yes.

9701. Now, extending our view from your own immediate property to the whole of the country, I suppose I may say that landlords generally own the country?—I suppose it is a self-evident proposition that the landlord owns the land.

9702. Why should not they bear the burden?—They should bear the burden in proportion to the profit that they derive from their ownership. You say, "Own the country." They own the land of the country; they do not own all the wealth of the country.

9703. Dealing only with the island which is called Great Britain, or that part of it called England, landlords own it, every yard of it?—They have the title deeds, except when they mortgage it.

9704. But so far as there is ownership recognised, it is the class of people called landlords who do own the country. I suppose that is hardly a contestable proposition?—No, I say that is a self-evident proposition, as far as the legal ownership is concerned.

9705. Going outside, not only other property, but also other persons, we find landlords in the ownership of the country from end to end. Now, I ask you, why should they not bear the burden?—All the burdens of the country?

9706. Yes?—The whole lot?

9707. All of them?—Under those conditions you would get nobody who would accept the position of landlord.

9708. Now, let us see—?—As far as agricultural land was concerned, if that bore all the burdens.

9709. I understood you to say that you were exempt from rates. What did you mean by that?—I meant to say that as a landlord owning agricultural land, I do not pay rates directly as owner; they are paid by the tenants; they are paid by the occupiers. That is the law in England.

9710. In respect to the property which is in hand, you pay the rates?—Yes, and I certainly said so; but as occupier, not as owner. As owner I may fairly say I do not pay rates upon agricultural land. Of course, I pay rates upon my house, but I might live in that if I owned no land.

9711. You unite in your individual person the full interest in the land; you have the fee simple and you also have it in possession?—Yes.

9712. And you pay rates on it. Another thing I did not quite understand in your evidence was this: In reply to Sir John Hibbert you said that you do not have arrears of rent; how do you manage not to have arrears of rent?—I will not say I have not any, but I have managed even to reduce them below what they were by going into each individual case personally with the particular tenant concerned, and finding out, first of all, what his ability to pay is and endeavouring to meet him; and secondly, whether he is capable of carrying on the farm at all. I have never given a man notice to quit a farm—never; but where a man is incapable of carrying it on, and appears from his conversation with me to have no prospect whatever of being able to carry it on, I have once or twice advised the tenant that it would be far better for him to give up while he had something left and to go in in a smaller way, and under these circumstances my loss being less I have been able to give him a little pecuniary assistance in addition. It is better for him to do that than it is to let him go on accumulating arrears and then go bankrupt and end without a farthing.

Arrears of  
rent.  
Practically  
none on  
Orwell  
Park and  
Bacton  
Estate, as  
owner will  
not allow  
them to  
accrue.

9713. You would rather resume possession than allow arrears to accumulate?—Yes, I would, but I have never given a tenant notice to quit on that account. I have always done it by persuasion where a man has gone; I have never said to a tenant: "I give you notice to quit because you are in arrears."

9714. If a man is so far unable to pay rent, and is suffering further loss even beyond the amount of rent which he ought to pay, you think it is better for him to give up the property?—Yes, I do. I might say, as far as the rent is concerned, you must not look upon that rent which I receive as absolute, because I show that all that rent and more goes back upon the land. As far as that rent is concerned my agent receives that rent and again expends it.

9715. I was only thinking for the moment of the position of the occupant; you think it would be better for him to give it up than to continue losing money on it?—Yes, I do.

9716. That is a reasonable view from a landlord's point of view or from any point of view?—Yes, because if there was not a landlord that money has got to be spent.

9717. Let us take the case of a landlord: supposing he has property on which he has for five or six or seven years been losing; would it not be better for him to give it up too?—I do not think so, not necessarily. It may give him up. If it gives him up he cannot help it, but as long as he can hold on to it himself, if he has any other resources, a man cannot go on if he has no money, but if he has any other resources I say the best thing he can possibly do is to go on spending those resources upon the land in order to keep it in cultivation or to keep labour employed upon it in the hope that some improvement may result.

9718. There is, at any rate, a possibility of improvement, and of a picking up in future years?—I hope one of the results of this Commission will be that. That is what we are looking to.

9719. That, of course, would affect what is called the value of the property; the prospective increase of income would affect even the present value of the property?—I do not think you would borrow much on that prospect; I do not think it would be worth much in the market.

9720. You say in the absence of profit there ought to be no rates paid, I understand you?—Yes, in the absence of income.

9721. Is a tradesman exempted from payment of rates if he does not happen to make his business pay?—No, certainly not. He is entitled to the same consideration; I speak in that respect; he ought to be treated in exactly the same way.

9722. You would not draw any distinction between the agricultural interest and the commercial interest?—Certainly not; we only want the same treatment as other people.

9723. What is the number of people present on your land as population, do you think, approximately and roughly?—Do you mean men, women, and children together on the estate?

9724. Yes?—It would be very difficult to say. I could not answer that question absolutely.

9725. In tens, or hundreds, or thousands?—I know that I am actually paying weekly wages to 250 men myself, that is on the farms in hand.

9726. That would represent 1,000 persons, I suppose?—Yes; then besides all that there is the land let to tenants.

9727. Would you say 2,000?—Many more than that.

9728. Three thousand?—Fully; I should say more.

9729. Four thousand?—I should think so.

9730. Five thousand?—I should think 4,000, perhaps 4,000 to 5,000.

9731. Not 10,000?—No; there are perhaps 4,000 to 5,000 all told on the estate.

9732. Would that be about the proportion in the country generally, 5,000 non-owners for one owner?—No, not 5,000 to one, because some of those tenants may own land of their own and are owners too; in fact I know two or three are; they may be my tenants upon my estate, but all those individuals, I suppose, include tenants who may be owners as well as labourers.

9733. Quite so, and similarly you might be a tenant elsewhere?—I am; as a matter of fact, I do rent a small amount of land from other people—I think 20 or 30 acres. I have got labourers working for me on my estate, who own little bits of freehold land themselves, I have also tenants who own freehold land; I have one tenant who owns 300 acres. So that that proportion would be altogether fallacious.

9734. You think it would not be so high?—No, certainly not. You can arrive at that from statistics; my evidence would be worthless on that.

9735. Would you mind telling me how many thousands of hares and partridges were shot on your estate last year?—I thought that probably would be asked for, and I had prepared the information, but I am afraid I have left it behind. I have practically no ground game at all. It is

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Pretyman.

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Assess-  
ment, basis  
of, should  
be income.

Game on  
the Orwell  
Park and  
Bacton  
Estate.

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very light land, and no man can farm on light land against rabbits. It is absolutely impossible. I always say, and I adhere to its truth, that every rabbit costs me 19s. He is worth 1s. when he is dead, and he does a pound's worth of damage to light land. It is impossible to kill all my rabbits; the amount of rabbits killed to the guns on the shooting on the whole of my property last year was about 200.

9736. Pheasants?—The pheasants and partridges were about 11,000, but most of those are wild birds. It is an exceptionally good game property, and last year was a very good year for wild pheasants. I reared a certain number just round my house; but, generally speaking, the wild pheasants are allowed to take care of themselves.

9737. Do you think that the amount of game has anything to do with the letting of the land?—No.

9738. Not in the least?—No.

9739. Not indirectly?—Pheasants and partridges do no harm unless beyond a reasonable amount. I can only say that on the land that is let, the keepers sometimes say that they think the tenants treat them better than the bailiffs do. As far as the land which is in hand is concerned, I do not think there is the slightest difference; I have no more game on the land I farm myself than I have where it is let to tenants; and there are no complaints and no difficulties of any kind about it.

9740. (Sir John Hibbert.) Hares?—Probably we kill about 300 or 400 a year, or something of that kind.

9741. (Mr. Arthur O'Connor.) On the principle that he that bears the burden should have the benefit, what benefit does your income from foreign investments derive from the parish or the union with which you are concerned in this paper?—I do not quite understand you.

9742. You say you have an income from foreign investments?—I think you have put a sort of conundrum. You said on the principle that he who derives the benefit should bear the burden.

9743. Yes?—I am not saying that my foreign investments should pay; I am saying that I should pay as owner of them. If you ask me what I bear I should be able to answer you, but you have put another thing to me.

9744. You have an income from foreign investments?—Yes.

9745. Are those foreign investments in any way benefited by the locality with which we are now concerned in this paper, or by anything in it?—I have not suggested that the foreign investments should bear a tax. I have suggested that I, as their owner, should bear a tax. If you ask me whether I derive a benefit—

9746. At any rate, I suppose you admit the foreign investments or the income derived from them are not benefited by anything in the locality?—I do not quite see what you mean. How can you speak of income being benefited? An income is not a person. I do not see how you can speak of an income as being benefited; I do not understand you.

9747. That particular income is dependent for its existence upon industry abroad?—Yes. If you ask me whether the foreign industry is benefited then I can answer you, but if you ask me whether an income is benefited, then I do not understand you.

9748. If you prefer it in that way then, I put it so?—Yes, I do very much.

9749. Do you think a foreign industry is benefited by anything in this locality?—Certainly not.

9750. Why should it in any way contribute towards the charges in this locality?—It should not contribute, and I do not suggest it should. The income derived from abroad would not be increased by one farthing, or decreased by one farthing, nor would the foreign industry be affected in the remotest degree. They would pay me my share of the profits which they earned, and I, as the owner of that income derived from those profits, should be rated. As far as the foreign industry was concerned they would not even know that such legislation had taken place; it would not even affect them in the remotest degree.

9751. Supposing you invested capital in half-a-dozen different unions, should you be assessed in the whole of those unions on your income?—Certainly not, and I have never suggested such a thing.

9752. How would you arrange that?—I should be assessed imperially and I should pay my share the same as other people would to the Imperial tax, which would

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represent the present incidence of local taxation, and each of those unions would have their share of it, the same as they would of other people's.

9753. Then, as I understand it, you would still leave for local taxation certain local charges which you do not regard as Imperial?—I should not interfere with those at all. They would be taxed as they are now, and I should be taxed on what I had only in that particular parish, where there was only a local benefit.

9754. Then with regard to that which is purely local you would leave it a local charge?—Yes.

9755. And you would levy that charge according to the value of the occupation?—Yes, as now. I think it would be so small in the agricultural districts that it would not be worth special consideration. There might be some objection to it, but I do not think that the objection would weigh against the inconvenience of the fresh basis for that small amount.

9756. In an exclusively rural district how could any rates be raised except from the agricultural interest there?—Practically everybody who would pay the rates in that district would be concerned in agriculture. Some of the property might be technically non-agricultural, such as houses, but the persons who live in those houses would, of course, be dependent on agriculture. A man may be a miller, for instance, grinding the corn, he is not an actual agriculturist, but he is dependent upon local agriculture for his living.

9757. I understood you to say that there had been such an amount of capital sunk in this particular property that the rent received or the profits made represent a very small percentage upon the capital so sunk?—Certainly.

9758. And that practically the land as land is not represented in it at all?—In many cases that is so—in many large estates the income received is only interest upon expenditure and not a high interest—without allowing for anything else.

9759. There is nothing for the land, strictly speaking?—No, that is so.

9760. That capital which is sunk, is it personalty?—That is rather a wide and difficult question. I suppose all capital may be treated as such.

9761. It is money, and I suppose your answer is yes?—Yes, I suppose so.

9762. If that is so, how can you say that personalty is not now bearing its share of the burden?—Because you cannot expect people to pay taxes now on what they had spent, say, last year, or the year before, or the year before that. You expect them to pay taxes on what they have got now.

9763. If I sink 100,000*l.* in railway shares and pay income duty on that, or if I sink 100,000*l.* in improvements in land, it is still 100,000*l.*?—I do not think you would find it so.

9764. As far as my pocket goes?—No, very much the reverse.

9765. The effect would be that the 100,000*l.* would be gone?—Yes, it would be gone, that is quite clear.

9766. It is still personalty. If I have 100,000*l.*, and I am putting it into land—?—When you have put it into land it is not personalty, it then becomes realty absolutely. There is no doubt whatever if you spend 1*l.* upon land it is merged in the realty, any lawyer would tell you that.

9767. But the 100,000*l.* expended in either case is personalty in the first instance, at any rate?—Certainly.

9768. And that which is produced by it is the produce of the personalty as applied to land, if you will?—Absolutely; certainly.

9769. Would you not say that that personalty is charged and its products are charged with rates?—I would say this, that in the case of the railway you charge, as I wish to see it charged, upon the income which is annually produced as the result of the expenditure, and what I ask is that land should be treated on exactly the same principle and should be charged by an income tax upon it.

9770. If the rent which you derive from the land is only a percentage upon the 100,000*l.*, we will say, of personalty which you have sunk in it, you are paying rates upon the product of personalty as applied to land?—Yes.

9771. You have already told us that practically there is nothing charged in the way of rent for the land itself?—Upon the product of personalty you mean.

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Expenditure on improvements on estates. In many cases rent received represents only interest on expenditure on improvements.

Agriculturists should be assessed upon the income they derive from the land.

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9772. Therefore it is personally which is the foundation?—No, certainly not; I absolutely refuse to allow that. It would be absolutely as true to say that you have got an estate, that you paid 100,000*l.* for it in the first instance, that you have spent 100,000*l.* afterwards upon it, and that that is an expenditure of personality.

9773. No, excuse me; by there you postulate that you buy the land as well as the improvements. If you buy an estate you buy the land?—Certainly.

9774. In your rental returns you say you do not make any allowance for the land cost?—No, excuse me, I am merely making the statement to show the position of the landlord, in which I say that the rent that he receives only amounts, as a sum, to the bare interest on his expenditure. But it is equally true to say that it only amounts to 1*s.* an acre or to 10*s.* an acre. To pick out one particular expenditure, and to say that his rental is due to that is absolutely unfair and fallacious. The money which he has expended upon the buying of the property is just as entitled to interest as the money which he has expended in improving it; and it is equally true to say that he has got nothing upon the one as it is true to say that he has got nothing upon the other, and it is equally true to say that he is getting 5 per cent. upon the one as it is true to say that he is getting 5 per cent. upon the other. You cannot separate expenditure upon land and say that the whole of the rental is due to certain items. I merely made that statement as showing that the amount received was so small as to be only an interest upon the capital if it were treated in that form; but you have no right to take it as a summary of the interest upon that money exclusive of all the other money which has been expended in any way.

9775. I suppose without the application of capital and labour to the land the land would produce nothing?—Certainly nothing of any value.

9776. Now with regard to the assessment of cottages. I understand that your cottages are assessed at, perhaps, 5*l.* or 5*l.* 10*s.* a year?—Yes, not all. I do not wish to say all, but a great many are.

9777. Some for which you are getting only 4*l.* a year in rent?—That is so.

9778. And do I understand you also the 4*l.* was really required to paint and keep the cottages in proper repair?—I would not absolutely say the whole of it. You would be as good a judge of that as I. You build a pair of cottages for 350*l.*, you get 8*l.* for the two cottages, and you have to keep them in repair.

9779. Are you not entitled by law to have a deduction made for what is necessary to keep the property in repair?—Certainly, and that allowance is made; it is considered.

9780. It is made?—Yes, that is taken into consideration.

9781. Is that taken off the 5*l.* 10*s.*?—No, the 5*l.* 10*s.* remains after they have taken that off.

9782. Then what is the hypothetical tenant supposed to pay as full rent, 9*l.*?—A man in a town would have to pay 20*l.* a year for such a house as I build for the labourers in the country upon my land, perhaps 10*l.* or 15*l.* it would be.

9783. If it was in Cornhill he would pay more, but being where it is, what would you put as its full gross rental?—I am bound to say that I think there are many men who want a little house like that, and who would come out from a town and live in the country. I dare say there would be many of them glad to pay, perhaps, 7*l.* or 8*l.* for such a house. I do think that. May I just put it further? You must take a parallel case to make it very clear. It is very common that a landlord or a tenant, who is in possession of a cottage, may agree with a labourer that he should live in that cottage rent free. You would not expect that he should not be rated for the cottage in consequence. It is a perfectly fair statement that the letting of those cottages to labourers at 4*l.* a year, which is distinctly, I allow, less than their actual value in the market, is a contribution on behalf of the landlord towards the labour bill of the farmer, because the tenant will get that man's labour at a cheaper rate, or, perhaps, I should say, he will get a better man at the general wages of the district, say 12*s.* a week, if he has got a good house and garden to offer a man at the rent of 4*l.*; he will get a better man to come and do his work at 12*s.* a week than if he has no house and garden to offer him. Consequently the provision of that house and garden by the landlord is clearly a contribution by the landlord towards the labour bill of the farmer to enable the farming work to be done cheaper.

9784. You need not labour that point, it is very clear. You do not take any steps to find tenants?—It is generally known in the district that I have got the land to let.

9785. Tenants come to you?—Yes, they do. I may say in regard to that, that if I were to advertise it would be extremely difficult. In Lincolnshire I have some property which lets easily. I have no difficulty; it is very good land, and I get a fair rent for it. I have had men in Lincolnshire who would be willing to come to Suffolk, but the Suffolk entries are so bad. The Michaelmas entry is a very bad entry for a farmer. The tenant who comes in at Michaelmas, in Suffolk, has to pay for all expenditure on the root crop, irrespective of the fact whether there is a single root in the field or not; he has also to thresh out the whole of the outgoing tenant's corn, but he only gets the straw, and he has to deliver the outgoing tenant's corn into the market. He gets no harvest himself till the following autumn. He has to pay a very heavy entry, and has to be out of any possible receipt from the farm for more than 12 months.

9786. Those are the customs of the locality?—Yes; I merely give that to account for the difficulty I have in getting tenants from a distance.

9787. You do not take any steps, actively, yourself, to get tenants?—Beyond talking to farmers.

9788. You do not advertise, and you do not use an agent for the purpose?—My agent has advertised once or twice, but not persistently. He has advertised once or twice in a Scotch paper.

9789. I see that at any rate, occasionally, you let?—Yes.

9790. How do you account for the fact that when things are so bad that neither landlord nor tenant ought to be expected to pay these rates, men come and take your farms as tenants, especially when you tell us that you like to have a good solvent man that you can depend upon how it is that a responsible solvent man will come into such a terrible neighbourhood?—There are many neighbourhoods that are even worse than ours, because, as I have explained to you, this statement covers a considerable area of land, some of which has come freshly in hand in a bad condition. Where I get a farm into good order, perhaps one of the better farms, and a man farms thoroughly well, a farmer will take it, and may perhaps manage to make a little rent of it; if he can make a profit, then he ought, of course, to pay proportionate rates on the profits he makes.

9791. Of course the farmer, in your case, is not only a solvent man, presumably, but he is dealing with you at arm's length, and independently?—Absolutely.

9792. And yet, presumably, he finds it worth his while to come and take one of these farms "Leach's land, 29 acres, let from Michaelmas, 1895"?—That was let at 15*s.* an acre.

9793. Was that better or worse land than the rest of the Howes?—It was about the average, certainly no better.

9795. I notice in your statement that for Howes you made a loss of 195*l.*?—Yes, last year there was a drought.

9796. In the very year that this man took it at 15*s.* an acre?—Yes, that is so.

9797. I presume he anticipated that he would be able to make some profit?—Exactly, and I can answer that I think very fairly. That is a very just criticism. The fact is, that where a man takes a farm of 29 to 30 or 40 acres, the tenant-farmer is practically eliminated. The man does his own work, he has perhaps one man, and he has the very great advantage of being always in the same field with him, and he probably gets more out of him. He works longer hours, and as the result of putting that extra amount of work into a small area of land, and of his own personal supervision, and the elimination of one of the three persons concerned, the landlord, the tenant and the labourer, he is just able to pay such a rent. Of course there are repairs and other things to be done out of that 15*s.*, and tithe has to be paid out of it, and all the landlord's outgoings, so I do not get the 15*s.*, or anything approaching to it.

9798. Is that not all very much in favour of what the French call *la petite culture*?—Up to a certain point, where you can find the right man. I have done a good deal of that since I have had this property. In these seven years I have created, I think, somewhere about 400 allotments, and several small holdings of from 30 to 40 acres. But where you have got to start *ab initio* on virgin land, and simply take a piece of a big farm with no particular advantage in the shape of small buildings upon

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Suffolk custom for incoming and outgoing tenants.

Expenditure on improvements. In many cases rent received represents only interest on expenditure on improvements.

Cottages assessed above the actual rental.

Small and large farms. Advantages of small farms.



it, or a cottage to start upon, the outlay upon putting up the necessary house and buildings for such a small holding as that will exceed the profit which can be derived from it. That is the difficulty.

9799. If we look at the year ending the 31st August 1893, we see that on every single one of those farms you appear to have incurred a loss, except in the case of Steel's?—That is quite right.

9800. The Red House, one of the farms in question, on which the loss was 265*l.*, appears to have been let?—Not the Red House, the Red House was never let.

9801. There is a letter against it, and there is this note: "Thirty-two acres of marsh let with Kirton Hall Farm" ?—Thirty-two acres of marsh belonging to Red House was let. The grass land will let. It is a farm of several acres of arable land, with 32 acres of marsh attached to it. The formation of that district is that all that high backbone land is arable, and there are marshes along the sides of the rivers; if I could detach those, and let them, of course they would let, but then the arable land will not let. If you look at the year before, 1892, you will see that Kirton farm was let at 400*l.* per annum; I should like to explain that.

9802. And you made 317*l.*?—Yes. In that particular year there was a great rise in the price of wheat. The tenant was a very excellent fellow, indeed, who took the farm with the hope that the price would rise. But the let included the 32 acres of additional marsh land and there has been a 20 per cent. reduction given upon that ever since, so that I have never had the 400*l.*

9803. Then in the year 1891, I see Alston Hall; you made 71*l.* out of it, and let it at Michaelmas at 130*l.*?—Yes; that rent is now reduced to 100*l.* I never had the 130*l.*

9804. You got more than you made out of it?—More than I did in that particular year; but then you must remember there is a great deal of putting in and improving and cleaning the land to be considered when the landlord gets it in hand.

9805. Do you mind looking at Bloomfield; in 1891 I see that Bloomfield involved a loss of 140*l.*?—Yes, indeed it did.

9806. But Bloomfield was afterwards let was it not?—No, I wish it had been.

9807. In 1896 there was a profit of 64*l.* on it?—Yes, there was.

9808. So that that has been improving?—Yes. The farm when I took it over was in a fearful state. There was not a fence upon it, and it was overrun with rats and vermin, and had been most shamefully farmed. I had to pay a big valuation upon it. A good deal of it is poor light land. I have spent a good deal of money on that and have started on the rough valley there is upon it—not exactly marshes—a herd of breeding cattle, and I make a little money out of them by passing them on to other farms.

9809. Take Rowell's and Old Bells?—That is on the heavy land at Bacton.

9810. You show a loss of 210*l.* on that in 1896?—Yes.

9811. But before then you seemed to have had a profit each year?—Yes. I must recall to you that that last column, as I have already stated, is not absolutely reliable, because it includes valuations. You see the valuation may rise and fall with the price, and these valuations are taken at the market prices on the 31st August. If on the 31st August in any particular year, the price of sheep is higher or lower, or the price of stock is higher or lower, the stock on the farm has to be valued at the price due to the markets at the moment.

9812. The point that attracted my attention was this that some of the farms which involved a loss in earlier years, showed a profit in 1896, and some of the farms which showed a profit before, showed a loss in 1896?—That is so.

9813. So that it seems to be going up and down as between all the farms?—Yes. A great deal of this is what is called season land, and the result depends very much on the season—whether there is a drought, for instance. This year, I hope, if all goes well, to do much better.

9814. In 1894 Hasketon was let?—Yes, at 250*l.*

9815. For what period was it let?—That is the one farm I mentioned which is let on lease, but that has rather peculiar conditions. It is one down at Woodbridge; there is a lot of shedding upon it, and the gentleman who has

taken it is a man of private means. He has got thorough-bred horses there, and he keeps a pack of staghounds, and so on.

9816. With regard to the tithes, I notice that in 1873, 1875 and 1876, the tithes were very considerably higher than they were in 1890; how is that?—Of course, the tithe was higher a great deal; it was 100*l.* then, and it is only 70*l.* now. The tithe was over 100*l.* I suppose, in the seventies.

9817. By reason of the price of corn?—Yes; of course, the tithe averages rise and fall, that would account for some of it; but I do not think it would account for quite all the difference. The tithe in 1890 appears to have been exceptionally low. That is the actual payment by the agent, and there may have been some particular reason for it.

9818. It may have been outstanding?—Yes, something of that kind; I could not say.

9819. I notice, in your explanatory memorandum you state that your predecessor, Colonel Fomline spent over 350,000*l.* in constructing that railway and dock which has developed the property?—Yes.

9820. And has certainly done much to maintain the value of the farms in the Felixstowe district?—Yes.

9821. So that it is clear that commercial work in the neighbourhood may add to the value of agricultural property?—Certainly.

9822. Though belonging to a totally different person?—Certainly; that is so.

9823. The agricultural interest, therefore, benefits by the commercial and industrial occupations of the neighbourhood?—Certainly.

9824. And is better able to bear the burden by reason of the presence of those?—Yes, certainly. When that additional ability to bear is present then they ought to pay upon it, but not when it is prospective; when they get that benefit then they ought to pay the same as other people.

9825. (Mr. Elliott.) I am not quite sure that I understood correctly the answer which you gave to Mr. Murray, with reference to this item in Table II., which is headed "Cash receipts." Those are the actual cash receipts, are they not, and no question as regards the amount of the valuation enters into that column at all?—No, nothing. If a farm was let, the cash receipts at the moment of letting the farm would include the tenant's valuation received. That would be an exceptional case. Take Kirton Hall, in the year 1892, where there is a letter against it; you will see that the receipts were 1,847*l.*, and the disbursements were 1,004*l.* In that particular case, the farm was let and that would include the valuations.

9826. So that the gross product of these farms would even be less than the 72,000*l.* mentioned in the summary?—You see some farms came in, and I had to pay the valuations of them; other farms were let and I received the valuations of those; but on the gross, the amount of land which came in exceeded what was let by nearly 1,000 acres.

9827. May I take it that, roughly speaking, 72,000*l.* represents the gross product of these farms during these seven years?—Yes, you might.

9828. I gather from the explanatory memorandum which you have put in that out of that gross product of 72,000*l.*, the profit to yourself as owner and occupier has only amounted to about 1,000?—Yes, and that is in the land.

9829. You have, of course, eliminated from consideration that expenditure which was in the nature of capital expenditure?—Yes.

9830. Out of that gross product I understand that you have paid a total sum of about 2,000*l.* in rates?—Yes.

9831. And you have also paid 30,000*l.* for labour?—That is it.

9832. And 3,300*l.* to the tithe owners?—That is so.

9833. Are you able to form an opinion as to how far the figures as regards the amount of rates paid, and the total product of the land would be applicable to your estates generally?—I should think that these particular farms would certainly be as lightly rated, if not the most lightly rated upon the whole property, because they lie in rather out of the way parishes, where the roads, as I have already explained, are made in an extremely cheap fashion, and where there are no extra rates of any kind beyond the

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Tithes, fall  
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Capital  
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Orwell  
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Profits  
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farms in  
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Proportion  
of rates  
paid to  
profits.

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poor rate, and the highway rate, and the county rate. As you will see by the figures, on the particular farms the rates are distinctly low; on the other hand the land is certainly the poorest on the estate, and, therefore, its ability to bear those rates is less than the average of the estate.

9834. Supposing that, in order to eliminate any possible discussion, we added the amount of the tithe to the amount of your profit, so as to give a total profit to the landowner, occupier, and tithe owner, of 4,300*l.*, you have paid 2,000*l.* in rates, or nearly 50 per cent., have you not?—Yes, and then the rates on the tithe would have to be added to that; they are not included in that.

9835. If you added the rates on the tithe it would probably be over 50 per cent?—Yes, it would.

9836. Do you think that proportion or anything like that proportion holds good with regard to your other property?—I should hardly like to say it would be quite as high, because there is certainly a part of the property which has a much higher power of bearing rates than this, which is land down near Felixstowe; I believe there is a certain profit made off it, and though the rates are higher, I think, perhaps, the relative power of bearing those rates is even greater than the rise in the rates themselves.

9837. You have not made any enquiries which would enable you to state to the Commission any approximate idea of the percentage which the rates bear to the aggregate profit of tithe-owner, landowner and tenants?—No, I cannot say that I have absolutely. You can see, if you look at Table III., what was the total tithe paid. You must eliminate the first two years. When the tithe was paid by the tenants, I cannot state definitely what it was, but it was approximately the same, of course, and you may take it that the tithe has been somewhat over 2,000*l.* a year on the whole property for all that time.

9838. I rather wanted to eliminate any question as to whether the tithe was a burden on the land or a part of the profit arising from the land, and to ascertain whether you were able to express an opinion to the Commission as to whether the high percentage of over 50 per cent. which the rates bear to the aggregate profit arising out of the land might be applied, and if applied, to what extent, to the other properties which are in your possession?—I should think very nearly, but, of course I should not like to make a definite statement—it is a supposition and it is not a definite statement—but it would not be very far from the mark in all probability.

9839. Of course that percentage is an enormously high percentage, and I suppose is really the foundation of the case which you present to the Commission?—That is so.

9840. Have you formed any opinion as to the pressure of rates upon profits in the case of any other industry?—Not from personal experience, except you may call an industry from my own profits in payment of shares which I hold in any other industry; and from what I know of those industries in which my shares are held I should say that the pressure was not at all so great upon any of them as it is upon the land.

9841. But you are not able to put any comparisons before the Commission to support that general opinion which you have formed as to the excessive pressure of rates in your own particular case?—Beyond the fact that I could, of course, have produced the accounts of companies in which I hold shares, but I think that is rather second-hand sort of evidence. I only want to say what I know from my personal experience, and I should not be able to answer that.

9842. Of course, the grievance which you have presented to the Commission, namely, that agricultural property such as that of which you speak is excessively rated, depends, does it not, upon the proposition that other property is not sufficiently rated?—Perhaps I might correct it. I could give this evidence; for instance, I have a dock down at Felixstowe which practically is my own property; though it is a company I own all the shares; and the rates that I pay upon that are far less in proportion than the rates which are paid upon the agricultural land.

9843. They do not amount to anything like 50 per cent. of the profits, do they?—No, they certainly do not.

9844. Do you know at all whether they amount to anything like one thirty-sixth of the gross amount received?—You see the profit on the dock is not at all large, but still it does amount to, perhaps, 500*l.* or 600*l.* a year, and the amount of rates that we pay is not directly, of course, even in that case proportionate to the profit. The rate is not on the profit; the rate is on the premises.

9845. Therefore, you would say that those who are interested in the working of agricultural land have a grievance as regards local taxation as against those who are engaged in the working of a dock?—Certainly.

9846. And that opinion of yours is based upon an examination of the accounts of the two properties?—Certainly; they are both in my own possession.

9847. Now, with regard to any remedies which might be devised for this grievance, assuming for the moment that it were impracticable to adopt your proposal with regard to the income tax, I think you quite appreciate the administrative difficulties which would have to be surmounted?—I do; quite so.

9848. Are you able to offer any alternative suggestions to the Commission?—Failing that, it appears to me to be only a matter of altering the law of assessment.

9849. Take, for example, the mode of relief which was given by the Agricultural Rates Act last session; that was a mode of relief, was it not, based upon this proposition that agricultural land should be rated on a differential scale?—Yes, it was so.

9850. Even assuming that that is not the most perfect mode of meeting the hardship which you present to the Commission, would you propose, in the event of no better mode being available, that that mode of relief should be continued?—In the event of no better mode of any kind being available, I would rather see that mode of relief continued than revert to the old state of things, but I think it is a bad method.

9851. Do you think it bad in principle, or do you think it bad by relation to the amount of relief given?—I think it is bad because it exposes agriculture to the reproach, which it is very difficult to controvert, that it is exceptionally favourably treated in regard to other property.

9852. Would that not arise in regard to any system? Supposing, for instance, that you had an income tax in aid of rates, would it not be said that you were taxing the poor income-tax payer, the smaller income-tax payer, in order to relieve the landlord?—It might be said so, but so far as actual treatment was concerned, the basis of treatment would be identical in all cases. You would say that quite irrespective of whether a man is a landlord, or a farmer, or an owner of docks, or a shareholder in industrial enterprises, or whatever he may be, we rate him upon his income, and therefore the treatment of all would be identical.

9853. You are aware, are you not, that the principle embodied in the Rates Act of last session is no new principle, that it is a principle which has been on the Statute Book now for a very long period of years; I mean the principle of charging a differential rate according to the character of the properties?—I cannot say that I was aware of that.

9854. Are you aware that under the Public Health Act, 1875, for instance, agricultural land was graded for the purposes of rating at one-quarter of its value?—That was, I submit, on a different principle altogether. That was in respect only of certain rates. That principle has never been applied to all rates, at least, not to my knowledge. It was applied only to particular rates, and because those rates were of such a nature that they were expended upon town improvements, which were not of direct value, or were of less value to the owner of agricultural property than they were to the owner of urban property. That principle was applied only in respect of those particular rates, and I do not think that principle, as far as I am aware, has ever been adopted in regard to the rates of which it may be fairly said that the expenditure may be of equal interest to all.

9855. Under the Public Health Act, 1875, it was considered inequitable, was it not, that land should continue to pay rates, levied for the purposes of that Act, at its full annual value?—It was to those particular rates.

9856. And under the Agricultural Rates Act of last session it was held that for the purposes of other rates it was also inequitable that land should contribute at its full rateable value?—Yes, it was, but from two totally different points of view. The one point of view, in the first instance, being that the product of that rate was applied to a purpose from which agricultural land did not derive equal benefit with other rateable property, and the second point of view being that the principle of last year was one totally different, namely, that land was to be relieved from a rate from which it could not be pretended that it did not derive equal benefit with everybody else, but simply because of its inability to bear the expenses of that rate.

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Agricultural Rates Act, 1895. The principle objected to. Classification of certain properties for the purpose of rating. Distinction between principle underlying Public Health Act and Agricultural Rates Act.

Burden of rates borne by agriculturists compared with the burden borne by those engaged in other industries.

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9857. Was that really so? Was it not considered desirable that there should be a further contribution out of the Imperial Exchequer, towards the expenditure raised by means of the rates which were scheduled for the purposes of the Agricultural Rates Act?—Yes, certainly.

9858. Therefore, there was really a transfer of the burden in respect of particular rates from agricultural land which was unduly and too heavily assessed to the general taxpayer, who paid too little?—Certainly that was so.

9859. I gather that that principle has your entire concurrence?—Quite so.

9860. Would you propose that the application of that principle should be further extended, and that in the event of its being decided that that is the most convenient way of remedying your grievance, that land should be rated not at half, but at a lower proportion still?—No, I cannot say that I think it is entirely satisfactory, because the relief is given then to the land which is best able to bear the burden—that gets the most relief; and the land which is least able to bear the burden gets the least relief. That is inseparable from that form of relief, and that is one of the reasons, I suppose, why it was made only temporary.

9861. But whether land is poor land or rich land would affect its rateable value, would it not, and would affect therefore its contributions to the purposes of local taxation?—Yes, but you forget that very important element, that where you have got a small rural area, the lowering of the assessment merely results in the raising of the rate.

9862. Yes, but where, as in that case, you make up the deficiency out of the Imperial Exchequer, you get rid of any difficulty under that head?—Yes, you get rid of a great part of the difficulty. Of course, I do not like the principle. As I say, I would sooner have it than nothing, but I would very much prefer to see every possible remedy well considered before that is resorted to, because I should have a feeling that, apart from its justice or injustice, it is very doubtful whether it would be permanent.

9863. Speaking from your general knowledge, not only as an eminent agriculturist and as an experienced landowner, but also as a member of Parliament acquainted with the feelings of your constituency, would you say that the remedy you have proposed with regard to the income tax would be more acceptable to the feelings of the public generally than the remedy that was embodied in the Agricultural Rates Act of last session?—I think as far as my own constituency is concerned it would; whether it would be as acceptable in the towns of course it is for other people to say; it would depend so much upon detail. That is a very big and difficult question to answer.

9864. You have rather presented to the Commission, have you not, a particular remedy?—Yes, that is so.

9865. I wanted to ascertain how far you were satisfied that that remedy would be generally acceptable?—I do not think you would ever find any remedy would be acceptable to anybody which involved their paying more than they do now.

9866. Do you think that the proposal, if it were practicable, which many of us might think it would not be, to assess a person in respect of income, whether he was within the income tax limits or not would be generally acceptable?—I think it would be by nearly all those persons who have small incomes derived from industrial property and who are now paying rates upon that property. They would, I imagine, have no increased burden to bear, and whether they paid a tax in the form of a rate or in the form of an income tax, I imagine it would be immaterial to them. They would rather prefer it because it could be shown to them that, if their incomes were reduced their tax would be reduced, and if their incomes were increased, their tax would be increased, to which they ought to have no objection. But at present they pay that tax quite independent of any profit or income they may receive.

9867. Take, for example, the case of a woman keeping a small huckster's shop in any of your villages and receiving, perhaps, an income in the year from that shop of 30*l.* or 40*l.*; do you think it would be practicable to assess that woman in respect of that 30*l.* or 40*l.* a year in order to give relief to local taxation?—She is probably paying more rates now on her shop than she would have to pay in the form of income tax.

9868. Do you think that is really the case?—Yes.

9869. That if she were to be charged on the income tax rate possibly of 7*d.* or 8*d.* in the pound, possibly more, she would really benefit? Would she not be *ex hypothesi*

more heavily assessed?—Supposing she were making 40*l.* a year, and she had to pay 7*d.* in the pound, what would that come to?

9870. Something about 25*s.*, would it not?—What would she pay now in rates on her premises? Probably she would not pay much less than that. She would probably be assessed on a little shop of that kind, at 15*l.* a year for the shop and premises; she would pay an average rate of 2*s.* 6*d.* in the pound, which would be 15 half-crowns, and that would be more than she would pay under the system I have suggested.

9871. Perhaps I may proceed to the other mode, in which the legislature has attempted to meet the special grievance which you have presented to the Commission, that of subventions out of the Imperial Exchequer. Have you considered at all the nature of the present subventions?—Yes, I have certainly considered them.

9872. You mentioned, I think, that you paid nothing to local taxation in respect of your shares in foreign countries?—Yes.

9873. But is that really the case?—Yes. I see what you want. I will begin by saying that I absolutely hold that it is impossible to say that you give a contribution from Imperial taxation from a particular source. A man might just as well pour a bucket of water into a pond, and then go and hook it out again and say he had hooked out the same bucket of water. The taxes are paid to the Imperial Exchequer, and the contribution is made from the Imperial Exchequer, and to say that you select a particular sum of money as the produce of a particular tax and that you hand that over is, I think, a fallacious statement altogether.

9874. Supposing that you were to put a new tax on personal property next year, and applied the proceeds to the purposes of local taxation, would you then say that you paid nothing to local taxation?—Of course, you get into a very difficult region in that way, where you stop a tax and apply it from that moment to a particular purpose.

9875. I was rather putting to you the case of a new tax?—That is even more so. I should say that where you create a new tax and apply it to a particular purpose, of course the question then arises: Do you put that tax into the Imperial pond that I spoke of, or do you not? And that question might be argued *ad infinitum*. But I do hold as a general proposition that where you raise an Imperial tax that goes into the lump of the Imperial revenue, you cannot differentiate between that tax and another one with regard to contribution. Of course, if you were to raise a new tax for the express purpose of the relief of local taxation, and it never went into the Imperial Exchequer at all; that is what I advocate.

9876. Have you considered at all the relative merits of obtaining a contribution from personalty towards local taxation by means of, in the first instance, an income tax, and, in the second instance, a new probate duty?—I do not think you could very well increase the present probate duty, it is so heavy as it is. I think I am known to have attacked it pretty hotly. I think it is a tax the incidence of which is so uneven, and that it falls so hard for the moment upon a particular individual, that it would be very wrong to increase that tax at all.

9877. Supposing, for example, when the new estate duties were imposed, that instead of stereotyping the contribution to be made out of the estate duties to local taxation, a portion of the increased duties had been applied to the purposes of local taxation; would that have given you a substantial measure of relief?—I do not quite see the difference; we get the money anyhow.

9878. You are aware, of course, that when the estate duties were increased, there was no increase of the contribution to local taxation?—Not at that moment; it was afterwards.

9879. What would you say to the appropriation of those increased duties, or a portion of those increased duties, to purposes of local taxation?—They have been already appropriated, as you say; when the increase was made, there was no contribution then; but since that time the contribution has been increased, and nominally out of those duties, by this last Agricultural Rates Bill.

9880. That is a different thing. There you have a differential system of rating; under the Local Government Act, 1888, you had a general contribution out of personalty?—I was referring to the Rates Bill.

9881. I was rather trying to get your opinion as to whether the increase in the contribution paid out of the estate duties towards purposes of local taxation would be a satisfactory way, in your judgment of meeting the

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Imperial  
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personal  
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Probate  
duty.  
Would not  
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of local  
taxation.

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grievance of which you complain?—No, I do not think it would be, because you would increase again a tax which only falls upon a particular section of the community, and only at certain times upon particular units of that section, and yet you would apply it to the general benefit. I should not wish at all to enter into the question as to what particular form it should take. I have suggested that the income tax, in my opinion, would be the best form in which to get the increased contribution; but I think that as long as that contribution goes into the Imperial exchequer, it must be considered as pooled with all the rest, and that what is taken out and given to local taxation must be regarded as coming out of Imperial taxation generally.

Tax upon  
income a  
more  
practical  
suggestion  
than an  
increase of  
death  
duties.

9882. May I put it very simply to you in this way: supposing it were a question between increasing the income tax and increasing the probate duty with a view to the relief of local taxation, which of the two would you prefer?—The income tax.

9883. And do you think that that would be the most feasible politically?—I do not know whether it would be the most feasible; I think it would be the most just.

9884. You, yourself, said that these questions were questions of compromise?—Certainly.

9885. Do you think it would be the alternative which would be the most acceptable to the general sense of the community?—That the income tax would? Yes, I think it would. I do not think they would stand any further increase of the death duty.

Mort-  
gagees.  
Contribu-  
tion to  
local  
taxation  
discussed.

9886. With regard to another point, which is not mentioned by you in your evidence, but upon which I should be personally glad of your opinion: that is as to the propriety of giving an owner of property the right to deduct a certain proportion of his rates from any mortgage interest or other charges upon his property which he may be called upon to pay; have you considered that?—I have heard it mentioned. I think you would open up such a wide field there that I do not think it could be done.

9887. Would you take the two cases of the owner of property which is heavily mortgaged, and of the mortgagee; do you consider that those two persons pay equitably towards local taxation in proportion to their ability to pay?—No, I do not.

9888. How would you rectify that inequality?—The method I propose would absolutely rectify it, because the man who was deriving the income would pay the tax.

9889. But in the case of the mortgagee he would pay the tax, would he not, by way of deduction? The owner would have to pay the income tax on the full value of the property, and he would recoup himself by deduction out of the mortgage interest?—Yes, I imagine that would be the form in which it would be paid.

9890. Would you suggest that, with regard to the rates it might be desirable that a similar scheme of deduction to that which exists in the case of the income tax should be adopted?—I think the two cases are totally distinct. In the one case you would impose a general system of taxation under which the mortgagee would fall in with everyone else, and there would be no hardship and no selecting of one particular individual by transferring the burden from A to B. But in the second case you pick out B, and say B for the future shall share a portion of A's taxation; that would be very unjust. If, on the other hand, you imposed an entirely new system of taxation upon the entire country, evidently B would, in common with everybody else, pay on a different basis; but then there would be no hardship, and you would have some ground to go upon.

9891. But that assumes, does it not, that other classes than the class of rateable property should be brought into the rating area?—Yes.

9892. Assuming for the moment that that proposition was negatived, and that it was held that rateable property as it is now should continue to bear the burden of the rates, would you see, then, any advantage in making the mortgagee, or other persons interested in the income, bear a share?—Not a permanent advantage, only a temporary one. It would be in exactly the same position as the Irish Land Legislation, where you go on the fallacious principle of saying "Let us give A's shilling to B and call it sixpence, and it will still be worth sixpence."

9893. (*Mr. Arthur O'Connor.*) Will you please repeat that?—That is now being partially remedied. The original principle of the Irish Land Legislation was to transfer a part of the property of A to B, or, rather, that A should let to B a property at less than it is worth, and

then to imagine that B is going to again let it to C, or to pass it on to C at the same value.

9894. Do you mean that that is the present system?—Not entirely; it is the system of land legislation; but where purchase has supervened, that is to put it right again.

9895. Current land legislation, do you mean?—Not that. It is the result of recent land legislation in Ireland.

9896. Do you say that on your own behalf, or from a certain party point of view?—Not at all from a party point of view.

9897. From a personal point of view?—From a personal point of view. What I mean to say is that the eventual benefit does not accrue to the particular tenant of that farm for ever; it is temporary. It may be perfectly right, and I do not question at all whether it is right or wrong from a party point of view. A is the landlord, and B is the tenant, and you say that if this farm is put into the open market the landlord can get 11. an acre for it, but owing to certain improvements possibly—I do not question whether it is right—you say B is to have this farm at 10s. an acre. I say that is only a temporary expedient, and that the result will be that when B passes that farm on to C, C will have to pay B—and this is all I am suggesting—the capitalised difference between the 11. and the 10s. The result is that when C has got that farm he is standing at this 11. an acre rent; he is paying 10s. to the landlord, and he has had to pay the capitalised 10s. to B in order to get into the farm. Therefore, although giving B the benefit it will not be a permanent benefit to the tenant, and you will not permanently reduce the rent of the farm by one farthing. That is what I meant by saying that in this same case you would transfer a portion of the burden borne by the present owner of the property on to the present mortgagee, but that would only be a temporary benefit and would not be a permanent and enduring shifting of the burden, because in the future relations it would go back.

9898. I suppose you are aware that all the expenditure which in England is borne by the landlord, and in respect of which alone rent is now received in England, is in Ireland all borne by the tenant?—That is rather a wide saying, but it is practically so, and that is what I meant when I used the expression that you may be perfectly right; I am not questioning whether it is right or wrong; that is an arguable point. Although you may be perfectly and justly right, I am not questioning about the right or the wrong; I only say that that method of shifting the burden is not permanent; I do not question the justice.

9899. (*Mr. Elliott.*) When the Legislature transferred the burden of the tithe from the occupier to the owner, I think you told us, and I should quite agree with you, that the owner was not able to recoup himself at the expense of an increased rent from the occupier?—That is so.

9900. And, therefore, there was a real transfer, in addition to a paper transfer?—No, I think there was not a permanent transfer, because, owing to the exigencies of the moment, the fall in the value of land, which was continuously going on at that time, made it impossible for there to be any re-adjustment of rent. But I do say that you cannot get away from this, that if that farm is again to let, the fact of that burden of tithe having been shifted from the occupier to the owner, will enable the owner to get a better rent for it; the rent will be higher than it would have been; you do not shift it.

9901. Do you not think that as regards the mortgagee the position is very much the same, that with accumulating capital in the country seeking investment, there is a tendency on the part of the rate of interest to fall, and that it would be impossible for the mortgagee to raise his rate of interest to recoup himself for any transfer of rates from the nominal owner of the property to the mortgagee?—He would not raise the rate of interest because it would not be in the agreement, unless the Act allowed him to do so. The rate of interest raised on mortgage is the subject of agreement. The only way he could do it would be by calling in the mortgage.

9902. Do you think that the result of giving the owner of property the right to deduct a certain proportion of these national burdens from any mortgage interest which he paid would be to raise the rate of interest?—No, I do not think it necessarily would, but I think it would be a very unsound transaction: I do not think it would be a financially sound transaction at all.

9903. Would it not extend the number of persons who contribute, according to their ability, to local taxation?—

*Captain  
E. G.  
Pretzman.*

7 July '97

Land legis-  
lation in  
Ireland.  
Market  
value of  
rental not  
decreased  
by reduc-  
tion of rent  
to a  
particular  
tenant.

Tithe Act,  
1891.

Effect has  
been to  
transfer the  
burden of  
tithe from  
occupier  
to owner.

Mortgagee.  
Contribu-  
tion to  
local  
taxation  
Effect of,  
discussed.

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To a certain extent it would do that, but I do not think you could afford to take a step of that kind, which would be so commercially unjust, and then you would break contracts.

9904. I am rather putting the question to you apart from any question of existing contracts, which is a consideration that has always to be borne in mind?—You could not touch future contracts you see, because anything you did would be borne in mind, and would be taken into account in raising the mortgage. If you are only going to touch future contracts I do not think you would do anything, because a man who is going to pay a rate of interest would take that into consideration. Before a bargain is completed every factor is taken into consideration, and the fact of having to pay that additional rate would materially affect the rate of interest which he would demand; that rate of interest would be a compound of the value of money in the market at that time, and of the burdens which the land would entail upon him.

9905. Do you think there would be no transfer between the owner and the mortgagee?—If you only affect future mortgages there would not be any.

Fresh sources from which to raise revenue for local purposes are very few.

9906. Have you considered the possibility of raising local revenues by any other means than what we call rates at the present time?—Yes, I have considered it, but I do not see how it is possible. I have considered the question, certainly, often in my own mind, but I can think of no satisfactory method in which it could be done, because any fair assessment to rates, in my opinion, must include personal property, and it is impossible to rate personal property locally.

9907. Have you considered the possibility of imposing any new local duties in respect of expenditure?—I do not know that I have considered it, because it seems to me that what you want to do is to encourage expenditure as much as possible in the country districts, and if you rated expenditure you would do the very reverse.

9908. You are aware, of course, that on many items of establishment expenditure licence duties are levied which eventually go to the relief of local taxation?—Yes, that is so.

9909. You have no suggestion to make to the Commission with regard to the increase of those duties?—No, I have not. I think the only thing that could be done would be, perhaps, to increase to a certain extent the duties upon luxuries, I mean such a thing as servants, and so on; but the amount that you could so hope to obtain would be so small that it would not be of any value.

Orwell Park and Bacton Estate. Expenditure has benefited the property.

9910. (Mr. Dalton.) I see that, bad as is the state of things shown in Table III. of your proof, you think it would have been considerably worse if your predecessor had not spent 350,000*l.* in constructing a railway and dock to develop the property?—Yes, I do.

9911. Have the railway and dock paid a fair interest on this expenditure of 350,000*l.*?—Indeed, they have not.

9912. Can you say what rate of interest they have paid?—They have never paid any, except that the railway has been sold to the Great Eastern since, and some of the money has been got back in that way.

Rates in Suffolk are low. Partly due to fact that valuations have not been reduced in proportion to reduction of rent, and partly because district is poor and spends very little.

9913. If that 350,000*l.* is added to the loss, or if a great deal of it is added to the loss shown on Table III., it makes the position about twice as bad as it appears from the table?—Yes, I have already stated that the railway was sold again after a certain time; it was sold in 1883, I think it was, to the Great Eastern.

9914. Can you give any further explanation of the rate in Suffolk being so low? Should you say that they were low because the district is poor, and keeps down its local expenditure in consequence?—Yes, I should; that is one of the reasons, certainly.

9915. Is it partly due to the fact that the assessments have not been reduced to the rent?—Yes, it is partly due to that. Of course had the assessments been reduced to the rent the rates would have been higher no doubt.

9916. That is what I mean; the rates in the pound in these tables look very low, so they do throughout the greater

part of Suffolk in the Local Taxation Returns?—That is so.

9917. Would you attribute it partly to the fact that the valuations have not been reduced as they should have been, and partly to the fact that the district spends as little as possible because of its poverty?—Yes, that is so. I may say that lately the assessments have been in some cases appealed against. I am now appealing against these assessments and trying to get them reduced. Some of my neighbours, farmers, have got their assessments reduced. There has been a great deal of talk about this question lately, and the farmers have seen that their remedy to a certain extent is to get their assessments reduced. Of course where an urban district comes into the taxable area, there is no doubt that they are thereby shifting a portion of the burden on to the urban district. But the urban rates are very high too, and they deserve consideration as much as we do, or very nearly.

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9918. It is because agriculture is an unremunerative or badly remunerative business that you would like to see it rated upon its profits, is it not?—Yes.

Rating upon basis of profits desirable.

9919. We have had great complaints, on the part of certain remunerative undertakings, that they are at present rated upon their profits; but that of course is natural?—Yes. My feeling is that if a man has got a profit, he ought to pay according to that profit to the country.

9920. Independently of that, if railways and docks and other properties are practically rated upon a proportion of their profits, you would say that the same principle should be applied to agricultural land?—Yes, absolutely.

9921. I think a question was asked you as to the large expenditure for buildings and improvements shown in table III.; is it not the fact that of late years, speaking generally, it has been necessary for landlords to spend more on buildings and improvements in order to get tenants for their estates?—Just so.

Orwell Park and Bacton Estate. Increased expenditure on buildings &c., in recent years necessary to secure tenants.

9922. And that the proportion which that expenditure bears to the rent, must always be an increasing one, or has of late years been a very increasing proportion, because the rent has been falling and the demand for the buildings has been increasing?—That is absolutely so.

9923. The same quantity of buildings are absolutely required for the cultivation of this estate, although the rent has fallen so enormously?—That is so, and even more.

9924. Some questions were also asked as to the rent that has been charged for some of these farms on which there had been a loss while you had them in hand; the farmer who rents his own farm gets a considerable advantage from having the farmhouse for a residence?—Yes, he does.

Profit made by tenant farmer and landlord farming through bailiff. Their positions compared.

9925. And from being able to live on the produce of the farm?—Yes, that is so.

9926. He gets a greater benefit from it than the bailiff would, I suppose, who was taking charge of it?—Yes. Of course the bailiff would not require or expect to get so good a house; he would not be in a position to do so. He lives in the farmhouse, because it is the only one available.

9927. Therefore it may very well be that, although the farmer is paying a higher rent than you can make from the farm when it is in your own hands, he is doing very much better?—Yes. If he is a man of capital, he is getting a residence and certain amenities; he is getting what a farmer calls his home included in the rent of the farm. Of course every man must have a home, and he gets it in that way.

9928. As a general rule, a farmer does not reckon the money which would represent that as profit, although he should, I suppose?—I think farmers realise that now. It has been pressed home on them as one of the considerations they must have in view when talking to their landlords about their rent going down.

9929. The farmer not only has his residence but he has his keep?—Yes, to a certain extent.

9930. Such as milk and all that?—Yes.

The witness withdrew.

Mr. SAMUEL ROWLANDSON called and examined.

Mr. S. Rowlandson.

9931. (Sir John Hibbert.) I think you occupy and reside at a farm in the North Riding of Yorkshire?—I do.

9932. That farm consisting of 507 acres pasture and 343 arable?—Yes.

9933. You also have another farm in the North Riding of 131 acres grass and 99 arable?—Yes.

9934. And another at Saltholme, in the county of Durham, consisting of 930 acres grass and 80 arable?—Yes.

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9935. And about 700 to 800 acres of sea bankings?—  
Yes.

9936. Therefore, being the occupier of those three farms, you have had some experience with respect to the matter of the taxation or rating of farms?—Yes.

9937. You also hold several public appointments?—  
Yes, I do.

9938. You are Vice-Chairman of the North Riding County Council, Vice-Chairman of the Darlington Board of Guardians, and Commissioner of Taxes for the County of Durham?—Yes.

9939. You also occupy several other positions, such as Chairman of the Croft District Council and Chairman of the Barton Parish Council?—Yes.

9940. That, I presume, has given you experience of local administration?—Yes, it has.

9941. In addition to that you are a Member of the Council of the Royal Agricultural Society?—Yes.

9942. As a member of the assessment committee of the Darlington Union, and also of the county rate committee of the North Riding of Yorkshire, you have some comparisons, I think, to bring before the Commission with respect to the rating of farms and the rating of the occupier of a business in a town?—I gave evidence before the Duke of Richmond's Commission in 1881, and I then put in some figures which are the actual payments made in the town of Darlington and in the rural townships in the same union.

9943. They would be figures for the years 1879-80?—  
Yes, and I gave my evidence in 1881.

9944. Would you just give us the total of those? I do not think you need go into the details of the separate rates?—The total figures upon the income, as taken by the surveyor of taxes, of 250*l.* a year as paid by the rural ratepayer was 54*l.* 14*s.* 8*d.*, and as paid by the towns ratepayer 26*l.* 17*s.* 4*d.*, or a balance of 27*l.* 14*s.* 4*d.* in favour of the town ratepayer.

9945. In both the town ratepayer and the rural ratepayer supposed to have an equal amount of profit?—Yes, excepting that in order to compare the two I took the income at 250*l.*, whereas in the majority of cases the income was taken by the surveyor of taxes at 300*l.*

9946. Then you have come down to a later period, I think, in your memorandum?—I have got precisely the same figures for the present period.

9947. For the same union?—Yes, in the same union. On an assumed profit of 250*l.*, of course that is taken on a rental now of 750*l.*, whereas before it was taken on a rental of 500*l.*, the payments made by the rural ratepayer are 86*l.* 19*s.* 3*d.*, and the payments made by the towns ratepayer are 31*l.* 11*s.* 5*d.*, or a balance in favour of the towns ratepayer of 55*l.* 7*s.* 10*d.*, which is a much greater proportion in favour of the townsman than it was in 1879-80. I have also had similar statements sent me from a Northumberland union and from the town of Newcastle-on-Tyne.

9948. Are both instances in the same union?—No, they are adjoining unions. Newcastle is practically a union of itself, and then there is the adjoining union of Castle Ward. There, the amounts, as given to me, are 84*l.* 4*s.* 10*d.* paid by the rural ratepayer, and 31*l.* 8*s.* 7*d.* paid by the towns ratepayer, or a balance in favour of the townsman of 52*l.* 16*s.* 3*d.* as compared with 55*l.* 7*s.* 10*d.*, the second balance I mentioned. Then, again, I have also had a statement sent to me from the Middlesbrough union and from the Stokesley union, which is adjoining, in North Yorkshire. Middlesbrough, I may say, is a very heavily rated place indeed. I may mention that the rates there are, I believe, 9*s.* in the pound.

9949. You do not mean throughout the whole Middlesbrough Union do you?—No, in the borough of Middlesbrough. The borough of Middlesbrough is practically the union, and there is very little land attached to the Middlesbrough Union. The statement as given to me is 71*l.* 6*s.* 10*d.* as paid in the Stokesley Union by the rural ratepayer, and 42*l.* 17*s.* 1*d.* as paid in the Middlesbrough Union by the towns ratepayer, the balance there in favour of the townsman being 28*l.* 9*s.* 9*d.*

9950. What argument do you wish to raise upon those figures?—The argument that I raise is this, that the payments for rating purposes and for imperial taxes are very much in favour of the townsman as against the countryman, and I certainly think they ought to be taken more upon income than they are at the present time, they ought to be based upon income. In addition to that,

although the townsman pays much less in proportion to his income than the countryman, the townsman has every benefit of living in a town; he has good footpaths, sewerage, watching, street watering, and indeed every advantage of a town, whereas the farmer is liable to pay sanitary rates from which in most cases he receives no benefit, as the money is invariably spent in the villages, and he, the farmer, has to provide his own footpaths and his own sewerage.

9951. Can you say that the farmer pays much in sanitary rates, having regard to the fact that the rural sanitary rate is a very small amount indeed?—It is a small amount; but still the farmer is rated upon his land for that purpose.

9952. Is he not rated at one fourth?—Yes, he is rated at one fourth. The farmer is also in many cases now liable for the lighting rate on one third of his rateable value, and in 99 cases out of 100 he receives no benefit from it in any way.

9953. That would only be of small application would it?—That is only a small rate, a penny in the pound, probably.

9954. And it is of small application?—Yes.

9955. I see you state in your memorandum that you consider land to be the same as a grocer's stock-in-trade, and that it is the raw material?—I consider land is the raw material, and that it is precisely the same as a grocer's stock-in-trade. I have always held that land, as land, should not be rated at all.

9956. You think it should be like the grocer's stock-in-trade, free from rating?—Precisely. You should simply rate the house and buildings.

9957. You have something to say also, have you not, with respect to the school board rates and the parish council rates?—Yes. The school board rates and the parish council rates have, of course, added to a certain extent, in some cases very heavily, to the burden on the farmer.

9958. Should you not modify that rather? You cannot refer to the parish council rates in that sense, can you?—The parish council rates, of course, are not heavy.

9959. Then will you deal with the school board rates?—The school board rates in some parishes are very heavy upon the farmer, and I must say especially so in the county of Durham. Where collieries have been laid aside, and where school boards have been commenced when those collieries were in full work, but since their commencement those collieries have been laid aside, the burden of the school board rate has come very heavily indeed in many cases upon the farmer.

9960. The farmer where a school board exists pays the full rate upon his assessment, does he not?—Yes, he pays the full rate.

9961. There is no deduction?—There is no deduction there. I must say this, that the rate that has hit us the hardest in the district in which I reside, is the rate under the Union Chargeability Act of many years ago. That Act threw the charge of the paupers and any incidental expenses relating to union charges over the whole body of ratepayers in the union. Although I am in North Yorkshire, I am yet in the Darlington Union, which includes 11 townships in North Yorkshire, and, I think, 36 townships in the county of Durham and the town of Darlington. In the years 1877-79 a stone-yard was opened, and we had 386 men employed in that stone-yard. The total cost of that stone-yard was 7,550*l.* 14*s.* 7*d.* which, deducting the cost of the stone, sold for 2,486*l.* 12*s.* 0½*d.*, left a balance of 5,064*l.* 2*s.* 6½*d.*; the net amount debited to the common fund was that 5,064*l.* 2*s.* 6½*d.*, and the amount which would have been debited previous to the Act being passed was 1,650*l.* 14*s.* 0½*d.*, leaving a balance of 3,413*l.* 8*s.* 6*d.*, which was an excess debit to the common fund over what ought to have been.

9962. What is the argument you wish to raise there?—The argument that I use is this, that the country townships had a very heavy burden thrown upon them at that time by the Union Chargeability Act, for which they received no *quid pro quo*. People say that the country townships are benefited by proximity to a town. I quite admit that, to a certain extent, but, as I stated in my evidence in 1881, I consider that the benefit which the country townships receive from a town is limited to a certain area, that is the milk area, and in the case of a town of 30,000 or 40,000 inhabitants, the milk area, as a rule, does not extend beyond two miles and a half.

9963. You think no benefit accrues much beyond?—  
When you get beyond the milk radius, I consider that the

Mr. S.  
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Agricultural land should not be assessed to local rates.

School board rates a considerable burden upon farmers in some parishes.

Union Chargeability Act. Effect was to throw heavier burden upon certain parishes. Benefits which country parishes receive from their proximity to towns. Radius within which such benefits accrue is limited to 2½ miles.

Rates paid by agriculturists and by business men in towns compared. Contribution to local taxation should be based upon income.

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country townships are in no way benefited practically from a town, because they have to pay more for their labour. They are beyond the manure radius, and they are beyond the milk radius, and a good many of the labourers go for the week into the town, and that raises the price of their labour in quite as great a ratio as any small benefit that the farmers may receive from the proximity of that town.

9964. But having those views, do you suppose it is at all possible to alter the principles of the Union Chargeability Act, which has now been in operation for so long?—Of course, there is that consideration. I always considered it as a very unjust Act, as country ratepayers in a very great number of instances have had to pay very heavily indeed for it, although they have received, in my opinion, no benefit whatever from it.

9965. Do you know whether, in this particular union, there is any very large expenditure upon out-door relief?—There is not. I think I may say—I think it was quoted at our board—that within the last three months, when the inspector was there, it stood one of the lowest in out-relief.

9966. That is very satisfactory. You have also, I think, some further statistics, have you not?—Yes. There was another stone-yard opened in 1895, which cost 3,807*l*. We have had three, I think, during the last 20 years.

9967. These stone-yards are used as tests, I presume?—They are used as tests. Two of them, I think, have been started in the case of strikes, and one in the case of a lock-out.

9968. The view that you wish to press upon the Commission in regard to these statistics about the Darlington Union is, I think, that the incidence of the rate has been very unfair against the country parishes?—It has been very unfair against the country parishes, and some time ago the 11 townships that were in North Yorkshire petitioned the Local Government Board to have those townships transferred to the Richmond Union; an inspector was sent down, and the report was rather in favour of that. Then when it was stated in the 1887 or 1888 Act that county boundaries were to include all the townships in the county, we again petitioned, but our petition has been refused. We think that those townships in the North Riding of Yorkshire ought certainly either to be included in one of the unions of the North Riding, or else be made into a separate union of their own. If they were made into a separate union of their own, it was estimated, when the inquiry was heard, that those 11 townships would save 660*l*. a year.

9969. After going into all the expense of setting up a fresh workhouse, and everything of that kind?—No; that was making it a contributory union for the indoor poor.

9970. There was power to do that?—Yes.

9971. Did the county council of the North Riding take any action in this case?—There was a meeting of the joint committees of the North Riding County Council and the Durham County Council, and they decided at the very first meeting—the North Riding having a majority of one vote upon that occasion—that those 11 townships should be formed into a separate union. The Durham County Council refused to confirm the whole of the decision of the joint committee; they confirmed a portion of it, but not the whole. We had a long correspondence with the Local Government Board on the question, and the Local Government Board decided not to take any action in the matter, because the Durham County Council did not confirm the whole of that decision.

9972. Of course it was owing to the disagreement between the two councils that this matter was not carried out years ago?—Yes, that is the reason. Had that been carried out, those 11 townships would have saved 660*l*. a year.

9973. Then you have, I think, something to say with respect to the cost of building asylums, workhouses, and county buildings?—The cost of building asylums, workhouses, county buildings, schools, and all permanent structures falls very heavily on annual ratepayers, and being practically an improvement of the value of property, is a very strong argument that a portion, if not the whole, of this outlay should be borne by the owners of property, and not by the occupiers; and for this reason I am, and always have been, strongly in favour of all rates being paid, one moiety by the owner, and the other by the occupier. The same applies in Scotland.

9974. Do you think it would be a much fairer way of charging for permanent structures?—Yes, I do think so.

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Darlington Union. Position of certain country parishes said to be unfair with regard to their contribution to rates.

Division of rates between owners and occupiers suggested.

9975. You also are in favour of one assessment for all purposes?—I am.

9976. Have your county council taken any action on that, and passed any resolution?—No, I do not think they have; but I know there is a very strong feeling on the part of many of its members that one assessment would be very much better than three or four, as there are at present.

9977. I suppose you are aware that there is a very strong feeling at present throughout the country in favour of this principle of one assessment?—Yes, I know there is.

9978. Is there any other point you would wish to refer to?—I simply say this: that I should advocate the basis of the income tax.

9979. As being the most fair of all?—Yes, as being most fair.

9980. Would you be satisfied with an assessment committee acting over the whole county in the case of each county, for the purpose of getting uniformity of assessment?—I certainly think there ought to be some system of getting uniformity of assessment. I may say that in the North Riding of Yorkshire we found the assessments in the different unions were very unequal, and I myself gave notice about them to the county committee, and as a member of that committee insisted upon several of the clerks of the different unions being summoned before the committee, in order to investigate the case, and to see what was the reason of this.

9981. I presume you have a county rate committee?—Yes, and I have been a member of it for some years.

9982. That is one means of obtaining uniformity, is it not?—It is. Of course you require local knowledge to that extent.

9983. Do you perambulate the county; do you go from place to place?—No, we do not.

9984. Have you any county boroughs in the North Riding?—Yes, we have two.

9985. Do they send representatives to the county committee?—To the county council, yes.

9986. I mean to the county rate committee?—There is one.

9987. You know that under the Act of 1888 there is power to do that?—Yes.

9988. (Mr. Dalton.) Is there much agricultural depression in your district?—There is no doubt of its being very heavy for some years now.

9989. What is the average rent per acre; can you give us any idea of it?—I should think the farms at the present time run from poor land at about 8*s*. or 9*s*. an acre to as far as 36*s*. an acre.

9990. You do not think that their proximity to large towns in any way affects the farmers?—When we get beyond a certain radius, I do not think it does.

9991. You say, I think, when you go beyond a radius of 2½ miles?—Of course that radius of 2½ miles increases as the population increases.

9992. Supposing we say 3 or 4 miles: would you think that a farm 4 or 5 miles from a town is no better off than one 20 miles from a town?—I do not think there is much—upon the condition that the one 20 miles away has anything like similar railway accommodation.

9993. But it generally would not, I suppose?—I do not know that.

9994. Does not the town bring the railway?—The town to a certain extent does bring the railway.

9995. You are in favour of dividing the rates equally between the owner and the occupier?—Yes.

9996. What do you think is the present incidence of the rates in a rural district?—In what way?

9997. Do you think they are borne by the owner or by the occupier?—They are borne by the occupier as long as he is a sitting tenant.

9998. He pays them in the first instance; but do you think they are taken into account in fixing the rent?—They are taken into account, to a certain extent, when there is a change of tenancy.

9999. And I suppose if half were paid by the owner and half by the occupier, one-half only would be taken into account on a change of tenancy?—There would be one-half taken into account on a change of tenancy.

Mr. S. Rowlandson.  
7 July '97

One valuation for all purposes desirable.

Income tax suggested as a means of raising local taxation.

Valuation. Uniformity of it a county desirable.

Agricultural depression in north Yorkshire.

Benefits which country parishes receive from proximity to towns. Radius within which such benefits accrue is limited to 2½ miles.

Division of rates between owner and occupier discussed. Incidence of rates.

Mr. S.  
Rowland-  
son.  
7 July '97

10,000. Do you think it would alter the ultimate incidence much?—Of the rental, do you mean?

10,001. Of the rate; do you think it would make really much difference to the owner or to the occupier if they were halved in this way?—It would make a difference to the sitting tenant.

10,002. When they rose, but not if he had taken them into account in his rent, I suppose?—Not such a very serious difference. I do not suppose it would.

10,003. Do you think it would conduce to extravagance if they were halved?—I do not.

10,004. The administration is mainly in the hands of occupiers, is it not?—No, certainly not.

10,005. Not?—Certainly not.

10,006. You do not think the occupiers are more represented on the local authorities than the owners?—No, certainly not; on the county council certainly not.

10,007. What about the board of guardians?—I should say our board of guardians is comprised of a great many town members.

10,008. The voters must be mainly occupiers surely?—By the voters do you mean the electors?

10,009. Yes?—Certainly.

10,010. Therefore, the local authority is representative of the occupiers, and not of the owners?—Yes, but in the case of the county council I should certainly say that three-fourths are owners.

10,011. (Sir John Hibbert.) But still, they are returned by the occupiers?—They are returned by the occupiers, excepting in the case of the aldermen.

10,012. (Mr. Dalton.) Is it not desirable that the occupier should feel the first increase in the rates if you want to preserve economy?—I quite admit that; and he would feel the increase of the one-half.

10,013. Yes, but to the extent of one-half you diminish the fear that he has of raising the rates?—I do not think there is any fear of their being more negligent in the performance of their duties.

10,014. (Mr. Elliott.) With regard to your figures, which bring out very clearly facts which have already been put before the Commission, you have rather assumed, have you not, that the whole burden of the rates falls upon the occupier?—Do you mean in the figures that I have quoted?

10,015. Yes, and which you show in your memorandum?—No, I take it that the burden is upon the land.

10,016. Would it not somewhat alter these comparisons, if to the profit of the occupier you added the profit of the owner, in other words, the rent?—I do not quite understand your question.

10,017. May I put it in another form; take the example which you gave second; the landowner, according to the assumption, receives a rental of 750*l.*?—Yes.

10,018. Of course, out of that rental, we all know that he would have to pay a very considerable sum for necessary outgoings?—Yes.

10,019. But he might easily derive from a rental of 750*l.* a net profit of 500*l.*?—Yes.

10,020. If you add his net profit of 500*l.* to the tenant's profit of 250*l.* you get an aggregate profit from that property of 750*l.*, do you not?—Yes.

10,021. Whereas, in the case of the townsman, the aggregate profit is only 350*l.*?—Yes.

10,022. Therefore, leaving out other considerations, it would not be unreasonable that the rates paid in respect of the first property should be double the rates paid in respect of the second property; is that not so?—Do you take it as a question affecting the land as a whole between the owner and occupier?

10,023. That is what I want to do?—Yes; but, even then, you will see that the rate would be very greatly in favour of the townsman.

10,024. Is that so? I rather wanted to give you the opportunity of explaining this a little more fully in anticipation of any other criticisms, assuming that out of that first property there is an aggregate profit of 750*l.*, and on the second property in the town an aggregate profit of 350*l.*, the proportions are fairly equal, are they

not?—No. You would want double the profit obtained in the town.

10,025. The rent there is 100*l.*?—And the assumed profit is 250*l.*

10,026. That is a total of 350*l.*, is it not?—Yes.

10,027. And in the other case you have got a total profit of, say, about 750*l.*?—Yes.

10,028. Therefore, the townsman is about half?—Yes, nearly so, but the rates paid in the town are 31*l.* 11*s.* 5*d.*, as against 86*l.* 19*s.* 3*d.* paid in the country.

10,029. So that there is a substantial difference even then?—There is a very considerable difference.

10,030. You would say not only is there, even then, a substantial difference in favour of the townsman, but that it is essential to take into account what is, perhaps, more important, the benefits received by each?—Certainly. I think that is one very great point. The benefit received by the townsman is certainly very much more than the benefit received by the countryman.

10,031. I gather that you wish to emphasise that point?—I do, particularly so.

10,032. And to bring before the Commission the very different benefits received by the townsman in respect of these rates compared with those received by the agriculturist?—Certainly. That is what I said afterwards; the townsman receives a full *quid pro quo* whereas the countryman does not. The townsman has got footpaths, sewerage, watching, street watering, and every advantage of a town, whereas the farmer is liable, and has to pay for sanitary rates, from which, in most cases, he receives no benefit, and he has to provide his own sewerage as well.

10,033. Now, as regards remedies. What remedy would you submit to the Commission for this condition of things?—One thing is that I say land itself ought not to be rated at all. It is precisely the same as a draper's and grocer's stock-in-trade, and I should simply rate the buildings and the house.

10,034. Then you would further extend the principle of the Agricultural Rates Act of last session?—I should extend the principle of the Agricultural Rates Act of last session, and bring in personal property on the basis of the income tax.

10,035. Supposing Parliament could not see its way to adopt your proposition in its entirety, you would still urge that not only should the Agricultural Rates Act of last session be made permanent, but that the proportion should be again considered?—Certainly.

10,036. Do you think that the proportion in the Act of one-half as the rateable value of agricultural land is sufficient?—No. I think it ought to be put at a quarter.

10,037. I gather that you would even go farther, and that you think that agricultural land ought not to be rated at all?—Yes, I have always said that agricultural land ought not to be rated; I have said that for many years.

10,038. How do you propose that the deficiency arising should be made up?—It would have to be made up out of the imperial fund somehow.

10,039. Have any particular suggestions occurred to you as regards the sources from which the deficiency should be made up?—No, I cannot make any suggestions.

10,040. What classes of persons do you think contribute too little to local taxation?—Many people residing in this country. I have talked this question over with some of my own friends who reside in hotels in London, who have large incomes from India, and who pay no rates and no taxes in any way whatever.

10,041. Would you say, generally, that you think the private resident deriving his income from personal property pays too little?—Certainly. He receives every benefit that we heavy ratepayers receive in this country, and he certainly ought, I think, to pay his fair share.

10,042. Would you suggest to the Commission that any deficiency which arises in consequence of the lower rating of agricultural land should be made up in some way by a contribution from personalty?—From personalty, certainly.

10,043. Do you see any objection to the present system under which a contribution from personalty is made through the estate duties?—Do you mean with regard to the last contribution?

10,044. With regard to the contribution made in 1888?—No, I do not see any great objection to that.

10,045. But would you propose that it should be further extended?—I think so.

Mr. S.  
Rowland-  
son.  
7 July '97

Benefits received from local expenditure by agriculturists are less than those received by townsmen.

Agricultural land should not be assessed to local rates.

Agricultural Rates Act. Further relief should be given, and the Act made permanent.

Agricultural land should not be assessed to local rates.

Personal property. Persons owning personal property should contribute in respect of it to local rates.

Rates paid by agriculturists and by business men in towns compared.



*Mr. S. Rowland-son.*  
7 July '97  
10,046. (*Sir Edward Hamilton.*) You have three farms, I think?—Yes, I have three.  
10,047. Therefore you are, I suppose, now feeling the effect of last year's Act?—Yes.

10,048. Have you felt the full effect of it? Has rent been raised against you in any case?—No, certainly not.

10,049. Therefore the full benefit has gone to yourself?—Yes.

*Mr. S. Rowland-son.*  
7 July '97

The witness withdrew.

Adjourned till Thursday next, at 12 o'clock.

**TWENTY-SIXTH DAY.**

Thursday, 15th July 1897.

**At 16, Victoria Street, S.W.**

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Viscount EMLYN.  
Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
T. H. ELLIOTT, Esq., C.B.

ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
The Right Hon. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. GABRIEL PRIOR GOLDNEY called and examined.

*Mr. G. P. Goldney.*  
15 July '97  
10,050. (*Viscount Emllyn.*) You are the City Remembrancer, are you not?—Yes, I am, and I have been for the last 16 years.

*Inhabited House Duty. Question of importance in the city of London.*  
10,051. You appear to give evidence on behalf of the City before the Commission?—I appear to give evidence on behalf of the City Corporation to this Commission on the question of the inhabited house duty, which is a subject that has attracted a very great deal of attention in the city of London, not only attention on the part of the Corporation, but also to a very great extent attention on the part of the citizens and taxpayers.

*Valuation (Metropolis) Act. Valuation list conclusive evidence of gross rateable value for all purposes. Inhabited House Duty levied on assessment.*  
10,052. I do not know whether that actual point is quite within the terms of our reference; but I suppose you have considered it, and could state to us your opinion upon it?—I confess that it is rather near the edge of your reference, but I think it is within it, because the inhabited house duty is levied on the assessment; I say "assessment," because, curiously enough, it is one of the surviving instances of an impost being levied on the gross and not on the net value—the difference in the City you may take roughly as being 20 per cent., that is a fifth. It is a tax that the occupier pays because he is rated as an occupier.

10,053. It appears to be rather near the edge of our inquiry, at all events, but I do not think the Commission will want to stand upon technicalities; we shall, therefore, be very glad to hear any evidence you may like to give on that subject?—Of course, I am speaking only of the City and of the Valuation of Property (Metropolis) Act, 1869, the Quinquennial Act as it is generally known. By section 45 of that the valuation list is to be taken as conclusive evidence of the gross and rateable value of the hereditament for all purposes, amongst others for the house tax.

10,054. Will you follow on your own line the points you want to bring to our notice?—On that point about the valuation list being conclusive evidence, I say that there we arrive for the first time at the point where the shoe really pinches. You cannot go behind that valuation list for any purpose at all; once on the valuation list, there you are for all purposes, this house tax amongst others.

10,055. Have you no appeal?—You have the appeal provided for under that Act. I am not so much questioning whether you are rated for 100*l.*, or whether you are rated for 200*l.*; I am pointing to the fact that when you are rated for a specific hereditament there you are, and you cannot dispute it. I shall come back presently

to the point of what we suggest might be the hereditament for the purposes of rating, having regard to the incidence of this house tax.

10,056. Do I understand, that though you might appeal against the amount you are rated at, you could not appeal with a view to getting yourself taken off the list?—Yes, you cannot appeal, apparently, except on the facts. You are rated for a hereditament, and that hereditament is taken to be your occupation of this house, or your occupation of that house, or your occupation of the next house. But you cannot divide it, and there is the real difficulty of the incidence of the whole of this tax, because of its being levied on the assessment. In the city we have always urged, when I say always I mean in modern times, because the tax has only been imposed in modern times, that there ought to be, at all events, for the purposes of this tax, a power of dividing up the hereditament, but you cannot do that under the existing Act; however willing all the quarter sessions, and special assessment sessions and so on, may be to do it, they cannot do it.

10,057. They are debarred from it?—They are; they have no power to do it. However much they may think it right, and fair, and just, they cannot do it. This house tax is a survival of the old window tax. The old window tax was repealed by the 45th William IV., chapter 19, and there were no duties similar to it levied on inhabited houses until the House Tax Act of 1851; the Act of 1851 was amended by the Customs and Inland Revenue Act of 1890, which graduated the amount, that is, instead of being 9*d.* in the £, it was reduced to 6*d.* in the £ for assessments between 40*l.* and 60*l.*, and to 3*d.* in the £ for assessments under 40*l.*

10,058. Do these difficulties which you have mentioned apply to all classes of house property, or do they bear more hardly upon one class than upon another?—In the City, I take it that they apply only to the higher assessments which, of course, are very considerable when you get to 9*d.* in the £. I think I should mention exactly how it affects, not the Corporation, because it does not affect the Corporation at all, but the citizens whom they represent. The Customs and Inland Revenue Act, 1881, by section 24, defines the meaning of the term "menial or domestic servant" to "mean" and include only a menial or domestic servant employed by the occupier, and the expression "other person" shall be deemed to mean any person of a similar grade or description not otherwise employed by the occupier, who shall be engaged by him to

*Mr. G. P. Goldney.*

15 July '97

*Inhabited House Duty. Hereditament cannot be divided for the purposes of this tax.*

*Inhabited House Duty a survival of the window tax.*

*Inhabited House Duty. What constitutes "inhabiting." Hardships falling on large businesses in the City of London and other towns.*

Mr. G. P.  
Goldney.

15 July '97

" dwell in the house or tenement solely for the protection thereof." In the Inhabited House Duty Acts a house is not deemed to be inhabited by reason of a watchman or caretaker living in the house for the protection of the house. The great difficulty that we have encountered in the city was put into a concrete form, and it was argued and decided. It could not be put perhaps more concisely than by taking the case of one of the very large banks in the city. They had one or two watchmen living on the premises, whose business it was to look after fire, to keep out burglars, and so on, but they also had an arrangement by which there should be always one of the junior clerks, in rotation, sleeping on the premises, not to watch the premises but, so to speak, to watch the business, because they had large foreign transactions, and they were constantly getting important communications arriving after bank hours, in the night and early morning, and so on. The Inland Revenue Department came down upon them and said: "This is an inhabiting of the house; the clerk is not there for the protection of the house; he is in no sense a watchman, he is 'nothing of the sort; he is living there so that he may 'live on the premises and be there always.'" The consequence was, these premises, which were rated at 10,000*l.* a year, had to pay the inhabited house duty; of course, they afterwards had to make different arrangements so as to avoid that charge.

10,059. Are those difficulties in any way peculiar to the City?—They are not peculiar to the City of London, but they would be peculiar to all exceedingly large towns, where the property is of such very high assessable value.

10,060. Then you would apply it to all those large towns?—Yes. Mr. Smith, I have no doubt, could give you the same information with reference to Birmingham. I will give you another instance on that same point. I daresay there would be no object in my giving you names, but I know the premises; they are very large and important premises in Upper Thames Street, occupied by a firm carrying on a very large and important business, requiring considerable space. It is property that requires a good deal of looking after, and people have to be there constantly by reason of the early and late deliveries. They have an arrangement with the police with regard to the watching, employing what they call private constables, it is the ordinary arrangement; and they have two clerks who do not live on the premises but next door to their premises; there is a house that is let out as offices and this particular firm and another firm take the upper part of that house which is an inconvenient and lowly rated house, solely for the purpose of affording accommodation for these men to live in. It happens to be a different landlord there, so that there is no question about the different assessment; they get over the difficulty in that way; and at the top of their own warehouse there are most beautiful residential apartments absolutely vacant.

10,061. Do you think this has very much affect upon the population of the city?—Yes, undoubtedly it has. As a matter of fact the point has attracted a great deal of attention for some years now in the Corporation, and we have one or two associations in the City who have taken the matter up very strongly. It would perhaps be better for me to give you at once the differences in the population; I do not say that they are absolutely and entirely owing to this difficulty alone, but it has had a very great effect upon the population. In 1861 the residential population of the city was 112,063.

10,062. What do you mean exactly by "the residential population"?—That is the population taken by the Government census at night. In 1871 it had fallen to 74,897, in 1881 to 50,652, and in 1891 to 37,694; that is it had fallen off 74,369 in 30 years.

10,063. Have you for the same period, or for approximately the same period, the increase in the day population?—Yes. The first time the census of the day population was taken was in 1866.

10,064. That was restricted to the City, of course?—Yes, exactly the same area. In 1866 the day population was 170,133, in 1881 it was 261,061, and in 1891 it was 301,386, so that the day population has been enormously increasing whilst the residential population has been enormously decreasing.

10,065. But you would not, of course, put down the whole of that result to the difficulty which you have been stating to the Commission?—No, but from the

enormous number of vacant apartments and living rooms that there are in the City, we know that it has undoubtedly had a very great effect.

10,066. But there must be some strong reason besides this question of the inhabited house duty which has tended to make the night population of London decrease, must there not?—Yes.

10,067. Can you tell us what that reason is?—I think it is partly accounted for by the fact that, whilst it was once the fashion for people to live on their business premises, to a great extent, now they go and live in the suburbs, and let their first and second floor rooms for offices.

10,068. Is there not also a greater demand for warehouse accommodation and office accommodation in the City than there was formerly?—There is for office accommodation, but I do not know that there is for warehouse accommodation particularly.

10,069. But in so far as there is a great demand for office accommodation that would tend, would it not, to diminish the night population of the City?—Yes, that has a considerable effect. I have taken out some fresh figures which I think will rather point to the same result in a strong way. In 1894-5 the gross assessment of the City was 5,056,318*l.*, and the amount collected for inhabited house duty was 29,457*l.*; in 1888 the gross assessment was 4,556,252*l.*, and the inhabited house duty collected amounted to 33,256*l.*; so that while the assessment went up half a million exactly, the amount collected for inhabited house duty fell 4,000*l.*, in those very few years.

10,070. Is it your opinion that an alteration in the law, such as you suggest, would prevent, to some extent, the great congestion that there is in the poorer districts of London?—Yes, we think so very much, because there is a very large number of clerks who are not earning large salaries, but who have large families who would only be too thankful to live in these beautiful rooms that exist, and were purposely built for the purposes of residence, at the top of so many of these warehouses and offices, where they could live at a moderate rent, on the spot, and which are very healthy and quiet at night; but the owners cannot afford to let them do so for fear of having the assessment of the whole premises put up. Our suggestion always has been that some amendment of the Valuation of Property (Metropolis) Act, 1869 should be made, which even if it was only a separate column would enable the overseers, in the first instance, to distinguish between property that is occupied for business purposes, and property that is occupied as a residence, although in the same occupation. No doubt if that was done the amount of duty collected would be very much larger. It is true that it might be less in the suburbs, or in some other parts where these people go to, but from the City point of view the amount of duty collected would be very much larger.

10,071. Would that be owing to parts of these buildings being charged to the inhabited house duty, instead of their being as now void altogether?—Yes.

10,072. Do you think there would be any difficulty in carrying out such a suggestion as that?—I have made inquiries at the office of the Commissioners of the Inhabited House Duty, and they tell me that they do not think there would be any difficulty whatever in doing it. There might be a trifling difficulty in the first year in the overseers getting the necessary information, but after the first year there would not be the slightest difficulty; there would be no difficulty in adjustment; the only difficulty would be in getting the facts.

10,073. Has there ever been any endeavour to legislate in that direction, do you know?—Yes, there has been, though we have never had any luck in the matter. Over and over again the matter has been brought forward in the House.

10,074. In the shape of a Bill?—Or in the shape of amendments to a Bill. The Government are always trying to consolidate the house tax, and we are always opposing them on the ground that if it is more consolidated we shall never get a chance of a fight again; therefore, whenever the Government bring in a Consolidation Bill, we invariably attack it, and we have done a little to prevent this tax being consolidated. Mr. Parker Smith, in 1895, took the point up and fought it very much, then there came the dissolution, and there was an end of it all. The point has been constantly brought before the House, and I do not think at any time has

Mr. G. P.  
Goldney.

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Inhabited  
House  
Duty in  
the City of  
London,  
decrease  
of.

Inhabited  
House  
Duty prevents  
clerks and  
their  
families  
living in  
the ware-  
houses and  
offices.

Inhabited  
House  
Duty in  
the City.  
Property  
occupied  
for busi-  
ness pur-  
poses, and  
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residence,  
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the same  
occupati-  
on should  
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guished.

Inhabited  
House  
Duty,  
case of a  
large firm  
making  
arrange-  
ments to  
avoid pay-  
ment of.

Population  
of City of  
London  
by night,  
decrease  
of. Popu-  
lation by  
day, in-  
crease of.  
Reasons  
for this.

Mr. G. P. Goldney.

15 July '97

Inhabited House Duty in the City. Case of barmaids not able to sleep on the premises.

Inhabited House Duty in the City. City police who are married cannot live in warehouses.

Inhabited House Duty in the City. Property occupied for business purposes, and property occupied as a residence, though in the same occupation, should be distinguished.

Inhabited House Duty in the City. People will not pay Inhabited House Duty on business premises, and they let the residential parts stand empty.

Inhabited House Duty transferred in aid of local rates would be an advantage to the City if their wishes could be carried into effect.

it ever been opposed on its merits by anybody. Of course the Government would profit by it.

10,075. Are there any other points with regard to it that you would like to draw our attention to?—I have several other instances of hardship in working. There is the case which I have mentioned in my memorandum of a tavern keeper. I know about the case myself. Out of consideration for his barmaids he allowed one attendant each night to sleep in the house so as to escape the long journey to her home late at night, but the whole tavern was charged by the Inland Revenue Department as a dwelling-house, and so the proprietor was obliged after one year to send those women home, as he said he could not afford to pay the rate.

10,076. Would cases of that kind be very numerous?—They were, but they are not now, because the Inland Revenue followed the thing up and cleared them all out. There is another difficulty that they have made, but I think it has been got over in some way. We have the greatest difficulty in housing the City police anywhere in or near the City now, but there is a great demand for married constables to live at the top of warehouses, and so on, for the sake of protection. But there is always a fight on the question. Is he there for the purposes of protection; and if he is a married man what is his wife there for? Now, I believe, they are holding that, if it is a married constable there with his wife, it is an inhabited house. The Commissioner of Police says that until this thing is settled we must get lodgings for the men elsewhere, but we have the greatest difficulty in lodging the police. If we could get some fair and reasonable adjustment of this we should be probably able to house nearly the whole of our City police in the City, but there are very few of them sleeping in the City now except under those circumstances or at the barracks.

10,077. Are there any other points you would like to bring before the Commission?—I do not think so.

10,078. (Mr. Elliott.) The mere fact that the valuation list was made up in the amended manner that you suggest, would be of no value in itself, would it, unless the Chancellor of the Exchequer were willing to recast the house duty?—Yes, I think it would be. As I read the Acts, supposing there was a separate assessment, that is, that you could cut the house off horizontally, and charge the occupier on two different assessments, then the Chancellor of the Exchequer would only charge his house tax on the particular slice that was inhabited.

10,079. But still the Chancellor of the Exchequer would have something to say to this change, would he not, from the point of view of the Imperial Exchequer?—Yes. As far as the City is concerned, of course, it would be a great advantage to him.

10,080. Did I understand you to express the opinion that if this change were made the result would be to increase the amount of house duty which the Chancellor of the Exchequer would collect in the City?—It would very largely increase the amount. I have no hesitation in saying that we should very soon fetch up this 3,000£. or 4,000£.—in fact in the very first few months.

10,081. But if you were to take the Exchequer receipts as a whole, he would lose considerably, would he not, by the exclusion from the house duty of all those parts of business premises which were occupied for the purposes of business?—I do not think there would be any loss. The assessment has got so high that people do not pay inhabited house duty now on business premises. They will not do it; they would sooner let the premises go void, and leave them to the police to protect.

10,082. I understood you to say that there was a good deal of accommodation at the top of some of these warehouses which would constitute very eligible residential tenements for clerks and others?—Yes.

10,083. What is done with that property now?—It is absolutely void.

10,084. Absolutely empty? Is it not used for any purposes at all?—It is absolutely empty above a certain height. In the ordinary warehouses it does not pay to take the goods above a certain height unless they are very pressed, and for business premises the third floor is hardly worth anything.

10,085. It has several times been suggested that the inhabited house duty might be transferred from the Exchequer for the relief of local taxation; have you considered that proposal at all?—I have not considered

it from a city point of view, but I think from a country point of view there would be great advantages in it.

10,086. Do you think if that proposal were made the City would still be enthusiastic about these particular changes you have recommended?—If it could be accompanied by the mode of levying it which I suggest, that is, assessing the inhabited and the uninhabited part of the hereditament separately, then it would be a great advantage to the City undoubtedly.

10,087. You have made a suggestion, which is practically a suggestion for the relief of a certain number of the taxpayers at the expense of the Exchequer; would you make that suggestion if your proposal was for the relief of the ratepayers at the expense of the rates?—I do not suggest that it would be any relief. I say it would bring in a great deal more money. It is not any question of relief, because the citizens have relieved themselves. They say: "If we have got to pay " for a house we do not inhabit, of course we will not " inhabit it."

10,088. You advocate this change in the interests of the Chancellor of the Exchequer?—Really in the interest of getting the residential population of clerks, porters, and so on, back into the City, who have been driven out by the house tax. As I say, incidentally it would help the Chancellor of the Exchequer.

10,089. (Sir Edward Hamilton.) You seem to have given a great deal of attention to the inhabited house duty, have you formed any views as to whom the real incidence of the tax falls upon?—In the City undoubtedly, on the leaseholder; on the business, in fact.

10,090. On what you might call the consumer—on the general public?—Yes. If it is a bank it falls on the shareholders. It is a tax on the business where it is levied at all, but in the City of London, as you see, it is a very small amount; there are hundreds of properties which pay nothing towards it.

10,091. (Mr. Arthur O'Connor.) Sir Edward Hamilton's question suggests to me that your evidence may have a very important bearing upon the question of the incidence of taxation. You tell us that the night population has very much decreased, and that the day population has very much increased?—Yes.

10,092. Clearly, therefore, it is not as a residential area that the value of the City has gone up?—No; purely as a business area.

10,093. It has gone up, as you say, because it is a business area and there is a constantly increasing resort of men to that area?—Yes.

10,094. It is the influx of business men there during business hours that gives the place its value?—It is solely the business that gives the place its enormous rateable value.

10,095. Would it cost more to build a house in the City than to build the same house, stone for stone, in the middle of Salisbury Plain?—I know Salisbury Plain very well indeed. It is a very difficult job to get anything in the middle of Salisbury Plain.

10,096. Would you say it would cost more or less to build a given house in the City than to build the same house in Salisbury Plain?—You can build very cheaply in the City and very dearly on Salisbury Plain.

10,097. Therefore, may I put it to you in this way, that it is rather the value of the site that is in question, than the value of buildings as buildings?—That is so.

10,098. The value therefore attaches to the area of the City as a site?—Yes, as a site; in the same way that a shop in Piccadilly with a good corner to it is more valuable than, say, a shop in a poor neighbourhood.

10,099. The same would hold anywhere else?—Yes.

10,100. Who owns the City?—There are a very large number of freeholders in the City.

10,101. The City is owned by a large number of persons who are called freeholders?—Yes; it is not like the large West End estates.

10,102. With the increase of business resorting the freeholders find the value of their property going up from year to year?—In certain parts of the City.

10,103. Where there is a greater demand, a greater influx?—Yes; but it is very remarkable how the value of City property shifts periodically from one part of the City to another.

Mr. G. P. Goldney.

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Inhabited House Duty in the City should only be levied in respect of the parts of the premises inhabited.

Inhabited House Duty in the City. Incidence of the tax.

Value of land in the City.

Mr. G. P.  
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Mr. G. P.  
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Population of City of London by day. How ascertained. 10,140. How do you arrive at the day population of the City?—I have got a book here setting it all out. It is a very expensive process. We place people at every entrance to the City.

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10,146. You would regard the occupier in two different capacities, as I understand you?—I would.

10,147. One a purely business capacity, the other a house holding capacity?—I would do it as it is done in a great many parts of London and in a great many parishes. I know that where a man has got a house and stabling at the back in a great many parishes they will rate you separately, if you ask for it, for your house and for your stable, although really it is all one occupation, I would carry that sort of idea further, and would rate the living rooms apart from the business rooms if the occupier applied for it—the gross amount remaining the same.

Value of residential property for assessment purposes has fallen in the City. 10,148. The general outcome of your evidence, I take it, is, that whereas the total value of the City, (especially regarded as a site, has gone up considerably, the value of residential property for assessment purposes has gone down very much?—Very much indeed, it has gone down to nothing; I mean the money value at the present moment—although it would be a most valuable thing to have—the pecuniary value of it at the present moment has gone down.

Population of City has decreased at night to some extent owing to increased facilities of transit, but the porters, &c. who could live in warehouses have not gone to the suburbs. 10,149. (Mr. Wharton.) Have not the numbers of what I might call the night population decreased rather in proportion to the means of accessibility to the outside?—That has had a great deal to do with it, no doubt.

10,150. I mean as the number of railway trains or accommodation, and tramways, and so forth, has increased have you not found that that has rather gone *pari passu* with the decrease of the night population?—Yes, but it has all gone on together, and it is hard to distinguish.

10,151. That has been an apparent cause at any rate?—Yes.

10,152. People naturally desiring to get into the outside air, and finding means for doing so, that has rather caused it?—The class of people that have had to leave these top floors are not the people that have gone into what you would call the real suburbs, but they are the people who have gone away into other parts of London, such as around Drury Lane, and such places, which have got a little bit improved, just upon the verge of Bloomsbury, and so on; but they are not the people to go far away; they must be within very easy reach of business. They are porters, and people of that sort especially.

10,153. With regard to the rating of these unused upper floors, would it not be perfectly possible to rate them as tenements by putting a separate approach to them; for instance, if there is a street where there are, we will say, one or two upper floors which are unoccupied at the present time, by making those into a flat and giving them a separate staircase they might be separately rated?—Then you would have to get your separate access.

10,154. Quite so, but if the value of them is worth putting a separate access, that would be a means whereby they might be separately rated?—I suppose so. Whether they have actually considered that I cannot tell, but they have tried a great many different arrangements and they have never been successful. The one thing that I think has been referred to over and over again is this horizontal dividing, but they say the Act of Parliament will not allow them to do it.

10,155. You have, I think, only one basis of assessment in the City for all purposes?—Only one, under the Valuation Act.

10,156. Not like we have in the country?—It is under section 45 of that Act, and it applies not only in the city but all through the metropolis.

10,157. (Mr. Smith.) I think that you said that your assessment to inhabited house duty was based in London upon the "Valuation (Metropolis) Act, 1869"?—Yes.

10,158. Do you know how it is based in the country?—It is based on the assessment.

10,159. Is it on the assessment, or on Schedule A?—On the annual value.

10,160. On the gross estimated rental?—Yes.

10,161. That is the same thing, is it?—Yes.

10,162. Are you quite correct about that?—I have got the Act of Parliament, and I can refer to it.

10,163. I am not quite certain about it myself; it is collected, of course, by the Imperial authority, and I thought it followed Schedule A?—The Act says that it is "payable according to the annual value of such dwelling houses."

10,164. What Act are you quoting from?—From the Act of 1851. The subsequent Act only altered the amount.

10,165. The annual value I think you said?—Yes.

10,166. Is that the amount of the Government valuation?—It is the annual value.

10,167. My recollection is that the inhabited house duty is charged upon the gross?—It is.

10,168. Everywhere?—Yes.

10,169. Therefore, it is not charged upon rateable value?—No, but upon annual value, and that has been held to be the gross.

10,170. Annual value has been held to be rateable value for the purposes of water undertakings?—That was so in McCullagh Torrens' Act.\*

10,171. My point is, that there is no practical distinction between the case of the City of London and the case of other large towns?—I do not know of any.

10,172. I think you have said so already, but I only want to be sure; there is no special grievance?—There is no special grievance, only in the City it points a stronger moral.

10,173. The effect of your evidence is this: your object is, on the one hand, to make use of valuable premises which are at present unoccupied, owing to the peculiar way in which the inhabited house duty is collected?—Yes.

10,174. And, on the other hand, incidentally to bring into taxation an amount of property that escapes taxation?—That is so.

10,175. Because of the excessive burden of the tax, people avoid it on that account?—Yes.

10,176. That is the general purport of your evidence?—Yes, not that I am anxious to increase the taxation, but, incidentally, I have pointed out that the Chancellor of the Exchequer would benefit by it.

10,177. Having half an eye on the prospect of this being one of those taxes diverted to local purposes,

**Mr. G. F. Golduey.**

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Unused residential portions of warehouses. How far possible to make a separate access

Valuation, one basis of, in the Metropolis.

Inhabited House Duty in City based on gross rental.

City of London desire to make use of premises at present unoccupied owing to operation of Inhabited House Duty.

Inhabited House Duty transferred in aid of local rates would be valuable to the City if their wishes could be carried into effect.

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10,146. You would regard the occupier in two different capacities, as I understand you?—I would.

10,147. One a purely business capacity, the other a house holding capacity?—I would do it as it is done in a great many parts of London and in a great many parishes. I know that where a man has got a house and stabling at the back in a great many parishes they will rate you separately, if you ask for it, for your house and for your stable, although really it is all one occupation, I would carry that sort of idea further, and would rate the living rooms apart from the business rooms if the occupier applied for it—the gross amount remaining the same.

10,148. The general outcome of your evidence, I take it, is, that whereas the total value of the City, especially regarded as a site, has gone up considerably, the value of residential property for assessment purposes has gone down very much?—Very much indeed, it has gone down to nothing; I mean the money value at the present moment—although it would be a most valuable thing to have—the pecuniary value of it at the present moment has gone down.

10,149. (Mr. Wharton.) Have not the numbers of what I might call the night population decreased rather in proportion to the means of accessibility to the outside?—That has had a great deal to do with it, no doubt.

10,150. I mean as the number of railway trains or accommodation, and tramways, and so forth, has increased have you not found that that has rather gone *pari passu* with the decrease of the night population?—Yes, but it has all gone on together, and it is hard to distinguish.

10,151. That has been an apparent cause at any rate?—Yes.

10,152. People naturally desiring to get into the outside air, and finding means for doing so, that has rather caused it?—The class of people that have had to leave these top floors are not the people that have gone into what you would call the real suburbs, but they are the people who have gone away into other parts of London, such as around Drury Lane, and such places, which have got a little bit improved, just upon the verge of Bloomsbury, and so on; but they are not the people to go far away; they must be within very easy reach of business. They are porters, and people of that sort especially.

10,153. With regard to the rating of these unused upper floors, would it not be perfectly possible to rate them as tenements by putting a separate approach to them; for instance, if there is a street where there are, we will say, one or two upper floors which are unoccupied at the present time, by making those into a flat and giving them a separate staircase they might be separately rated?—Then you would have to get your separate access.

10,154. Quite so, but if the value of them is worth putting a separate access, that would be a means whereby they might be separately rated?—I suppose so. Whether they have actually considered that I cannot tell, but they have tried a great many different arrangements and they have never been successful. The one thing that I think has been referred to over and over again is this horizontal dividing, but they say the Act of Parliament will not allow them to do it.

10,155. You have, I think, only one basis of assessment in the City for all purposes?—Only one, under the Valuation Act.

10,156. Not like we have in the country?—It is under section 45 of that Act, and it applies not only in the city but all through the metropolis.

10,157. (Mr. Smith.) I think that you said that your assessment to inhabited house duty was based in London upon the "Valuation (Metropolis) Act, 1869"?—Yes.

10,158. Do you know how it is based in the country?—It is based on the assessment.

10,159. Is it on the assessment, or on Schedule A?—On the annual value.

10,160. On the gross estimated rental?—Yes.

10,161. That is the same thing, is it?—Yes.

10,162. Are you quite correct about that?—I have got the Act of Parliament, and I can refer to it.

10,163. I am not quite certain about it myself; it is collected, of course, by the Imperial authority, and I thought it followed Schedule A?—The Act says that it is "payable according to the annual value of such dwelling houses."

10,164. What Act are you quoting from?—From the Act of 1851. The subsequent Act only altered the amount.

10,165. The annual value I think you said?—Yes.

10,166. Is that the amount of the Government valuation?—It is the annual value.

10,167. My recollection is that the inhabited house duty is charged upon the gross?—It is.

10,168. Everywhere?—Yes.

10,169. Therefore, it is not charged upon rateable value?—No, but upon annual value, and that has been held to be the gross.

10,170. Annual value has been held to be rateable value for the purposes of water undertakings?—That was so in McCullagh Torrens' Act.\*

10,171. My point is, that there is no practical distinction between the case of the City of London and the case of other large towns?—I do not know of any.

10,172. I think you have said so already, but I only want to be sure; there is no special grievance?—There is no special grievance, only in the City it points a stronger moral.

10,173. The effect of your evidence is this: your object is, on the one hand, to make use of valuable premises which are at present unoccupied, owing to the peculiar way in which the inhabited house duty is collected?—Yes.

10,174. And, on the other hand, incidentally to bring into taxation an amount of property that escapes taxation?—That is so.

10,175. Because of the excessive burden of the tax, people avoid it on that account?—Yes.

10,176. That is the general purport of your evidence?—Yes, not that I am anxious to increase the taxation, but, incidentally, I have pointed out that the Chancellor of the Exchequer would benefit by it.

10,177. Having half an eye on the prospect of this being one of those taxes diverted to local purposes,

**Mr. G. F. Goldney.**

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Unused residential portions of warehouses. How far possible to make a separate access

Valuation, one basis of, in the Metropolis.

Inhabited House Duty in City based on gross rental.

City of London desire to make use of premises at present unoccupied owing to operation of Inhabited House Duty.

Inhabited House Duty transferred in aid of local rates would be valuable to the City if their wishes could be carried into effect.

Population of City of London by day. How ascertained.

Inhabited House Duty in the City should only be levied in respect of the parts of the premises inhabited.

Value of residential property for assessment purposes has fallen in the City.

Population of City has decreased at night to some extent owing to increased facilities of transit, but the porters, &c. who could live in warehouses have not gone to the suburbs.

*Mr. G. P. Goldney.*  
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possibly your opinion might be altered a little; I mean to say taxes must come from somewhere, and the City of London, it seems to me, if it could increase its inhabited house duty would have a very valuable tax?—Yes, no doubt it would be very valuable.

The witness withdrew.

Mr. JOHN RICHMOND COOPER called and examined.

*Mr. J. R. Cooper.*

10,179. (*Viscount Emllyn.*) You are the Town Clerk of the County Borough of Walsall?—I am.

10,180. And you appear to give evidence on behalf of the Corporation upon certain specified points, do you not?—Yes.

10,181. Would you tell us the first point you wish to call our attention to?—The first one is as to the general effect of the provisions of the Local Government Act, 1888, in relation to the financial adjustment between counties and county boroughs.

10,182. What are the particular provisions of that Act that you want to call our attention to?—The Act provided that certain licence duties should be given to counties and county boroughs in lieu of certain discontinued grants which had been formerly received from the Exchequer, and I contend that it was contemplated during the passing of the Bill in Parliament, and also by the very language of the Act itself, that each county and county borough should take the licence duties raised within their respective areas, subject to an adjustment to be made either by an agreement, or in case of difference by the Commissioners appointed by the Act of 1888.

10,183. Would you tell me the exact words of the Act you are referring to?—By section 32 it is provided that "An equitable adjustment respecting the distribution of the proceeds of the local taxation licences, and probate duty grant, and respecting all other financial relations, if any, between each county, and each county borough specified in the said schedule as being deemed for the purposes of this Act to be situate in that county, shall be made by agreement, within 12 months after the appointed day, between the councils of each county and each borough, and in default of any such agreement, by the Commissioners appointed under this Act; and such adjustment shall provide, in the case of any expenses which may in future be incurred by the county wholly or partly on behalf of the borough for the liability of such borough to contribute, and save as provided by this Act, any existing liability to contribute or to incur expense shall, after the appointed day, cease, and an equitable provision for such cessation shall be made in the adjustment."

10,184. Were there any instructions in the Act given to the Commissioners as to how they were to deal with this question when they were appealed to?—The Commissioners received their instructions from the Local Government Board.

10,185. Can you tell us what those instructions were?—A statement was made in the House by Mr. Ritchie, who at that time was President of the Board.

10,186. That would not amount to an instruction from the Local Government Board, would it?—No, I have not got a copy of the instructions of the Local Government Board.

10,187. (*Mr. Wharton.*) Do you mean to say there were actually instructions given from the Local Government Board to the Commissioners?—I understood so.

10,188. I may say I was one of the Commissioners, and I cannot recollect it?—I was going to quote from Mr. Ritchie's statement in the House.

10,189. (*Viscount Emllyn.*) There are in the Act itself certain instructions to the Commissioners, are there not?—Yes. The instructions are to this effect, that "in such adjustment regard shall be had to the existing property, debts and liabilities, if any, connected with the financial relations of the county and borough, and to the consideration that the county is not to be placed in any worse financial position by reason of the boroughs therein being constituted county boroughs, and that a county borough is not to be placed in any worse financial position than it would have been in if it had remained part of the county, and had shared in the division of the sums received

10,178. (*Viscount Emllyn.*) Is there anything you would like to add to what you have told the Commission?—No, I have got large volumes of statistics here, and if you want any further figures I shall be delighted to supply them, but I do not suggest any at the present moment.

"by a county in respect of the licence duties and the probate duty grant."

10,190. Apart from that, are you aware of any definite instructions given to the Commissioners on that subject?—I am not.

10,191. You wish to refer to some statement made by Mr. Ritchie when he was President of the Local Government Board, as bearing upon this point?—With your permission, I do. In reply to questions in the House, Mr. Ritchie, on the 3rd July 1888, stated that "the Government desired as far as possible that the boroughs should have the same control over their licence duties as that which was given to the counties," and further that "he had put down amendments under which questions of financial re-adjustment between the boroughs and the counties out of which they were taken would be referred to a Commission, and the instruction to the Commission was that regard should be had to the amount derived from licence duties."

10,192. Does that bear out to your mind the words of the Act you have just read to us?—I think so.

10,193. Then I see in your memorandum you refer to the Annual Report of the Local Government Board as bearing upon this?—I go on to point out that by the 18th Annual Report of the Local Government Board, for the year 1888-89, it is stated that "the amount of the local taxation licences collected in each administrative county and county borough will be certified by the Commissioners of Inland Revenue, and paid under our direction to each such county and borough subject to the deductions and adjustments herein after referred to."

10,194. What conclusions do you draw from these statements, and from the quotation from the Act?—That it was the intention both of Parliament and of the draftsman of the Act, that each county borough and each county should, subject to the equitable adjustment to be made under the Act, receive the amount of licence duties which they respectively contribute.

10,195. What has been the result now of the awards of the Local Government Act Commissioners, with regard to this distribution?—The general result has been that counties and county boroughs do not receive the amount they contribute, and that, in my opinion, has arisen from the fact of the Commissioners adopting rateable value as the basis of the distribution of the residue of the local taxation licences and the probate duty grant.

10,196. (*Mr. Wharton.*) How do you claim to know that the Commissioners adopted rateable value only?—My reason for stating it is, that I appeared before the Commissioners at the time the award was made in the case of Staffordshire, and that particular question was brought before the Commissioners, and the Commissioners said that they saw no reason for departing from the course they had taken in other cases in adopting rateable value.

10,197. Did they say "in adopting rateable value"?—I understood them to say so. It was the case of Nottingham in which the principle of rateable value was first adopted; that was followed up in the case of Derbyshire, and subsequently in the case of Lancashire; and I believe, so far as one is able to gather from the published award of the Commissioners, in nearly every case of dispute which was submitted to them for determination.

10,198. (*Viscount Emllyn.*) Do you suggest there is any statement made by the Commissioners that they adopted rateable value and not population?—Yes.

10,199. Can you give us a case in which that statement was made by the Commissioners?—I believe it was made in the case of Lancashire, in the case of Nottingham, in the case of Derbyshire, and certainly in the case of Walsall.

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*Mr. J. R. Cooper.*

Imperial contributions. Financial adjustment between counties and county boroughs. Alleged that the Commissioners adopted rateable value as the basis of the distribution of the residue of the local taxation licences and the probate duty grant.



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Imperial contributions.  
List of county boroughs and also counties receiving more and also less than the amount they contribute to the local taxation licence duties.

Imperial contributions.  
Financial adjustment between counties and county boroughs.  
Customs and excise duties.  
Alleged that the Commissioners adopted rateable value as the basis of distribution.  
Statistics showing distribution in certain county boroughs and counties.

10,200. Have you any award that you can quote, made by the Commissioners?—I have not the awards with me, but the awards are published.

10,201. Have you anything to say also as to the distribution of the residue of the customs and excise duties?—I have; but I would first wish, with your permission, to put in a statement showing the names of each county borough receiving less than the amount which they actually contribute to the local taxation licence duties and probate duty grant.

10,202. Is that extending over the whole of England?—Yes. Here is a list of the boroughs showing that altogether in the aggregate they received 63,958*l.* less than they contributed (*handing in table*).\*

10,203. Is that as regards the local taxation licence duties and share of the probate duty grant?—Yes.

10,204. But it does not include any reference to the customs and excise duties?—No, I am coming to that in a moment, if you will allow me. I also put in another table giving a list of county boroughs receiving more than they actually contribute in respect of the local taxation licence duties and the share of the probate duty grant. They received 61,985*l.* 15*s.* more. I would also like to put in a similar table as to the counties in each case. 18 of them received 30,120*l.* more than they contributed, and eight receive 28,147*l.* less than they contributed.\*

10,205. Passing to the customs and excise duties, have you anything you wish to say to the Commission upon that point?—Yes. The Act under which those duties were directed to be paid to the local authorities, that is to the counties and county boroughs, in case of dispute left the apportionment to be determined by the Local Government Act Commissioners, and the Commissioners again adopted rateable value as the basis of their distribution.

10,206. Can you tell us of any award that states that that was the basis for distribution which they adopted?—The Staffordshire award.

10,207. Did that state that rateable value had been adopted by them as the basis for distribution?—The original award made with respect to the local taxation licences and the probate duty grant, set out at the foot of it the rateable values of the county, and each county borough, in proportion to which the duties were to be distributed—that I am sure of; and the same principle was adopted in relation to the customs and excise duties.

10,208. (*Mr. Wharton*.) Did it not also set out the population?—No, it did not. I would like to put in a table showing the distribution of the customs and excise duties in county boroughs (*handing in table*).\* This is not a complete statement of all the county boroughs, but it is a statement containing particulars of 23 of them. It shows that the amount received per head of population for the year ending March 1896 was in the case of Walsall 3*l.* 1*d.*, Bootle, in Lancashire, another county borough, received 10*l.* 3*d.*, practically three times more than Walsall. Take the county boroughs in Staffordshire, and compare them with Walsall; West Bromwich receives 4*d.* as against Walsall's 3*l.* 1*d.*; Wolverhampton receives 4*l.* as against Walsall's 3*l.* 1*d.*; and Hanley receives 4*l.* 3*d.* as against Walsall's 3*l.* 1*d.* I would like to state that in the case of Staffordshire the county receives 5*l.* as against Walsall's 3*l.* 1*d.* With your permission, I will also put in this table, showing the distribution of the customs and excise duties in the counties (*handing in table*).\*

10,209. Have you any suggestion to make for an alteration in the law which you think necessary to avoid the inconveniences you have mentioned?—Yes, the principle upon which the rateable value is ascertained varies in almost every union in consequence of the allowances which are made by different assessment committees; therefore, I would suggest that instead of the residue being distributed in proportion to the rateable value, population should be taken or, as an alternative scheme, the residue should be distributed in proportion to the amount contributed by each county and county borough both to the local taxation licence duty, and to the customs and excise duty. That seems to be the fairest method of distribution, because each county and each county borough would get back in proportion to the amount which it actually pays, whereas the counties would not be any worse than they were

before the passing of the Act of 1868, because they will have taken out in pursuance of the Commissioners' award the amount of the old grants which they formerly received, and also the amount of the new payments which are substituted for the grants formerly made.

10,210. You spoke just now of the difference of the basis for the rateable value in the different counties and in different unions; have you got some examples with you that you would like to put before the Commission?—I have. At the time the Local Government Act Commissioners made their award there were four county boroughs in the county of Stafford, Hanley, Walsall, West Bromwich, and Wolverhampton. The rateable value of Hanley was 172,542*l.*, or 3*l.* 2*s.* 9*d.* per head of population; the rateable value of Walsall was 171,646*l.*, or 2*l.* 7*s.* 10*d.* per head of population; the rateable value of West Bromwich was 186,248*l.*, or 3*l.* 2*s.* 7*d.* per head of population; the rateable value of Wolverhampton was 261,955*l.*, or 3*l.* 3*s.* 4*d.* per head of population; while the administrative county had a rateable value of 3,300,349*l.*, or 4*l.* 0*s.* 8*d.* per head of population.

10,211. What conclusions do you draw from those figures?—That rateable value is not a fair basis upon which to distribute these licence duties; the differences are so wide in almost every union in a county. At the time the award was made information was obtained as to the rate at which houses with a small weekly rent were rated in the county boroughs. Three houses were taken as an illustration; one letting at 4*s.* per week, one at 5*s.* per week, and one at 6*s.* per week. The rateable value of these three houses in one borough amounted to 33*l.* 10*s.*; in another to 24*l.* 15*s.*; while in Walsall, I am sorry to say, it only amounted to 23*l.* 15*s.*; the difference in the case of three houses between the highest and the lowest being 9*l.* 15*s.*

10,212. (*Chairman*.) Does that not only prove that your rateable value in Walsall is too low?—The rateable value is undoubtedly low.

10,213. I mean lower than it ought to be?—That I will admit.

12,214. You believe that?—I do.

10,215. If you have a low rateable value that is why you get less money out of the Imperial Exchequer?—Does it not show, when we cannot control rateable value that it is unfair to take that as a basis on which to distribute that which Parliament intended to give.

10,216. That may be a matter of argument; you must leave us to suggest the remedy?—You must remember that the corporations who receive these moneys do not settle rateable value; that is a matter outside their functions altogether.

10,217. If your rateable value was higher, would not your grievance disappear on this head?—No, it would not.

10,218. Why not?—It would disappear to an extent, but the rateable value in the boroughs would never reach the rateable value in the counties unless a universal assessment was adopted.

10,219. Would it not disappear as between borough and borough?—It would not in the case of boroughs, because there are great differences existing between the boroughs. Take one of the county boroughs of Staffordshire, West Bromwich; they have a large number of exceptionally large works, iron works, chemical works, and so forth, and their rateable value is correspondingly high; take another borough like Walsall, where there are no exceptionally large works, but a large population of the workman class, there the rateable value is low and must of necessity be so.

10,220. (*Viscount Emlyn*.) Have you any knowledge of the general effect of the awards of the Commissioners throughout England and Wales?—I have, and I have already put in tables showing the result. Altogether, according to the Parliamentary returns of the Local Government Board on the 31st of March 1896, there were 64 county boroughs, 34 of them received 63,958*l.* 3*s.* 9*d.* less than they contributed, while 25 received 61,985*l.* 15*s.* 0*d.* more than they contributed.

10,221. (*Mr. Elliott*.) Do you mean for licences alone?—No, I mean for licences, and also for the share of the probate duty grant. But with respect to that I would like to point out that the share of the probate duty grant was to be ascertained according to the amount formerly received in respect of the old grants which were discontinued by the Act of 1868.

Mr. J. R. Cooper.  
15 July '97

Imperial contributions.  
Financial adjustment between counties and county boroughs.  
Suggested that distribution of residue should be in proportion to population or in proportion to amount contributed by each county and county borough to local taxation licence duties, and customs and excise duty.  
Rateable value per head of population.  
Difference in certain county boroughs.

Imperial contributions.  
Financial adjustment between counties and county boroughs.  
Figures showing results of awards of the Commissioners.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 334 to 337.

Mr. J. R. Cooper.

15 July '97

Imperial contributions. Financial adjustment between counties and county boroughs. Alleged loss sustained by Walsall. Also the case of Bootle and Wigan.

10,222. (*Viscount Emlyn.*) Are there any other points with regard to that which you would like to bring under the notice of the Commission?—I would like to point out the great loss which Walsall has sustained during the seven years ending March 1896. The administrative county of Stafford had, according to these same returns of the Local Government Board, contributed in licence duties and share of the probate duty grant 862,095*l.* 5*s.* 0*d.*; and the county received in accordance with the Commissioners' award, 866,319*l.* 8*s.* 1*d.*, showing that they received 4,224*l.* 3*s.* 1*d.* more than they contributed. Hanley contributed in licence duties 31,172*l.* 13*s.* 2*d.*, and in probate duty 21,002*l.* 5*s.* 7*d.*, making a total of 52,174*l.* 18*s.* 9*d.*, and in accordance with the Commissioners' award, received 59,595*l.* 12*s.* 1*d.* or 7,420*l.* 13*s.* 4*d.* more than they paid. Walsall contributed in licence duties 48,128*l.* 4*s.* 2*d.*, practically 17,000*l.* more than Hanley, and its share of the probate duty grant was 17,630*l.* 16*s.* 0*d.* making a total of 65,759*l.* 0*s.* 2*d.*, and, in accordance with the Commissioners' award it received 56,689*l.* 9*s.* 10*d.* showing a loss of 9,069*l.* 10*s.* 4*d.* West Bromwich contributed 33,199*l.* 15*s.* 9*d.* for licence duties, and 17,431*l.* 13*s.* 2*d.* for the probate duty grant, making a total of 50,631*l.* 8*s.* 11*d.*, and, according to the Commissioners' award, they received 55,918*l.* 1*s.* 0*d.* or a gain of 5,286*l.* 12*s.* 1*d.* Wolverhampton received 66,208*l.* 11*s.* 7*d.* for the licence duty, 26,429*l.* 19*s.* 10*d.* for the probate duty grant, a total of 92,638*l.* 11*s.* 5*d.*, and received, in accordance with the Commissioners' award, 84,776*l.* 13*s.* 3*d.* or a loss of 7,861*l.* 18*s.* 2*d.*

10,223. (*Mr. Wharton.*) For what period is that?—That represents the aggregate receipts for the seven years ending March 1896. I would like to point out that the figures I have given you do not show really the loss to the borough of Walsall. I took these figures from the Local Government Board annual returns and that does not show a payment which the Commissioners directed to be made by certain of the county boroughs to the county council under the temporary agreement which had been made between the county and the county boroughs comprised in it. In addition to the loss of 9,069*l.* 10*s.* 4*d.* which I say Walsall sustained, she had to refund to the county 2,095*l.* 13*s.* 4*d.*, bringing up the total loss to 11,165*l.* 3*s.* 8*d.* Wolverhampton also had to repay 3,349*l.* 5*s.* 10*d.*, making the loss in the case of Wolverhampton 11,211*l.* 4*s.* 0*d.* I respectfully submit that any basis which shows a result like this cannot be an equitable basis upon which these duties should be distributed, the result being, that one locality is taxed, and the money is paid to another.

10,224. Do you think that condition of things applies more or less throughout England and Wales?—It does, undoubtedly.

10,225. And is not peculiar to the district you are speaking of?—It is not peculiar to my district at all. I think there can hardly be a better illustration than the case of two boroughs in Lancashire, Wigan, and Bootle. They are both county boroughs. Bootle has a rateable value of 8*l.* 3*s.* 10*d.* per head, due entirely to the character of its buildings, large cotton warehouses, and so forth; whereas Wigan has a rateable value of only 2*l.* 19*s.* 5*d.* per head. Last year—I am speaking for the year 1896—Bootle received out of the residue, that is, after it has had its old grants, and after it has had the new payments provided for by the Act of 1888, 4,281*l.* 14*s.* 7*d.* more than it contributed to the local taxation licence duties, and probate duty grant, whereas Wigan, the poor borough, received 3,076*l.* 1*s.* less than it contributed to the local taxation licence duties, and probate duty grant. Now, taking the discontinued grants they were only 1,296*l.* more in Bootle than in Wigan, and Bootle contributed in local taxation licence duties, in which I am not including now the share of the probate duty grant, 2,760*l.* 15*s.* 9*d.*, whereas Wigan contributed 6,439*l.* 14*s.* 10*d.*, yet Wigan received in the award 4,291*l.* 4*s.* 8*d.* less than Bootle.

10,226. Is there any other question you wish to lay before the Commission besides the points you have mentioned?—Yes. I wish to call attention to the desirability of extending the limits of compounding for the purposes of the poor rate.

10,227. (*Chairman.*) That is a point we have had very fully before us, and I think, perhaps, I could take it shortly from you by referring to the practical suggestion that you make. You need not go into the existing state of the law, because we have had many gentlemen employed as you are who have told us all about that, and it is already upon the notes. I understand from

the last suggestion on your memorandum that you would like to see one limit for compounding for all rates and that that should be 10*l.*?—That is so.

10,228. Then that each local authority should have the power to determine within the limits prescribed by the Public Health Act, 1875, what allowance should be made to the owner when he pays the rate, whether the premises are occupied or not?—That is the suggestion of my council.

10,229. You think, with the local knowledge which your public bodies have, they would be able to make a fair bargain, having regard to the particular conditions of their own district?—I think they would.

10,230. (*Mr. Elliott.*) What is the amount of the gain to Walsall by reason of the operation of the Local Government Act and the further legislation which has taken place since that time?—The net gain per annum would be about 2,000*l.* under the Local Government Act, and 900*l.* under the Local Taxation (Customs and Excise) Act, 1890.

10,231. You have only gained 2,000*l.* per annum?—That is so under the Local Government Act, and about 900*l.* under the Local Taxation (Customs and Excise) Act.

10,232. Out of all those duties?—Yes.

10,233. Supposing your suggestion were adopted, what do you calculate your gain would be then?—We ought to gain another 1,100*l.* per annum.

10,234. How do you get at that 1,100*l.*?—I have worked out the calculation to show that if Walsall took a share of the residue in proportion to population it would receive 9,192*l.* as against 7,915*l.* 18*s.* 4*d.*

10,235. Is that a sum ascertained according to the rateable value, or according to the Commissioners' award?—According to the Commissioners' award, which is based on rateable value, and is expressly stated to be based on rateable value.

10,236. (*Mr. Wharton.*) May I ask again, where?—In the award itself, I am sure you will find it so.

10,237. Have you got the award with you?—I have not.

10,238. As a matter of fact we did not decide on rateable value?—I can assure you that I have a distinct recollection of the form of the award. First of all you, or the Commissioners directed—

10,239. I do not want to lead you into a long answer. You have stated as a fact that the Commissioners decided to base it on rateable value; I want to tell you that the Commissioners did not so decide, but that the Commissioners took rateable value and population into consideration in every case?—With the permission of this Commission, I would like to point out what the award with regard to us was.

10,240. (*Mr. Elliott.*) Have you the award with you?—I have not the award with me; it is in a bound volume, and I did not trouble to bring it up.

10,241. We can, of course, refer to the award for ourselves. You said you made a calculation just now according to population; did you take the proportion of the population of Walsall to the whole of the county of Stafford?—I did.

10,241a. Have you made any calculation of what would be the effect of taking the population as a whole through all the counties of England?—No, I have not; but I must be candid and admit that there is a difficulty in the way of population, although I think perhaps that is the fairest thing to do so far as the county boroughs are concerned. It would no doubt operate against the counties, and probably the fairest thing for the counties and the boroughs together would be to divide the residue in proportion to the amount contributed to local taxation licence duties, and the customs and excise duties.

10,242. I understand that you agree with the principle that all the discontinued and new grants should continue to be paid as they were paid prior to 1888?—I do.

10,243. And that you are dealing simply with the distribution of the residue?—Simply with the residue.

10,244. (*Mr. Murray.*) What do you think would be an ideal basis for distributing any Imperial subvention in aid of local taxation—putting the Local Government Act, 1888, out of the question?—In my opinion the ideal basis should be in proportion to the contributions

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Imperial contributions. Position of Walsall if residue given in proportion to population.

Imperial contributions. Financial adjustment between counties and county boroughs. Alleged that Commissioners adopted rateable value as the basis of distribution.

Imperial contributions. Financial adjustment between counties and county boroughs. Suggested that distribution of residue should be in proportion to population or in proportion to the amount contributed by each county or county borough to local taxation licences. &c., &c.

Compounding. Limit of 10*l.* for all rates desirable, and that each locality should exercise discretion as to allowance when owner pays the rate whether the premises are occupied or not.

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to the licence duties. That is the fairest thing; it is fair to the counties and fair to the boroughs, and the counties would be better off under that distribution than they would under a distribution according to the population; though I would like to remind the Commissioners that the proceeds of these duties are required most where the population is the heaviest.

10,245. Why do you think that the sum received for licence duties would be an equitable basis for distributing Imperial subventions?—I have tested that, and I find that the contribution is more equal if you take it in proportion to the amount contributed by each county borough and county in respect of the licence duties. When I say the licence duties I mean both local taxation and customs and excise duties.

10,246. You say it is more equal?—Yes.

10,247. Equal to what do you mean?—Equal to the amount contributed and the amount they would receive under the Commissioners' existing award: there would not be the difference between the amount awarded by the Local Government Act Commissioners and the amount which would be paid if the award were amended so that each county and county borough should receive an amount in proportion to its contribution to the licence duties, as there would be if the amount to be received by each county and county borough of the residue was based upon population.

10,248. Putting the Local Government Act, 1888, out of the question, and the award of the Commissioners under it, and supposing you have got a clean sheet of paper, how would you proceed to distribute the 10 or 11 millions?—Putting that on one side, I should certainly say according to population.

10,249. Solely?—Solely; and I say that for this reason: that the greater the population the greater the necessity for relief of taxation.

10,250. Is that necessarily so?—I think you will find it so. You will notice, if you take out the figures as I have done in these returns, that it is the poorer boroughs which are hit most severely.

10,251. Does local taxation vary in its burden according to the population?—Clearly. Take for instance the police; in the case of Walsall the annual cost of the police force since the Commissioners' award was made has gone up quite 1,200*l.* a year.

10,252. Is that because the population have become more disorderly, or what?—The population, of course, is growing. Ours is a growing borough. Our population has gone up from about 58,000 to 71,000—13,000 in the last decade, and 12,000 in the decade before.

10,253. Do you think that on the whole your local expenditure increases substantially in proportion to population?—Undoubtedly. There are public baths and public parks, for instance; every item of expenditure depends upon population.

10,254. If the rateable value is not going up in the same proportion the burden is heavier?—That is so.

10,255. (Sir Edward Hamilton.) You prefer the basis of population to rateable value?—I do.

10,256. Have you ever considered a third alternative, which was originally suggested by the Government when the Act of 1888 was introduced, namely, taking the number of indoor paupers?—No, I have not. I remember that suggestion being under consideration, but I have not considered it in such a way as to make my opinion of any value to the Commissioners.

10,257. (Mr. Wharton.) With regard to the Commissioners' award, what was the date of that?—1890, I believe it was.

10,258. At the time was there an objection to the award?—There was an appeal to the Commissioners, but it was not possible to make any objection to the award.

10,259. You say there was an appeal to the Commissioners. Who was the appeal by?—The county and the county boroughs failed to agree, and they entered into a temporary agreement.

10,260. Then they came to the Commissioners?—Yes.

10,261. And the Commissioners made an award?—Yes, after hearing counsel.

10,262. Was there any objection lodged against that award?—No.

10,263. There was not?—No.

10,264. Why not?—It was felt that it would be useless having regard to the expressed opinion of the Commissioners appointed under the Act of 1888 to attempt to upset the decision which they had then come to.

10,265. Under the Act there is a power to appeal to the Local Government Board at the end of five years, is there not?—Yes.

10,266. Have you appealed?—No.

10,267. Why not?—Because my Corporation felt that as under the Act of 1888 the matter would have to be referred to an arbitrator appointed by the Local Government Board, there was little probability of an arbitrator setting on one side the decision arrived at by the Commissioners appointed under the Act.

10,268. But why not, if the circumstances may have varied very much in those five years?—I can quite understand a single arbitrator saying: "This was a decision arrived at by Commissioners specially appointed by Parliament, and I am not going to review their decision as to the basis on which the residue shall be distributed."

10,269. Supposing the circumstances five years after that period had varied considerably, would it not be perfectly fair for any arbitrator to say: "The circumstances having varied I vary the award accordingly"?—One has to consider their chances in these matters, and I can quite understand that an arbitrator would be very loth to say that. My advice to my Corporation has always been to wait until the opportunity came which has now come of making their grievance known.

10,270. They had a substantial power of altering that agreement by referring to the Local Government Board, who would appoint an arbitrator?—Yes.

10,271. If there be this injury, this wrong which you say exists, I want to know why they have not taken the opportunity of that appeal which they are empowered to do by the Act?—Because as I tell you they felt there was grave doubt as to whether any single arbitrator would take upon himself the responsibility of upsetting the decision of the Local Government Act Commissioners.

10,272. Even although the circumstances may have changed during those five years?—Yes, but then he would be bound, or feel himself bound, by the principle of rateable value having been laid down for the distribution of the residue.

10,273. Again I must remind you of the fact, of which I can assure you, that the Commissioners did not adopt the principle of rateable value as their guide. They adopted the principle of rateable value and population as they found most fitting and most equitable in the various cases they had before them?—Shall I tell you what they did in the case of Staffordshire?

10,274. (Chairman.) Mr. Wharton was a member of that Commission; surely you can take his word?—Yes.

10,275. (Mr. Smith.) The primary object of the Commissioners was to divide certain subventions equitably between counties and county boroughs?—That was so.

10,276. You have told us that as regards 34 county boroughs they got 63,958*l.* less than their licence duties amounted to?—That is so.

10,277. And that as regards 25 other county boroughs they got 61,985*l.* more?—Yes.

10,278. So that substantially as between counties and county boroughs, which was the purpose of the Commission, justice was done?—I think you are comparing the two sets of county boroughs in your question?

10,279. Yes; I mean to say that if one set got 64,000*l.* less and another got 62,000*l.* more there was no great injustice as regards the county boroughs as a whole?—Not as a whole.

10,280. I am asking you to take it as a whole. I asked you whether the primary object of the Commission was not to divide certain subventions between counties and county boroughs?—Yes, it was.

10,281. You say by your own figures that whereas 34 county boroughs receive 63,958*l.* less than they were entitled to, 25 county boroughs received 61,985*l.* more. So that there is no substantial difference as between counties and county boroughs, and justice was done?—Not as between counties and county boroughs, but as between the two sets of boroughs you have referred to,

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Imperial contributions. Financial adjustment between counties and county boroughs. Contention that distribution made partly on basis of rateable value and population.

Imperial contributions. Adjustment between counties and county boroughs. General results in counties and county boroughs.

Imperial contributions. Financial adjustment between counties and county boroughs. Case of Walsall. Commissioners' award, no appeal made against.

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the 34 boroughs which received 63,958*l.* less than they contributed, and the 25 boroughs which received 61,985*l.* more, practically no injustice would be done; but then that is not the question, if you will excuse me.

10,282. But that is my question. As regards the counties there seem to have been similar difficulties with regard to them, but the gains and the losses nearly balance?—Yes.

10,283. The counties seem to have gained on the one side 30,120*l.* and lost 28,147*l.*?—Yes.

10,284. My point therefore is this: that as between counties and county boroughs, which it was the primary object of the Commission to distinguish, no great injustice was done?—With that I cannot agree. What I say is that the object of the Commission was to distribute the duties equitably between each separate county and the county boroughs comprised therein; and therefore it is unfair to take the whole of the boroughs and the whole of the counties in England and Wales.

10,285. I thought you rather admitted that the primary object of the Commission was to divide certain subventions equitably between counties and county boroughs?—Yes, equitably between each county and the county boroughs comprised therein.

10,286. There would be no necessity for the Commission at all if the county boroughs had not been created by the Act?—With that I agree.

The witness withdrew.

*Mr. CLARE SEWELL READ* called and examined.

*Mr. C. S. Read.*  
10,293. (*Chairman.*) We all know that you were long in Parliament, that you are also, at the present time, a county councillor, guardian, chairman of an assessment committee and of a parish meeting, and that you are a well-known agriculturist and entitled to express the opinion of the Farmers' Club, on whose behalf you appear to-day?—Yes. I was for from 30 to 40 years guardian, and I was chairman of the Cattle Diseases Committee for 27 years, but at the present moment I have declined those honours—since last Michaelmas.

*Education Act, 1870. Tendency of new rates to increase in amount.*  
10,294. I think you were in Parliament at the time that the Education Act of 1870 was passed, and voted for Sir Massey Lopes's motion in 1872?—I did. If you would allow me with regard to the Education Act I should like just to make this observation, that it illustrates in a marvellous degree how new rates, when they are imposed, have a tendency to increase. Mr. Forster and Mr. Gladstone assured us that the rate would not probably exceed 3*l.*; since I have been in London I have paid an education rate of 1*s.* 1*d.* Also I should like to observe that when Mr. Albert Pell brought forward an amendment to the Education Bill to the effect that agricultural land should be assessed at one-fourth of its rateable value, Mr. Gladstone said it was revolutionary, and I ventured to draw his attention to the fact that he was a member of the Government which passed the Free Libraries Act, which assesses the agricultural land at one-fourth of its value. Since then, there has been a great number of Sanitary Acts which have assessed the agricultural land in the same manner. I thought that the Free Libraries Act was a sort of Educational Act, and that land ought to be assessed under the Education Bill in the same manner.

*Sir Massey Lopes's resolution in House of Commons, 1872.*  
10,295. What was the effect of Sir Massey Lopes's resolution in 1872?—It was to the effect that it stopped the imposition of new rates upon real property to a considerable extent. In the speech that I made on that occasion I wound up by saying: "They would not get very much help from the present Government, or, perhaps, from any future Government; but the great thing was to take care that their rates did not increase and, above all, that fresh charges were not thrown upon them." That, I think, has been carried out fairly well.

10,296. Perhaps you would read to me the exact text of Sir Massey Lopes's resolution on that occasion?—"That it is expedient to remedy the injustice of imposing taxation for national objects, on one description of property only, and therefore that no legislation with reference to local taxation will be satisfactory which does not provide, either in whole or in part, for the relief of occupiers and owners in counties and boroughs from charges imposed on ratepayers for the administration of justice, police, and lunatics, the

10,287. Therefore the primary object was to divide the subventions between the counties and the county boroughs; whether some boroughs got better terms than others depended, no doubt, upon the terms of the award?—Yes, but then I would remind you that the Commissioners considered and gave an award in each case separately.

10,288. There is one extraordinary case I notice in your tables; can you give me any explanation of it? It is the case of Manchester, which appeared to have made a gain of 23,053*l.* 5*s.* 0*d.*?—Yes.

10,289. Can you give me any explanation of that?—I cannot, except that the rateable value of Manchester is very large.

10,290. Can you tell me when your last general assessment was made in Walsall?—There is an assessment just being completed now; the one previous to that was made 20 years ago.

10,291. Then your rating authorities have grossly neglected their duty apparently?—The assessment committee have undoubtedly neglected their duty, but the council cannot control the assessment committee.

10,292. Did the council ever appeal against the existing assessment?—Certainly, and it is upon their urgent solicitation that a new assessment has just been undertaken; but it has taken me seven years to work the assessment committee up to that point, and I have been at them repeatedly.

"expenditure for such purposes being almost entirely independent of local control."

10,297. That was at the time or about the time when Mr. Goschen presented his well-known report?—It was previous to that report.

10,298. A good deal has been done since then in the way of contributions from the Imperial Exchequer?—It has.

10,299. I should like your comments upon the policy of those grants?—Those grants have been very just, and have contributed materially to the reduction of the burden on the ratepayers. But with the establishment of county councils, I find, as with all large bodies, there is a great tendency to increase expenses, and I think I may say without offence that, generally speaking, very large bodies are more in the hands of their officials than a smaller body is.

10,300. Do you think that the distribution of the responsibility over a large number of people tends to decrease the sense of personal responsibility, and so to counteract the check upon expenditure?—Yes, I do, very much. Might I read just one word from Mr. Pell's article in the "Royal Agricultural Journal," in which he says: "With no minister of the Crown officially commissioned to promote or encourage local economy, with no powerful organisation among ratepayers having the same object in view; the theorist, philanthropist and 'politician' have the ratepayer almost at their mercy, and the poor helpless creature is offered up at the shrine of popularity."

10,301. What is the date of that?—1895.

10,302. You must excuse my comment upon that; it is a broad, general statement and laid down in bright colours with a large brush, but do you think it is absolutely true?—As far as my experience goes it is absolutely true that the larger the board the greater the expenditure and the extravagance.

10,303. Do you suggest that you should go back again to the days before the Local Government Act was passed?—I should suggest that you should go back to the days of the Reform Act of 1867, and abolish the compound householders.

10,304. Then, that being so, have you any practical suggestion to make to us to counteract the tendency which you regret?—No, I have no suggestion to make, because I feel that there is a very great danger now that the representatives in all our local institutions are practically elected by the majority of people who pay no rates; I doubt not that the tendency to extravagance will continue.

10,305. In the county, which I think is Norfolk, with which you are mostly connected, has there been, as a matter of fact, an increase of expenditure during

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Valuation of Walsall has been too low for a number of years.

*Mr. C. S. Read.*

Imperial contributions have contributed materially to reduction of burdens upon ratepayers.

County councils. Tendency to increase local expenditure. Increased expenditure for main roads, and in consequence of new responsibilities and duties imposed upon them, as well as increased expenditure in respect of old duties. How far present constitution of local bodies responsible for this. Position of Norfolk

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the last eight or nine years?—Very considerably. We have taken over 1,300 miles of main roads, and those main roads absorb the whole of the Government subvention which is equal to 6*d.* in the £. In the last days of the quarter sessions the county rate was 3½*d.* and now it is 6½*d.*

10,306. You would agree with me on this, that, of course, taking over a new expenditure, new matters on which local money is to be expended, is not the same thing as extravagance upon those charges which were before laid upon the local authority. What my question was directed to was this, to find out whether in the things which were formerly under the direction of the quarter sessions, the administrative work I mean, but which are now done by the County Council you can trace a tendency to extravagance?—There has been a great amount in the increase of the cost; I would not say that it is extravagance. Of course under the quarter sessions we had only the maintenance of half the main roads.

10,307. That touches a large question of policy. What I wanted to get from you is, has the new local authority increased expenditure; you say the county rate was formerly 3½*d.*, and it is now 6½*d.*, leaving out of the question main roads, which you say is equivalent to 6*d.* in the £, and accepting that statement would you trace for me how the difference has arisen between the 3½*d.* and the 6½*d.*, which is expended on that county rate?—If you leave out the roads, a great portion of it is in consequence of the new duties that have been placed upon the County Council which did not fall upon the quarter sessions.

10,308. I am only leaving out the main roads because you leave them out yourself and say it is equivalent to a 6*d.* rate, the Government subvention coming in place of it?—Yes.

10,309. I call attention to what you say, namely, that the county rate was formerly 3½*d.*, and now it is 6½*d.*, and I want to give you an opportunity of expressing your opinion as to how that increase has come about?—I think there is a very great increase as a matter of course in salaries, and in the new work that has been thrown upon the County Council since the days of the quarter sessions.

10,310. What new work do you specially allude to?—I allude to such new work as the Weights and Measures and the Adulteration Acts, and those minor matters which have cropped up since, but I cannot remember them just now.

10,311. I put this to you, that the rise in the rate, whether in itself right or wrong, arises not from extravagance in the performance of old duties, but from the performance of duties which are new, and, therefore, likely to cause an increase in expenditure?—I should like to say that I think the old duties have cost a great deal more than the new, and that there is a very large accession of fresh duties which are put upon the County Council since the days of the quarter sessions.

10,312. What are the temptations to increased expenditure under the present system, which was introduced in 1888?—I think generally that the County Council likes to do things really well. We pride ourselves very much on the excellence of our county roads, and we are told that we have an immense acquisition in the shape of cyclists that come down in consequence of it, and I think spending money gives a large amount of popularity.

10,313. Do you think there is less power of resistance when proposals for increased expenditure are brought forward?—I think there is, now that these councils are more popularly elected.

10,314. For example would you say, as some witnesses have said—of course it does not affect county councils, but it affects district councils—that there has been an increase of outdoor relief since the establishment of the popular election of the district council?—I am quite sure of that; there is no doubt about that, I am old enough to remember the old poor law and the universal system of outdoor relief which then prevailed, and its demoralising and pauperising effects.

10,315. What unions would you refer to as establishing that opinion of yours?—I take all the unions with which I am personally acquainted; I will take the unions of Forchoe and St. Faith's; those are the unions that I was absolutely connected with as a guardian; I think you might say so generally throughout Norfolk too.

10,316. Do you think it has arisen from the popular election of district councils or from the unfortunate state of agricultural matters in those counties, which, as we know, is extremely disastrous?—It is entirely in consequence of the democratic constitution of the new bodies.

10,317. Is it not also the fact that that particular district has been, agriculturally speaking, one of the most depressed in the kingdom?—Yes, it has been, but I do not think it is any worse now than it has been for the last 10 years. What I go upon is this—the increase in the amount of outdoor relief, and also the increase in the number of paupers.

10,318. I want to be quite sure that we are, either of us, or both of us, putting the saddle upon the right horse; I want to be quite sure whether it is owing to the popular election of district councils or whether it is owing to circumstances which would have had their effect whether the Act of 1888 had passed or not?—I do not think there has been any change in the position of the agricultural depression in Norfolk during the last few years.

10,319. You think it was as severe before 1888 as it is now?—We have had a great number of bad years since, certainly, but there is not very much difference, I think. Of course, in this year we have got a turn in our favour happily.

10,320. Are you still a guardian?—No, I have nothing to do with the administration of the poor law now.

10,321. Then you do not speak from actual personal knowledge on that point?—I do not from actual personal knowledge at the present moment, but I left Norfolk only last Michaelmas, and, therefore, I have had a pretty good experience, having been a ratepayer, and, indeed, I am now a ratepayer in the county of Norfolk to a considerable extent.

10,322. Have you served on assessment committees?—I was chairman of an assessment committee for a good many years—the assessment committee of the Forchoe Union, of which Lord Kimberley is now chairman.

10,323. What do you think the best basis for fixing a valuation for both Imperial and local taxation?—We have always taken rent, and we have had no trouble in our union except in the case of some landowners who have been, I suppose, compelled to farm their own land, and also in the case of some yeomen, who have objected to their assessment being fixed by the committee rather than accepting their own valuation.

10,324. What do you do in the case of land which is in hand—whether in the hand of the large landlord or in the hand of the yeoman; how do you proceed to fix the value?—We generally fix it by comparing it with adjoining farms.

10,325. Do you think that the local knowledge which the members of the assessment committee possess is fairly exercised as between man and man?—I can only answer for my own assessment committee; I think it was absolutely as far as our knowledge went; I think it was very fairly carried out.

10,326. To diverge for a moment into a matter which is, in some aspects, rather a pressing grievance; it has been suggested to us more than once by those who are interested in the rating of the tithe rentcharge that many of the assessment committees, being composed of farmers, while they are willing enough to reduce the valuation of farms, they do not reduce the valuation of the tithe rentcharge to the point to which it ought to be reduced; what have you to say to that contention?—I say that as far as our assessment goes it is absolutely untrue. You take the value of the rent-charge for the year and you assess it annually accordingly. It passes through the hands of our clerk, and he appropriates it entirely. He is bound to do it. Every year you ought to take a fresh assessment of the rent charge because it varies. I cannot conceive that anybody could make that objection. I quite understand the parsons saying, and with great justice, in my opinion, that as nine-tenths of the produce of the farm have been now assessed at half, the one-tenth that they have, should be assessed also at one half. I think that is a very good ground for their appeal to Parliament, but I cannot think that there is any objection on the other point.

10,327. But they go further in the particular point which I am here putting to you than that, and say that the letting value of what would be given by the hypothetical tenant for the rentcharge is the basis of

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Valuation of agricultural land. Rent the best basis. Valuation of land in hand.

Assessment committees deal fairly in matters of valuation with all interests concerned. Valuation of tithe rent-charge is fairly dealt with by assessment committee composed of farmers.

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Read.

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Valuation of tithe rent-charge. Deductions from tithe rent-charge, what would be equitable and what would not be.

Surveyor of taxes. Representation on assessment committees. Reasons suggested against such representation.

Ability to pay. Rental of a house apart from land in agricultural parish is a rough criterion, representing a tenth of income, but the parson and farmer pay more than this proportion.

the valuation, and they say that the hypothetical tenant would not give, say, 100*l.* for the purpose of collecting 100*l.*, but that there are various deductions that should be taken off it—deductions for bad debts, for payments to curates, and so on, and that these things are not sufficiently allowed for by the local committees—what have you to say to that?—I have to say in the first instance that you have no more right to deduct the salary of a curate from the parson's assessment to his tithes, than you have to reduce the farmer's assessment in consequence of his paying money to his bailiff. With regard to the other point which you mentioned, I think the man who, in the present state of the law, allows many bad debts is an absolute fool. I would collect anybody's tithe nowadays from the owner of the land at 2½ per cent., and that is what is always allowed off, at least that is what we have always allowed. Of course, in addition to that there are the repairs to the chancel, insurance, and all the rates to come off, and it is very well known now that you cannot assess tithe at 100*l.*, but you have to take the value for the year, which is about 70*l.*

10,328. You would I suppose agree with me in this would you not, that the most desirable thing to do is to get the fairest value as between one class of property and another for rating purposes?—Yes.

10,329. Would you like to see the Imperial officers; the surveyor of taxes, associated with the local bodies for the purpose of bringing to bear the benefit of their experience and interest?—I know it is a very popular notion at the present time that you should have only one basis for Imperial and local taxation, and, of course, in that case you must have the surveyor of taxes present; but the surveyor of taxes is an officer whose duty it is to get the greatest possible amount of taxes out of the district where he lives, and the duty I think of an assessment committee is to make an assessment that is equal throughout the district. I know that some assessment committees take a low value and some people take a high value, and others take rent.

10,330. Is it not very desirable not as between one man and another in the district, but as between district and district that a uniform principle should be adopted?—Yes, but then comes the question, as to what is that principle. If it is the principle that you are to get the greatest amount of rate as well as taxes out of a certain district, then I cannot think it is justified. I might perhaps illustrate what I mean by what has happened to me since I have been in London. The Surveyor of Taxes there is upon the Assessment Committee, and I am assessed at 60*l.* above the rent I pay, above my gross rental, in consequence, I believe, of some other people having 25 years ago taken leases of houses in the district which was then fashionable and which now is not. I do not particularly like paying the Government on this 60*l.* house-duty more than I ought to pay, but I have in addition to that to pay my landlord's property tax. I cannot charge him for more than I pay him. And the water rate is also on the same assessment; so that I am not quite so favourable to one general assessment as I was before.

10,331. Do you wish to say anything about the question of whether a man's house is a rough criterion of the ability of the occupier to contribute to the rates?—If you take an agricultural parish I think you may say very roughly the rental of the house is a fair criterion of the ability of the man to pay.

10,332. (Mr. Elliott.) Of the house as distinguished from the land held with it?—Yes, exactly. Then, if you do that, you will find in taking the assessment of any agricultural parish that the professional man and the trader, and the artisan and the labourer, pay upon one-tenth of their income, but you will find the parson pays on his net income, and the farmer, until lately, on double his income.

10,333. (Chairman.) By what process do you arrive at the statement that the farmer pays on double his income?—Because he is assessed on the rateable value of his property, which is based invariably on the rental that he pays, and his income is supposed to be half his rental. It is different now, as a matter of course, because he is now assessed on only half the value of his agricultural land, and that, I think, certainly ought to exist until such time as all other property contributes fairly to the rates.

10,334. I see an indication in your memorandum that you desire to draw a contrast between two men, one of whom is a trustee upon an estate of 563,000*l.* of

personality, and the other a trustee upon an estate of 30,000*l.* of real property?—Yes; that individual is myself, and therefore I can speak with very good authority upon that. The 563,000*l.* is entirely composed of stocks, shares, and Government securities; it is mainly in Consols—Indian 3 per cents.—I think there are a few railway debentures—and the rest of it is in first class North American securities. For years the administration of that estate, which brings in something over 4 cent. on the capital, has not cost more than 4*l.* per year.

10,335. What do you mean by cost?—That is the only thing we pay out of it. Every dividend is paid into the bank, of course minus the property tax, but there is nothing whatever that goes out, except 4*l.* a year for the clerk who keeps the account. Now with regard to the other, the 30,000*l.* in real property, which I fear is not worth now above 15,000*l.*, that is the most troublesome property to manage that I have ever had anything to do with. It is composed mainly of land and what I call industrial buildings, that is to say, maltings, brickfields, tan yards, a few houses, and a good many cottages. By the time that you have paid the tithe, the rates, the taxes, the quit rents, the repairs, the insurances, the empties, the loss of rent—and there has been a good deal of abatement which I suppose might go also as loss of rent—the law charges and collections, we do not net above 50 per cent. of the gross value.

10,336. So far as the first estate you mentioned is concerned, you have left out the income tax, have you not?—No, I have not left it out; I said I deducted it.

10,337. In dealing with one estate and another as a matter of comparison you would, of course, take in the income tax?—Yes, of course you would.

10,338. If any of it was derived from property in this country, such as railway property, it would have paid its share of the rates before the net profit was declared, would it not?—Yes, certainly; no doubt about that.

10,339. I want to get from you exactly what is the moral you want us to draw from the comparison between the two?—I think that the income of that 563,000*l.* ought to contribute something to the local taxation of the country more than it does. It is equally benefited by the laws of this country, I believe.

10,340. You do not, of course, leave out of sight the fact—I am far from saying it is sufficient—that is a matter of argument that I do not want to go into, that it does contribute something through the income tax?—Yes, and so does the agricultural interest. If you take the report of the last Royal Commission it clearly proved that the agricultural interest, and land particularly, paid more Imperial taxes than personal property does, and I hope that will not escape the notice of the Commission. They always keep saying: "Look, what personal property pays towards Imperial taxation." Yes, but the whole of the real property in the country contributes in a similar and, in my opinion, in a larger way.

10,341. My only object in asking the question was this, that of course you would agree with me that when you are going to consider under our terms of reference the basis under which taxation is raised for local purposes, and to report whether and how far all kinds of real and personal property contribute equitably to such taxation, of course you must take into consideration all the burdens which each kind of property has to bear at the present?—Quite so.

10,342. Have you anything to say upon what you describe as "hereditary burdens"?—If I might illustrate what I mean, I would take the case of the farm which I recently quitfied at Honingham. Honingham is what we used to call a close parish, that is to say, it maintained its own poor only, and was not subjected to the rates of the union. In the year 1862 and I think again in 1864, the Union Assessment Acts were passed, which in my opinion were quite just—there is no doubt about it. I do not find fault with that legislation, but the net result was that I think it put something like 40 per cent. more rates upon my farm. I did not get any reduction of rent in consequence of that augmentation of the rates.

10,343. Do you not make a new bargain with the landlord?—No, we did not make new bargains with the landlord, except that in the last 10 or 15 years, he has been good enough to return us 25 per cent. off the rent

Mr. C. S.  
Read.

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Real and personal property. How far do these classes of property contribute to local and Imperial taxation.

Increase or decrease of rates on agricultural land never affects the question of rent. How far agriculturists take rates into account when taking a farm. They ask for no adjustment of rent if rates increase.

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10,344. Ought you not to make bargains?—I have not done so, and on the whole I consider that it was not for me to make bargains with my landlord, who was considerate, liberal, and just.

10,345. I suppose a man in going into a new parish at the present time to take a farm would take into account, would he not, the amount of the rates which he would have to pay?—A new tenant might take them into account, but I can say in my long and varied experience I have never known the question of rent paid by a sitting tenant to be affected by the rates. I know it is theoretically wrong altogether, but I suppose we are very old and conservative in our notions as farmers, and I have never in my life known a single instance of an alteration in the rent based upon either an addition or subtraction of the rates, but I have heard of some landlords who have paid half the Education Rate.

How far lessees of houses in towns take rates into account when taking a house.

10,346. I do not say people to whom a few pounds more or less does not make much difference; but when an individual is going to take a house in London or in any other large town and he is balancing the advantages in his own mind between one suburb and another, do you not think that he takes into account the rates that he will have to pay as well as the rent?—Yes, and so did I in coming into my house, but I find that I have to pay rates upon an assessment of 60*l.* more a year than I expected. I do not suppose my landlord will in any way reduce my rent.

10,347. I do not want to have any appearance of arguing with you, but if you are calculating the advantages between living, we will say, in Belgrave Square and in somewhere north of Hyde Park, do you not think it is a fair thing and a reasonable thing to take into consideration whether in addition to the rent that you have to pay to your landlord you will have to pay 2*s.* 6*d.* or 3*s.* in the £ to the public rating authority?—I do not know whether you would in the first place think of the sixpence.

10,348. Do you not think it makes a difference to you in balancing the relative advantages of the two places?—I daresay it would in the mind of a valuer, but not in the mind of a common farmer, who has been rated upon double his income and now upon only one-tenth; it did not to me.

Rates in respect of new purposes of expenditure have increased.

10,349. You were speaking a moment ago about hereditary burdens, have you anything to say as regards rates which are comparatively new rates such as road rates, education rates, sanitary rates, lunacy charges, and so on?—Yes I would say that since I have been a ratepayer the police is an entirely new charge, the abolition of the turnpikes, of course, has very much increased the highway rates, and the education rate is entirely new, although in my individual case we had a national school for certainly more than 50 years to which we contributed.

10,350. But not by means of a rate, you contributed voluntarily?—We had a sort of voluntary rate. Then there are the sanitary rate, the sewage rate, the Weights and Measures and the Adulteration Acts which have come on of late, all of which are very good things. I do not complain of them, but I say as far as agricultural land is concerned it is not benefited by them to the extent to which it is charged for them.

Government should bear the cost of certain expenditure now paid locally such as expenditure on lunatics, &c.; also half cost of indoor poor, but not outdoor, and, perhaps, whole cost of police. Question of administration discussed.

10,351. Do you desire to put forward to us any practical suggestion as to the lines upon which any recommendation of ours should go?—I think that the Imperial Government might take over the whole cost of the lunatics, and I am certain that it ought to take all the charge of the administration and justice and the salaries of the coroners. I myself individually should not mind their taking over the whole of the police, but I know there are grave objections to that which have been put forward by people who are much more capable of giving a proper opinion upon that.

10,352. One of the disadvantages would be this, would it not, that if the whole cost was Imperial you would have to have Imperial instead of local management?—At the present moment, really, local management as far as regards cost is regulated by the Government inspector. If he comes down and finds your men not properly clad; if he comes down and thinks there is not a sufficient quantity of police constables in a certain district he will threaten to stop the subvention. So that I do not think there is very much in that, although, of course, I quite agree that there is that fear; then I should suggest that half the cost of the indoor poor should be defrayed by the Government.

10,353. In that you would draw a great distinction between the indoor poor and the outdoor poor, of course?—I should entirely, because the indoor relief is so totally different from that of the outdoor.

10,354. You would not agree with a witness who said that the outdoor poor should be made a charge upon the Imperial Exchequer?—No, I know what that would mean, half the people would be pauperised.

10,355. Is there any other point that I have missed?—I think the land tax might be given to the county councils, in aid of the local rates. I daresay you will say what an extraordinary difference there is in the land tax. That happens to be just because of this, that the land tax presses heavily upon the most impoverished and pauperised part of the kingdom, that is to say, East Anglia, and some of the home counties, pay more of the land tax than any other district in England. I do not think that giving those counties that land tax would in any way be unfair considering how they have suffered from the agricultural depression. With regard to the half rating between owners and occupiers, I think that is a recommendation of the last Agricultural Commission.

Land tax. Proceeds might be given in aid of local rates.

10,356. (Mr. Elliott.) The Duke of Richmond's Commission?—Yes; there was a time when I was rather in favour of that, because first of all the magistrates in quarter sessions had the management of the county rate, and they were also all of them *ex officio* guardians, so that they could be if they liked properly represented on those bodies. But now that their influence is ended, and that they have no sort of control over the expenditure of the rates, I think it would be exceedingly unfair, unless you had a separate assessment for the owners, that half the rates should be paid by them, and especially now-a-days when the majority of the people who spend the rates do not contribute anything directly towards them.

Division of rates between owners and occupiers would not now be fair, as owners have so small a representation on local bodies and so little control over the expenditure.

10,357. (Chairman.) Do you think it much matters who lays on the rate or whether it is paid directly through the hand of the occupier? Do you or do you not think that really it is a charge upon the owner?—It may eventually be a charge upon the owner, but it does matter very much indeed who has the expenditure of the rates. I will illustrate it in this way: I was chairman of a local parish meeting in which there is no compounding for cottages. At the first meeting which we had under the new Act, one of the labourers asked whether a man who occupied a house with an orchard that was assessed at 6*l.* was a proper recipient of poor law relief, and another man asked whether, in the case of a labourer in the receipt of full wages who had his mother to keep his house, his mother was a proper recipient of the poor rates. I will venture to say there is no parish in the county of Norfolk where compounding is in vogue, in which those two questions would have been asked by any labouring man. It is when the collector goes direct to the labourer and asks him for his quarter's rate of 1*s.* 0½*d.* or something of that sort, that he feels the pressure of local taxation.

10,358. You think if it is 1*s.* 0½*d.*, and it mounts up to 1*s.* 4*d.* or 1*s.* 3*d.* in the next quarter, it causes a searching of heart which nothing else will do?—I am sure of it. It is just the same with a farmer; if he has to pay a 2*s.* rate one year, and a 2*s.* 6*d.* rate the next, he will grumble and growl, and, in all probability, if he is a guardian he will have a rough time of it.

Farmers ask for no adjustment of rent if rates increase.

10,359. But he will not go the length of making a new bargain with his landlord?—He will not go that length.

10,360. (Mr. Smith.) I suppose the objection to making a new bargain is that sometimes the question of rent as well as the question of rates would have to be considered?—Not in these days; it would in olden times; but now any question that will upset rent is against the landlord and in favour of the tenant.

10,361. Are you now a ratepayer in Norfolk?—I am a large ratepayer in Norfolk; I have a farm there still.

Rural and urban rates. Amounts compared, and purposes of expenditure.

10,362. What are your rates there, all told?—I should think they are about 2*s.* 6*d.* in the £.

10,363. That is about the average throughout England, of the rural rates, is it not?—I think so. It will not be that now, I think, but I have not had my last demand note.

10,364. I am not speaking of the deduction under the Agricultural Rates Act?—It was about half a crown previously.

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10,365. With regard to those main roads, you seem to have an increase there you say, of from 3½d. to 6½d., but of course, those main roads had to be repaired before by somebody; they were repaired by the parishes, I suppose?—They were repaired half by the county and half by the parishes.

10,366. Now they are repaired wholly by the county?—Yes.

10,367. I mean to say somebody must have maintained them so that that 3d. is not all loss?—It is not all loss. We have got very capital roads: there is no doubt about that.

10,368. You have got efficiency, but perhaps you think it a little extravagant?—I think it is very extravagant. Our parish roads did cost us about 7l. a mile, and our county roads cost us 35l. now.

10,369. You have found a good deal of difference in the urban rates since you came to London, have you not, in the amount in the £. I do not mean to say that that difference has occurred since you came, but that you have found a great deal of difference as compared with the country rates?—I think I am assessed to the rates in a fairer proportion to my income than I was before.

10,370. Shortly, what are your rates in the £ where you are living in London?—I do not know.

10,371. 6s. or 7s. probably?—5s. or 6s., but then they rate for so many things that I never get any advantage from in the country.

10,372. You have never taken the trouble to analyse the rate that you pay in London to see how much of it is for things that you paid for in the country, and how much you pay for things which are new luxuries since you came to London?—I have not done it.

10,373. It would be interesting to divide it in that way?—Yes it would. There is one very considerable item which I think is quite right, namely, that I, living in the West End, have to contribute towards the expenses of the poor in the east.

10,374. That is under the Equalisation of Rates Act?—Yes, I think that is right.

10,375. Do you share the views that have been put before us, that personal property should be taxed by a tax in the nature of an income tax for local burdens?—I think it should be taxed, but I am not prepared to say I could tell you how it should be assessed.

10,376. It has been suggested by several witnesses from the agricultural districts that the proper thing would be to have a kind of income tax on personal property including, some of them said, taxes on industry and personal exertion for local purposes; do you share that view?—Yes, I do; I think that everybody ought to contribute according to his ability, according to the old law of Elizabeth, and I do not know of any other way of getting at it except through income.

10,377. Cases have been put to us which I will put to you. Do you think a man who is getting a large income as a public singer should be taxed on his income to pay the rates of country parishes?—Yes, most certainly if he has a good income from any source whatever he ought to be taxed, but whether he ought to be taxed in consequence of his having a fine voice in the same proportion as a man who has the same amount of income from consols, is a different question altogether, and into that I do not enter.

10,378. Do you think he is much interested in your local expenditure?—I think he is an Englishman and ought to contribute towards the local taxation as well as towards the Imperial taxation.

10,379. If he is a good tenor I am afraid he is not often an Englishman?—That is all the more reason he should pay.

10,380. But you see his income is as secure to him probably in any other capital as in London?—That may be, but I would tax him on the income he made in London.

10,381. (Mr. Wharton.) You have suggested as a possible relief for local taxation the taking over by the Government, and consequently, of course, defraying from Imperial funds the cost of the police and lunatics for instance; if that were the case that would be relieving local taxation practically out of the income tax?—Yes.

10,382. And consequently it would accomplish the purpose that Mr. Smith has just alluded to; you would

get that out of a public singer or out of the holder of consols—you would be providing for the cost of that which now comes, according to the opinion of many, too heavily on local taxation?—I do not care how the money is levied as long as we get it fairly.

10,383. You have spoken about the increase of the rates arising from the County Councils Act; with regard to the Parish Councils Act have you had much experience of a rise of rate due to that Act?—No; in the case of the parish meeting over which I presided we had to make a return to the Local Government Board, I think, of the property of which we were possessed. We were possessed of an account book which cost 4l., and of a very nice iron seat that I had put upon the footpath for the accommodation of the old men. That is the only property we had, and we have never spent a shilling of the rates.

10,384. You did not charge the iron seat on the rates—I need not ask you that?—I did not.

10,385. Have you heard of such cases, as I am afraid exist, where the rating authority is composed of men who are almost entirely non-ratepayers, and who have laid a very heavy burden upon their district in the way of electric lighting, and so forth—that has not come within your knowledge?—It has come within my knowledge, but not within my actual experience; I do not say electric lighting, but I know this, that there are some parishes in the county of Norfolk where they have spent all they could, as far as regards the extent of the rate, which is limited by Act of Parliament.

10,386. Have any of the adoptive Acts been taken up; I mean the Baths, Washhouses, Paving, and Lighting Acts?—I do not think they have come to that.

10,387. You have suggested the lunatics, the police; would you make any suggestion about the relief of the roads from Imperial taxation on the French system?—I fear I do not know what that is.

10,388. They have the *routes nationales*, which would be, what I should call the arterial roads, in France, which are maintained by Imperial funds, whereas the smaller roads are maintained out of local funds. I do not know whether you have given any attention to that idea?—Hardly. In Norfolk I should rather object to that. We have no arterial roads there; we run right into the sea, and, therefore, I doubt we should come off rather badly. Otherwise, I daresay, there is a great deal in it.

10,389. (Mr. Murray.) As regards your practical suggestion that the nation should defray all the cost of the lunatics, the administration of justice, and so on; is it partly your suggestion also that the administration of those services should remain as it is now?—I fancy that you might do just the same as you manage the prisons. You have a visiting committee for the prisons now, and the Government defrays all the expenses. I cannot think but that you might have a visiting committee of the county council just in the same way. Then I would say this, that really the Lunacy Commissioners absolutely control the expenditure, for they are always suggesting something fresh, and I never knew them in any way make a suggestion in favour of economy.

10,390. The indoor paupers the same?—Yes, I would not have the whole charged to the Government; half the cost of the indoor paupers might, I think, very well be paid out of the Imperial Exchequer.

10,391. Do you think that would tend to economy?—I do not think it would make any difference one way or the other, because the poor law inspectors are just like other inspectors; they are constantly suggesting some improvement in the condition of the workhouse, and, generally speaking, in the diet and comforts of the poor.

10,392. But there is a good deal of difference between inspection and administration, is there not?—If you have an inspector who tells you to do things, we find, generally speaking, we are obliged to do them, whether we like it or not, especially in the case of lunacy, because they would not give us the grant if we did not do it.

10,393. Do you not think that a good deal of the extravagance of these local bodies that you complain of is due to the fact of their getting these large contributions?—I do not think it at all; I really do not think that is the cause. I think the cause of the extravagance is the popularity which spending money gives to the body and to the individual who promotes it.

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County councils and parish councils increased expenditure. Constitution of rating authorities, how far composed of non-ratepayers.

Main roads. Should they be paid for by the Government.

Government should bear the cost of certain expenditure now paid locally. Question of administration discussed.

Imperial contributions do not tend to extravagant administration.

Income tax in aid of local expenditure. This suggestion discussed.

Government should bear the cost of certain expenditure now paid locally.



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10,394. There is a certain amount of unpopularity on the other side, I suppose?—But that is such a minority; they are most influential as far as regards their position, but their numbers are so small in comparison with those people who like to spend money. Popular feeling is with you invariably when you spend money.

10,395. (Mr. Elliott.) With regard to the assessment committees, do you think that the union is the best possible area for the purposes of assessment?—I should say so; you must not have it too large.

10,396. Do you think that the county would be too large an area?—I think the county might revise it. I should like to see a committee of the county council acting as an assessment appeal court rather than the quarter sessions; the quarter sessions is an unsatisfactory appeal court, in my opinion, against assessments.

10,397. Do you think that that would give a better result than the present results?—I mean a more equal result?—Yes, I think it would most certainly give a more equal result if you had an appeal to a body that would be appointed generally by the county.

10,398. With regard to your suggestion as to the land tax, do you think it would be better that the land tax should be handed over to local authorities or that the land tax should be further reduced if not repealed altogether?—One is a direct relief to the individual who pays the land tax, and the other is a relief to the county in which that property is situated; possibly it would be more absolutely just to give it to the owner.

10,399. The land tax is very unequally levied now, is it not?—Very.

10,400. Would not the handing over of the land tax to local authorities tend to stereotype that inequality?—Yes; but I do not see how you can by any possibility alter the inequality.

10,401. Already, as you know, by an Act which was recently passed, no land tax can amount to more than 1s. in the pound, can it?—That is so.

10,402. Would you favour further legislation in a similar direction which would get rid of the inequalities altogether, or would you prefer, as you suggest, that the land tax should be handed over to the local authorities, which I am afraid would tend to keep on foot those inequalities for all time?—I have not considered it in that light. I should have thought the easiest way would have been to have given it to the counties; I do not think the landowners would object to pay it as they do now.

10,403. Do you think the county councils would ever give it up if they once had it?—I should hope not.

10,404. Do you think the Chancellor of the Exchequer is more likely to give it up?—Yes; I think he is. That is an argument in favour of what you suggest.

10,405. There is one question I should like to ask you with reference to the position of mortgagees under the present system; do you think that mortgagees contribute equitably to local taxation?—They do not contribute anything.

10,406. Do you think it would be reasonable that they should contribute something?—I think that their income should be taxed for the purpose of local taxation; I do not say specially, but the way I suppose they are taxed now for Imperial purposes.

10,407. Would you be disposed to favour the suggestion that a certain proportion of the rates should be deducted from the mortgage interest in the same way that income tax is deducted?—I think that would complicate matters very much. I would rather have them charged on an increase of the tax that they pay to the Imperial Exchequer than take individual cases.

10,408. You suggest that the Agricultural Rates Act of last session should be continued in force until personally pays its full share of the rates?—Yes; I do sir.

10,409. What is your view as to the full share that personally ought to pay to the rates?—I think a man ought to pay according to his ability, and the best test of his ability is income.

10,410. But he now contributes something, does he not, towards the relief which is given to agricultural land by the Agricultural Rates Act of last session?—Yes, he does, and so does the farmer himself, and so does the landlord himself. Agricultural land and agriculturists pay exactly the same, at least rather more to Imperial taxation than other people.

10,411. (Chairman.) What Imperial taxation does a farmer with an income of 100l. or 150l. pay?—He pays in just the same way as any other man who has the same income would.

10,412. He pays no income tax?—He does not pay any income tax.

10,413. It amounts to this does it not, that with the exception of the probate or tithe duties, and what he drinks or smokes he pays nothing?—He pays just like any other individual. He pays on his cart which he drives to market, he has to pay a tax upon his gun; he pays a tax upon his dog if he keeps a dog for the purposes either of sport or pleasure. He has to pay exactly the same as any other man, and I cannot understand why the farmer and the landlord are alone put down as going to be relieved of these rates. We say real property ought to be relieved of them because other people contribute but very little towards them. Then, of course, these other people say we have contributed considerably. We reply: Yes, you have contributed, but it is not enough and that whereas land and farming have gone down in value, and in profit, personalty is increasing by leaps and bounds, and escapes with nothing but an income tax.

10,414. (Mr. Elliott.) With regard to the Act of last session that Act transferred, did it not, a burden equal to half the rates on the agricultural land to the general exchequer of the country?—Yes, to which the farmers and the landlords have contributed.

10,415. Would you suggest that the farmers and the landowners have obtained no benefit by that transfer?—Most certainly they have.

10,416. They did obtain a benefit?—We did obtain a benefit and a just benefit.

10,417. Do you think that that principle ought to be extended?—You are here in order to find out something better, and I hope you will, but until you do find out something better I hope that will be continued. That is all I can say.

10,418. Do you think the proportion of one half was a satisfactory proportion?—I should like to have had it three-fourths, and I should like also even in this present Act to have the agricultural buildings included at one half, which exemption has been a source of considerable annoyance to assessment committees.

10,419. You still think that, notwithstanding the provision in the Agricultural Rates Act of last year, the agriculturist in a broad sense of the term, including both the owner and the occupier, is unduly burdened as compared with other classes of the community?—I would not say that now, but if you had asked me that question 12 months ago, I should have said "Most certainly." There is no doubt that the Act of 1896 was a considerable relief to the cultivators of the soil.

10,420. I rather understood you to say that the relief had not gone far enough, and that you thought it more equitable that three-fourths should be given instead of one-half?—What I should prefer, and what is right, perhaps, may be two different things. I cannot help saying that I think it did not go far enough, but I am very grateful and thankful to the Government for having done what they did; I hope they will stick to it.

10,421. Is that view based on your opinion of what is equitable in the case, or because you would like something more?—I believe that if you come to fathom this question to the bottom, you will see that even the rates as now levied upon agricultural land are more than is just or equitable.

10,422. (Viscount Emlyn.) You took a good deal of part, I think, with Sir Massey Lopes, with regard to his motion of 1872 and with regard to several other motions of the same kind when you were in Parliament?—Yes.

10,423. Since that time a considerable number of these subventions have been given in relief of local taxation?—Yes.

10,424. As you suggested just now, we have got to suggest, if we can, anything better than those subventions; do you yourself consider that mode of contribution a satisfactory one?—I think it is the very best that I know that could exist at the present moment; whether there is anything better, I cannot tell.

10,425. You have got no suggestion to make on that point?—No.

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Agricultural Rates Act. Agriculturists have benefited by it. A greater measure of relief should have been given, and buildings should not have been separated. Even now rates levied in respect of agricultural land are more than is just.

Imperial contributions a satisfactory mode of contribution.

Valuation, area for. (Union is the best area. Appeal court composed of committee of county council better than quarter sessions.

Land tax. Proceeds might be given in aid of local rates.

Mortgagees should contribute towards local taxation.

Agricultural Rates Act should be continued until contribution is made to local rates in respect of personalty.

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Government should bear the cost of certain expenditure now paid locally. Question of administration discussed.

Surveyor of taxes. Representation on assessment committee. Reasons suggested against such representation. But Schedule A. found to be a useful guide for assessment committee.

10,426. With regard to your suggestion that the police should be taken over, and the cost of the lunatic asylums should be taken over, I understood you further to suggest that the police and the lunatics should be dealt with much in the same way, as far as control is concerned, as the county prisons are at the present time?—Yes.

10,427. Do you not think that the county prisons at the present time are absolutely, for all practical purposes, under the control of the Executive Government and not of the counties?—I daresay they are, but at the same time, it is a very great safeguard, I apprehend, to have a visiting committee.

10,428. But their powers are very small, are they not?—I have never been a visitor since the new arrangement as to prisons.

10,429. (Chairman.) As a matter of fact, the visiting committee have no power of administration at all, have they?—No.

10,430. (Viscount Emlyn.) As far as administration is concerned they have no control of any sort or kind?—No, and I have every reason to believe that those prisons are as well regulated, perhaps better regulated than they were, and certainly more uniformly regulated than they were under the old system.

10,431. Then I come to this—would you be prepared to put your police and your lunatic asylums into the same position?—Certainly, the lunatic asylums.

10,432. You would see no objection to that?—Not in the least.

10,433. Do you see any objection to putting the police under the Government?—I have none myself, but I have heard people, who know much more about the administration of the police than I do, say they should not like it. Therefore I have no opinion to offer upon that point.

10,434. With regard to the surveyor of taxes, it has been suggested that it is very desirable to bring in the surveyor of taxes and to get him in touch with the assessment committees at the first start of making the assessment for the parish or the union; have you considered that question at all?—At the assessment committee over which I presided we have always asked the surveyor of taxes to furnish us with Schedule A. every year.

10,435. Have you worked with him in that way?—We have not had him in the room, but we have always been guided by the returns that he made.

10,436. Have you always had his figures before you?—Yes.

10,437. Is that a general practice throughout assessment committees?—No, it is not. Some people go for what they call equality, and they say we will have a high value, and they go in for high values; others will go in for low values, and so on; so there is no uniformity. As far as regards our county rate, that is always levied with us upon Schedule A.

10,438. Have you found that having the surveyor of taxes' figures always before you has been of assistance to you in coming to a fair valuation?—Yes. I think it is a very useful help indeed. My point is this, please: that if he is to come into the assessment committee and say that Mr. A. has been simple enough to

give 50*l.* more for a farm than his neighbour, and therefore his neighbour should be assessed at the same rate, that ought not to be; but that is what I am afraid of. Of course, you want equality. But it seems to me that there are two different principles; the principle of taxation is to get all you can out of the district fairly; I do not mean to say unfairly, but all you possibly can; the other principle is to give a fair assessment between the different properties.

10,439. In any case, you would like to get all the figures you could and all the experience you could to help you to get to your first figures on the assessment committee?—Certainly.

10,440. Instead of waiting for further proceedings?—Yes.

10,441. (Chairman.) Is there any point we have missed?—I should like to say one word to you about my experience as chairman of the Cattle Diseases Committee for a great number of years. I think that I have spent thousands and thousands of the ratepayers' money in successful endeavours to exterminate foreign cattle diseases: those cattle having been imported for the benefit of the towns and certainly not for the benefit of the rural districts. Then I would also beg respectfully to call the attention of this Commission to the fact that when the Board of Agriculture took over the extirpation of swine fever it was understood and believed by everybody connected with the agricultural interest that the funds for that purpose were to come out of Imperial sources and not out of local taxation. I think I am right in saying that last year the Department spent not only the 40,000*l.* which was passed for the purposes of extinguishing pleuro-pneumonia, but they took 145,000*l.* out of the local taxation fund, which is really taking money away from the ratepayers. That I fancy is wrong, and I should say that Parliament ought to supply the deficiency.

10,442. (Mr. Elliott.) Are you not aware that the arrangement which you have just indicated is a statutory one, and the result of a settlement by the late Government, and mainly by the late Chancellor of the Exchequer?—I do not doubt they got out of it somehow or other, but at the same time they shirked the responsibilities, which were, that the Government should find the money.

10,443. Was it not quite clearly set out in the Act which was passed when the administration of swine fever was taken over that the whole cost would not come out of the Exchequer?—That I do not know, but I know this, that it was generally understood that the Board of Agriculture should take over the whole of the administration of this swine fever extermination, and that the Imperial Exchequer, and not the local rates, should find the money for it.

10,444. (Chairman.) Is there any other point you want to speak to?—With regard to the hereditary charges, I can only say that when I was at the Local Government Board I helped to pass an Act for making coal mines, woods, and sporting rights contribute towards local taxation from which they were exempt. I think that is quite right. May I just add one general observation: it takes 40 per cent. more of our cereal produce to pay the same rates than it did 25 years ago.

Mr. C. S.  
Read.

15 July '97

Cattle disease and swine fever, cost of, to local taxation.

Agricultural produce. Decrease in value.

The witness withdrew.

Adjourned till to-morrow at 12 o'clock.

## TWENTY-SEVENTH DAY.

Friday, 16th July 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

THE VISCOUNT EMLYN.  
Sir E. W. HAMILTON, K.C.B.  
O. N. DALTON, Esq., C.B.  
T. H. ELLIOTT, Esq., C.B.

ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
The Right Hon. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. ROBERT HENRY REW called and examined.

Mr. R. H. Rew. 10,445. (*Viscount Emllyn.*) You are Secretary of the Central Chamber of Agriculture, are you not?—Yes.

16 July '97 10,446. And of the Local Taxation Committee?—Yes.

10,447. You are also, I believe, an Assistant Commissioner of the Royal Commission on Agriculture?—Yes.

Central Chamber of Agriculture, objects of. 10,448. Will you tell us what the objects of the Central Chamber of Agriculture have been since its establishment?—One of its foremost objects has been to obtain some relief from the undue pressure of the burden of local rates on land; it has from the first put the question of local taxation among the foremost of its objects.

Local Taxation Committee, objects of. 10,449. Can you tell us what the objects of the Local Taxation Committee have been?—The object of the Local Taxation Committee, which is a body which was originally formed in 1869 out of the Central Chamber of Agriculture, has been exclusively to devote attention to the subject of local taxation, and to obtain a more equitable adjustment of the burden of local taxation upon different classes of property.

10,450. I do not think you have told us when the Central Chamber of Agriculture was established?—It was established in 1866.

An undue proportion said to be paid in rates in respect of real property compared with personal property, and also in respect of agricultural land compared with other real property. Sir Alfred Milner's figures. 10,451. Speaking for both those bodies, will you tell us what the contentions are that they would like to put before the Commission?—Their main contentions are, first of all, that real property pays an undue share of local taxation as compared with personal property; and, secondly, that agricultural land pays an undue share of local taxation as compared with other real property.

10,452. Have you any figures bearing out those contentions which you would like to submit to the Commission?—Those are the two branches of the subject. The first branch is as regards real property as compared with personal property, and upon that point the figures arrived at by Sir Alfred Milner, when Head of the Inland Revenue Department, form the foundation of the case. Sir Alfred Milner gave figures which showed the annual value of lands, of other rateable property, and of property subject to taxation but not rateable.

10,453. Would you give us those figures?—The figures he gave were as follows:—the annual value of lands he gave as 49,918,740*l.*, the annual value of other rateable property he gave as 160,640,835*l.*, making a total of rateable property of 210,559,575*l.*; and the non-rateable property subject to taxation he put at 228,839,471*l.*; or a total annual value for all classes of property, rateable and non-rateable, of 439,399,046*l.*

10,454. Can you work out from that the percentage of the property on which local rates fall?—From those figures it appears that local rates fall exclusively on 47·8 per cent. of the property of the country subject to taxation, and the remaining 52·2 per cent. contributes nothing towards them, except indirectly through the Treasury subventions and payments out of the Local Taxation Account.

10,455. Will you have, further on, something to tell us as to the amount of those subventions, and how they work out?—Yes.

10,456. Can you tell us whether this inequality which you have pointed out tends to increase or decrease?—Our contention is that property which is rateable, although, of course, it increases, does not increase in anything like the same ratio as property which is non-rateable. For the purpose of supporting that contention, in a rough and ready way, I have taken figures which show the assessments under Schedule A and Schedule D of the Income Tax for a series of years. Those figures are taken from tables prepared by the Board of Trade, and, taking quinquennial periods, they show in round millions the gross annual value of property and profits assessed to Income Tax for the different periods. Taking Schedule A, for instance, the annual average value of property assessed under that schedule in 1855-9 was 131,000,000*l.*; and running down the column of the quinquennial averages, the figures are as follows:—in 1860-4, 147,000,000*l.*; 1865-9, 151,000,000*l.*; 1870-4, 154,000,000*l.*; 1875-9, 172,000,000*l.*; 1880-4, 190,000,000*l.*; 1885-9, 196,000,000*l.*; 1890-4, 202,000,000*l.*

10,457. Then, will you take the Schedule D?—Taking Schedule D for the same periods, there is shown an annual average value in 1855-9 of 90,000,000*l.*; in 1860-4, of 101,000,000*l.*; in 1865-9, 155,000,000*l.*; in 1870-4, 210,000,000*l.*; in 1875-9, 263,000,000*l.*; in 1880-4, 268,000,000*l.*; in 1885-9, 292,000,000*l.*; and in 1890-4, 350,000,000*l.*

10,458. Then, following that up, can you tell us what the effect has been during the whole of those 40 years?—Taking those figures as a rough index of the relative increase of the two classes of property, they show that Schedule A, representing rateable property, has increased 54 per cent., while Schedule D, representing non-rateable property, has increased 288 per cent. Of course, I am not taking those figures as showing, either now or then, the absolute relation between rateable and non-rateable property at all; I am merely taking them as a rough index of the relative increase of the two kinds of property, for want of a better means to show the point I have here in view.

10,459. Have you any figures that you can put before us showing us in what way Imperial taxation falls on the different classes of property?—Going back to the calculations which Sir Alfred Milner laid before the Royal Commission on Agriculture, I should like to point out that he showed that Commission that Imperial taxation, excluding the Land Tax redeemed, fell at the following rates in the £ on the annual value:—on lands, 16·18*d.*; on other rateable property, 15·31*d.*; and on non-rateable property, 14·41*d.* He also estimated the burden which would fall upon the different classes of property when the new death duties under the Finance Act came into full operation; the figures he put in were these:—on lands, 2·90*d.*; on other rateable property, 1·49*d.*; and on non-rateable property, 1·15*d.* respectively. Perhaps I may be allowed to repeat that those figures are excluding the Land Tax redeemed

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Non rateable property said to increase to a greater extent than rateable.

Imperial taxation. Contributions in respect of different classes of property. Sir Alfred Milner's figures.

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If, however, the redeemed Land Tax is included, as in the opinion of the Royal Commission on Agriculture it should be, and as Sir Alfred Milner included it, the figures would be as follows:—on lands, 19'51*d.*; on other rateable property, 15'60*d.*; and on non-rateable property, of course, the same, 14'41*d.*

Ability to pay. The legislature intended that individuals should be taxed for local purposes according to their ability to pay.

10,460. We have had a good deal of information before us as to the system on which our local taxation is based, and I think its nature is fairly before us; but if there are any particular points in it which you would like to mention we shall be glad to hear what you would wish to say with regard to them?—I do not imagine the Commission would wish me to go into the history of the subject, which is rather voluminous. I merely wish to point out that it was evidently the original idea of the Legislature to tax not property but individuals when the rates were first imposed.

10,461. Are there any special points like that which you have just now mentioned, if so by all means mention them shortly?—Beyond mentioning that single point, that it was obviously the intention of Parliament in the first instance to tax not property but individuals, I need not labour that, I think.

10,462. (*Mr. Elliott.*) And to tax individuals according to ability?—According to ability. I should like just to say that Parliament, in 1840, at the instance of the Poor Law Commissioners, passed for one year the Act under which the liability of persons to be rated in respect of stock-in-trade was abolished; and I should also like to observe, what is pretty evident, that that Act, under which stock-in-trade continues to be exempted, was evidently passed by Parliament merely as a temporary expedient and not in any way as a settlement of the subject.

10,463. (*Viscount Emlayn.*) Apart from the legislation which has taken place with regard to the principles of rating, could you tell us what has been done with a view to trying to remove the inequality of the incidence of local taxation?—The Local Taxation Committee has, of course, concerned itself exclusively with attempting to call attention to the question of the inequality of the burdens of local taxation on real property.

10,464. Since the Local Taxation Committee has come into existence can you tell us what the result of their endeavours has been?—Taking the figures from Sir Henry Fowler's Return of 1893, I find in 1868 the following grants were made by Parliament to local authorities annually:—For teachers in Poor Law schools, 34,500*l.*; for Poor Law medical officers, 104,500*l.*; for police, counties and boroughs, 225,000*l.*; for the metropolitan police, 164,848*l.*; for criminal prosecutions, 150,000*l.*; for county and borough prisons (including removal of convicts from these prisons), 109,000*l.*; for the Metropolitan Fire Brigade, 10,000*l.*; for repairs of Berwick Bridge, 90*l.*; and for industrial schools (local authorities), 3,574*l.*, making a total of 801,512*l.*

10,465. Following on since then, can you tell us of any successive grants made by Parliament?—Of course many alterations have been made since then, the chief alteration having been made in 1888, under the Local Government Act. In 1892 the statement of amounts paid over to local authorities was as follows:—For the Metropolitan Police, 4,300*l.*; for the Metropolitan Fire Brigade, 10,000*l.*; for the repairs of Berwick Bridge, 90*l.*; for industrial schools (local authorities), 28,300*l.*; grants under Local Government Act, 1888, 5,313,278*l.*; and grants under the Local Taxation (Customs and Excise) Act, 1890, for police superannuation, 300,000*l.*, and residue of duties, 815,801*l.*, making a total of 6,482,269*l.*

10,466. In addition to those grants were there not some other amounts which, in your opinion, would not exactly come under the same category?—Yes, in Sir Henry Fowler's Return the grants in respect of education were included.

10,467. Could you give us the amount of those?—The annual grants for day and evening scholars for elementary education (school boards) given in Sir Henry Fowler's Return amount to 1,508,427*l.*, the fee grants to 329,285*l.*, and the grants to school boards in poor districts to 8,395*l.*, making a total of 1,846,107*l.*

10,468. Do I understand that you would not put those last amounts which you have mentioned in the same category as the previous ones?—No. We should like to point out that, although, in Sir Henry Fowler's Return, they were included as being grants in aid of

local rates to a certain extent in the same category as the other grants previously mentioned, yet we consider that it is not fair to treat them in that way.

10,469. Would you tell us why?—Because if Parliament institutes a new liability for a specific object and throws it upon the rates, it saddles the ratepayers with an additional burden; but if it decides to defray the cost either wholly or partially out of Imperial taxation, it is not considered justifiable to claim that amount as a relief of the rates. Of course the liability to provide education out of the rates was imposed upon localities in the first instance by the Education Act of 1870. May I be allowed to point out also, with regard to the grant under the Local Taxation (Customs and Excise) Act, that the whole of the amount was practically appropriated for specific objects; 300,000*l.* was specifically allocated to police superannuation, and the residue of the duties, although not absolutely allocated to technical education, has been, almost the whole of it, swallowed up for that purpose.

10,470. By the action of the county councils?—Yes, by their action.

10,471. What conclusion do you draw from that—that it is not a general relief of taxation?—The point is that it has not gone really to the relief of local taxation generally, but that it has been simply a grant out of Imperial funds, which has gone to special objects which were indicated when the grant was made; one was a specific liability which was imposed upon ratepayers; that is to say, that 300,000*l.* was simply imposed in respect of a specific liability, and the residue of the money has been practically treated as if it were intended for a specific purpose.

10,472. But still, though it was applied to certain definite purposes it was a relief to local taxation, was it not?—It was not a relief of local taxation as then existing, because I think that the money which has been spent out of the funds under that Act for the purposes of technical education has been newly spent, so to say; that is, it has not taken the place of previous expenditure but has been applied to a burden newly put upon the ratepayers.

10,473. It went to relieve a burden recently put on?—The burden was not absolutely put on, of course; but it was a new charge upon the ratepayers.

10,474. With regard to the contributions from the Exchequer, have you anything to say on that point?—I have merely to point out that, so far as they go, they are a recognition by Parliament of the injustice of placing the burden of local taxation on real property alone. I have also—and this is a point which the Local Taxation Committee have made once or twice—to point out that the contributions from the Exchequer do not really come out of personal property alone. It is true that under the Local Government Act in the first instance, and under the Finance Act, and also, I think, under the Agricultural Rates Act, it is stated that certain money is taken out of the proceeds of a tax which falls upon personal property, but it seems to the committee evident that the real charge does not come upon personal property alone but comes upon the general taxpayer, because the deficiency which is made in the proceeds of that particular tax has to be made good out of general taxation.

10,475. Can you tell us how much you would allocate to personal property, and how much to real property, out of the contributions from the Exchequer?—I think I would go back to the figures of Sir Alfred Milner, which show the relative contributions of realty and personalty to Imperial taxation, and which also show that realty contributes more than its share to the general taxation.

10,476. You put it in the same proportions as the proportions which are given in Sir Alfred Milner's return?—Yes.

10,477. You say that the contributions from the Exchequer do not come alone from personal property, but also come from real property; I do not know whether you have worked out at all in what proportions they fall respectively upon personal and upon real property?—We say that the contribution which ostensibly comes out of the Probate Duty, for instance, is really made up out of general taxation. Referring back to Sir Alfred Milner's figures they show that to that Imperial taxation land contributes, say, 19½*d.* per £ of annual value while other kinds of property contribute in the one case 15½*d.*, and in the other 14½*d.*,

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Imperial contributions. Purposes for which given, and amounts. Contributions made to defray cost of new burdens should not be considered as contributions made in relief of local taxation generally.

Imperial contributions are contributed from a fund derived from taxation in respect of both real and personal property. Contribution of land; other rateable property; and non-rateable property. Excise and customs not taken into consideration. Sir Alfred Milner's figures.

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so that Sir Alfred Milner showed that towards the burden of general taxation land contributes in a larger proportion than other property.

10,478. (*Mr. Smith.*) I thought Sir Alfred Milner's figures were 16'18d. for lands?—I beg your pardon, I was at this moment taking the figures including Land Tax Redeemed.

10,479. But that was not Sir Alfred Milner's calculation, was it?—Yes, Sir Alfred Milner put both calculations before the Agricultural Commission.

10,480. You do not give the figures in your memorandum?—No. In my memorandum I have put the figures exclusive of the Land Tax Redeemed, but in my evidence I have also given the figures including Land Tax Redeemed.

10,481. (*Mr. Arthur O'Connor.*) It would be 19d. from lands, and 29d. from the other property, adding the 15d. and 14d. together?—This is the amount in the £ of annual value which the different classes of property pay towards the general burden of local taxation. Sir Alfred Milner divides all kinds of property contributing to taxation into three classes. He divides it first of all into two classes, that property which is rateable and that which is non-rateable; and then rateable property he sub-divides into two classes, first, lands, secondly, other rateable property. He showed that, including redeemed Land Tax, land contributed 19½d. per £ of annual value, while other rateable property contributed 15½d. per £ of annual value, and non-rateable property contributed 14½d. per £ of annual value.

10,482. Your suggestion now would be that lands actually pay more than any other kind of property to Imperial taxation?—Those are the figures which Sir Alfred Milner laid before the Commission.

10,483. (*Sir Edward Hamilton.*) You are only taking the total taxation in respect of property, and you are leaving out of account the Excise and Customs?—That is so; Sir Alfred Milner did not include the Excise and Customs.

10,484. All that Sir Alfred Milner did in that statement was to separate rateable property from non-rateable property?—Yes.

10,485. And to show to the best of his ability what amount of taxation falls upon those two properties respectively?—Quite so. Of course, it is evident that the Excise and Customs could not be so allocated.

10,486. (*Mr. Arthur O'Connor.*) But Excise and Customs are the principal items of Imperial taxation?—Yes, but there is no reason to suppose that they fall unequally on different classes of property or that an inequality in respect of direct taxation is redressed by indirect taxation.

10,487. (*Viscount Emllyn.*) Is there anything else under that head that you would like to add before we go on to the next point?—Perhaps I may be allowed to put Sir Alfred Milner's figures at what I may call their highest; that is to say, at what they work out including redeemed Land Tax, and also including what the effect of the new Death Duties will be. Putting those figures together it will be seen that lands will then bear 22'4½d. per £ of annual value, other rateable property will bear 17'09d. per £ of annual value, and non-rateable property 15'56d. per £ of annual value.

10,488. Is there anything you would like to add with regard to those figures?—No.

10,489. Have you anything that you can tell us with regard to the increase of the rates as compared with the increase in the amount of Imperial taxation during some term of years?—Yes. In 1868 the total amount of rates raised in England and Wales was 16,503,437*l.*, and in 1894 the total amount was 32,223,972*l.*, which shows an increase of 15,720,535*l.*, or 95 per cent., in 26 years. Perhaps I may be allowed to point out that during that same time the total amount of Imperial taxation increased by 21'5 per cent., while the population of the United Kingdom increased by 26'6 per cent. That is merely to show in a general way to what extent the burden of rates is increasing in the country.

10,490. Have you gone at all into the question of the division of those figures as to the rates between town and country?—No; but I should like to point out that at the present moment the whole of what I have been saying is dealing simply with the question of reality and personality, and of course includes town

just as much as country; I am not speaking now from the point of view of the country specially.

10,491. You are not dividing the country from the town?—No; it is simply a question now of all rate-payers against other property not contributing to the rates.

10,492. With regard to the loans to local authorities, have they increased of late years?—Yes. I have the figures here showing the amount of the outstanding loans of local authorities in England and Wales. In 1875 it was 92,820,100*l.*, and in 1894 it was 224,158,379*l.* that showed on the outstanding loans of local authorities an increase of 142 per cent. in 20 years.

10,493. And during that same period can you tell us what has happened with regard to the National Debt?—Yes, during the same period the National Debt has decreased by 13'6 per cent.

10,494. (*Mr. Arthur O'Connor.*) Those figures of the local loans liability do not represent Imperial money only. The 224,000,000*l.* are not owing to the Government and have no connection with national debt?—No; and I was not saying there was any resemblance between the two. I was simply showing, what I think is a rather striking fact, that the borrowing of local authorities increases at an enormous ratio, while at the same time the whole tendency as regards Imperial finance is to decrease the burden of loans. I think that concludes what I had to say particularly, with regard to the question of real property as against personal property as a whole. Then, going on to the other point which I wish to mention, namely, that agricultural land bears an unfair share of local taxation as compared with other real property, the hereditary burden theory has been a great deal brought out in connection with the discussion of this subject, and the local taxation committee have more than once expressed their views.

10,495. (*Viscount Emllyn.*) Would you tell us what those views are?—As defined by Sir Henry Fowler, the theory of hereditary burdens applies to old rates, that is to the poor, county, and highway rates, which, he says, "constitute an hereditary burden on real property, subject to which land has been bought, sold, and inherited during a long series of years."

10,496. Are you quoting now from a report of Sir Henry Fowler's?—That was a quotation from the report of Sir Henry Fowler.

10,497. The report of 1893?—Yes. In the same place an old rate is defined as one which has been levied for 70 years, and it is implied in the report that all rates may in due course qualify by lapse of years as "hereditary burdens." This theory is commonly used as if it applied to land and especially to agricultural land, though Sir Henry Fowler distinctly says: "an hereditary burden on real property." It is evident that it must be as applicable to houses and buildings, for example, which have stood for 70 years as it is to land. And here arises the first difficulty in applying it, say, to a farm. On hundreds, perhaps thousands, of farms new buildings have been erected within the last 70 years. Are the rates, therefore, to be considered an hereditary burden upon the land and not an hereditary burden on the buildings? There might be some better basis for arguing that rates were an hereditary burden on real property, if Parliament had ever deliberately decided that real property and real property alone was subject to local rates. It has not done so. On the contrary the "hereditary burden" of rates was placed by the Act of Elizabeth on "every inhabitant." Up to 1840 they were certainly an "hereditary burden" on stock-in-trade, and they would be so still but for the existence of an annual Act, which might, in theory at least, be dropped at any time. The committee think that no theory of the kind can be held to give the State or the community a right to continue taxation for all time on one class of persons, notwithstanding any changes which may take place in the circumstances affecting that class.

10,498. What committee are you now speaking of?—Of the Local Taxation Committee. If the hereditary burden theory were pressed against agricultural land, it would be equally fair to advance a claim to hereditary privileges. The advantage long enjoyed by agriculture under the corn laws was taken away by Parliament, and no compensating advantage in respect of taxation was afforded to it. If circumstances reducing the value of a particular commodity cannot be considered without relieving the owner of an hereditary burden, circumstances which induced him to give

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Loans.  
Increase of  
loans of  
local  
authorities  
between  
1875 and  
1894, and  
decrease of  
National  
Debt.

Hereditary  
burdens in  
respect of  
real property.  
Proposition  
in Sir  
Henry  
Fowler's  
report referred  
to, and the  
hereditary  
burden  
theory dis-  
cussed.

Rates.  
Increase  
of local  
taxation  
compared  
with in-  
crease of  
Imperial  
taxation  
between  
1868 and  
1894.

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a higher price for it could also not be altered without injustice. If the relief of the poor is an hereditary burden—not on the community but on real property—it would follow that every pauper, including alien paupers, has an hereditary claim for maintenance on the real property of this country.

Value of land, buildings, rail-ways, and other rateable property in England and Wales in 1870 and 1894. *Mr. Shaw Lefevre's return.* (No. 204 of 1895.)

10,499. Have you any tables to put before us, or any figures to give us as to the relation which land bears to other kinds of rateable property?—Yes, the figures which I would give are those which are given in a return of *Mr. Shaw Lefevre's* in 1895, in continuation of a previous return. That return showed that in England and Wales, in 1869-70, the rateable value of land was 39,835,088*l.*, of buildings, 55,157,300*l.*, of railways, 4,871,048*l.*, and of other rateable property, 5,006,898*l.*, making a total of 104,870,334*l.* In 1894 the figures were:—Land, 33,654,550*l.*, buildings, 102,661,924*l.*, rail-ways, 13,871,050*l.*, and other rateable property, 10,894,434*l.*, making a total of 161,081,958*l.*

10,500. What, shortly, do those figures tell in regard to the burdens on land?—They show, of course, that the rateable value of land has considerably decreased during the period 1869-70 to 1894, the decrease in rateable value being about six millions.

10,501. And buildings?—Buildings have largely increased; they have practically doubled in rateable value.

10,502. (*Mr. Wharton.*) Does "buildings" refer to every class of rateable building without respect to whether the building relates to land or not?—"Land" includes the buildings on a farm.

10,503. Then when you say "buildings," does it mean the rateable value of buildings of every sort?—It means practically houses.

10,504. (*Mr. Smith.*) If I might interfere at this moment, "buildings" include the land that the build-ings stand upon?—Urban land certainly.

10,505. (*Sir Edward Hamilton.*) But "land" includes all farmhouses?—Yes.

10,506. (*Mr. Smith.*) In the great increase which you show on buildings you have got the increase of the land on which they stand?—Certainly; perhaps it might be clearer if "buildings" were expressed as houses.

10,507. (*Mr. Dalton.*) And shops and factories as well?—Certainly.

10,508. (*Mr. Smith.*) Taken all round, the land of the country has enormously increased?—Including urban land certainly; "land" here practically and substan-tially means agricultural land.

10,509. (*Viscount Emlyn.*) Including no buildings in it but the buildings of the farm?—Yes.

10,510. (*Mr. Smith.*) The whole land in the country has enormously increased in value, has it not?—The whole land in the country has greatly increased in value, having regard to the urban land, but not agricultural land, the position of which, as far as rateable value is concerned, would be represented by those figures showing a decrease of six millions.

10,511. (*Viscount Emlyn.*) Railways and other rate-able property in the same time have increased?—Railways have increased largely, from 4,871,048*l.* to 13,871,050*l.*; and other rateable property has about doubled.

Rates in the £ in respect of agricul-tural land. *Sir Henry Fowler's* figures discussed.

10,512. Can you give us any information as to what amount of the rates borne by lands, houses, and other property is respectively?—Yes, but I should like just to mention one or two facts with regard to the average rates falling upon agricultural land. I refer first to what *Sir Henry Fowler* stated in his Report, namely: "In the absence of special returns from every parish in the country it is impossible to ascertain precisely what was the total amount of the rates borne by lands, houses, and other property respectively in 1891; but it is practicable from such statistics as are available to arrive at an estimated sum." He then worked out that the average rate in the £ falling upon land—that is, rural land, agricultural land—was 2*s.* 3*d.*, and with certain additions for rates on land situate in urban districts, and for rates raised by commissioners of sewers and drainage and embankment boards, he arrived at the total of 4,259,473*l.* as the amount of rates actually borne by lands. That estimate of *Sir Henry Fowler's* was at the time objected to as representing the figures for only one year, and that

year was believed at the time to be a year of excep-tionally low rates. The returns which have appeared subsequently go to prove that that contention was correct. Rural rates have, we believe, since that time increased. The local taxation returns, which are latest out, show that the following were the average rates in the £ raised by various local authorities in rural districts in 1893-4; by Poor Law authorities, 10*s.* 8*d.*, by county councils, for general county purposes, 3*s.* 6*s.* 8*d.*, and for special county purposes, say, 3*d.*, by rural sanitary authorities 2*s.* 4*d.*, by school boards in parishes 8*s.* 1*d.*, and by highway authorities in rural districts, 6*s.* 9*d.* This would give a total of 2*s.* 10*s.* 8*s.* 8*d.*, practically 2*s.* 11*d.*

10,513. How would that compare with the figure given in 1891?—That compares with the 2*s.* 3*d.* at which *Sir Henry Fowler* arrived in 1891. I believe I have taken exactly the same rates which he took. But I should like to point out that the figure I have given is not a statistical average. For instance, it does not give the average for special county purposes because there are no means of arriving at it. The returns only say that the special rate ran from 1*d.* to 6*s.* 1*d.*; of course, if you take either extreme it would affect the figures, but I think it is fair to take something like the mean between the two for the purpose of arriving at the total.

10,514. Then you do not know that that is the average?—No, it is not the average, but it is the only fair figure which one can take in trying to arrive at anything like the average.

10,515. (*Mr. Smith.*) There are an enormous number of country parishes that have no special rate at all, you are taking the average of such where special rates exist and applying it to the whole of England?—Yes.

10,516. But the vast majority of rural parishes have no special rate of this kind. It is an average that only applies to certain parishes, and you have spread that average over the whole, whether it applies to them or not. Supposing it only applies to 100 parishes in England, it would be correct to say that it has risen from so much in the £ to so much, but if you apply it to all the thousands of parishes in England it would give a very fallacious result?—It is an average in respect of all those parishes in which these rates which I set out exist.

10,517. (*Viscount Emlyn.*) Not an average in all the parishes, because in many of them these rates do not apply?—I was going to point that out. School boards obviously do not exist in every parish, but they do exist in a large number of rural parishes. I am not sure that I can put my hand on the exact number.

10,518. (*Mr. Smith.*) They exist in a distinct minority, is that not so?—They exist in a minority of rural parishes.

10,519. In a very distinct minority?—Yes.

10,520. (*Viscount Emlyn.*) Would not that to some extent modify the figures you have given to us?—Yes. The general result of the figures, and what I was wishing to draw from them, is that the average of 2*s.* 3*d.*, although right at that time, is not so now, but that there has been an increase.

10,521. (*Mr. Dalton.*) Yes, but in the 2*s.* 3*d.* the school board rate was taken at 2*d.*, being spread over the whole country?—I took the rates which *Sir Henry Fowler* has given in his return. *Sir Henry Fowler's* statement is that it includes poor, county, and highway rates with the rural sanitary and the rural school board rates. Perhaps I may be allowed to explain to the Commission that I have taken these figures from the summary of the Local Taxation Returns, Part VII., 1893-4.

10,522. (*Mr. Arthur O'Connor.*) May I ask whether some of these headings do not really overlap, for instance, the "Highway authorities in rural districts." Is that charge not in some cases under the county councils?—No, I think not. There are always high-way authorities in addition to the county council; the county council has only control of the main roads.

10,523. (*Viscount Emlyn.*) It would come under the district council?—It would be the district council in almost every case, I think.

10,524. (*Mr. Smith.*) And I think for the year which you have taken it had not generally passed to the district councils, and that that is the explanation—that the highways in the parishes had not passed to the

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*Mr. R. H. Rev.* district councils at the time that return was printed? —That would be so, I think.

16 July '97 10,525. (*Mr. Dalton.*) The main difference between your figures and Sir Henry Fowler's is in the school board rate; he takes the average rural rate for the school board at 2*d.*?—Yes.

10,526. And you take it at 8*d.*, which, of course, is a difference of 6*d.*?—Yes.

10,527. That is the figure on which he took it, namely, 2*d.*, and if you are to compare the two years, you should go on the same figure in both?—Yes; I quite admit that.

10,528. (*Mr. Smith.*) There seems to be an overlapping between the general county purposes and the special county purposes. You have averaged them both, but the special county purposes only existed in certain cases, as Mr. Dalton has pointed out, and by taking them both you are counting them twice over, because you are taking the general county purpose, which applies where there are no county boroughs; and you are also taking the special county purpose, which only applies where there are county boroughs?—Yes, that is so.

10,529. (*Viscount Emlyn.*) Can you explain that at all?—As I have pointed out, in point of fact in my memorandum, I do not rely upon the figures for the special county purposes at all in making up the average. As regards school boards, it is the fact that I have only taken in the figures the average rate in those parishes in which the school board exists.

10,530. That would make a difference, as between your figures and Sir Henry Fowler's figures, of something like 6*d.* under that head alone?—Yes.

10,531. (*Mr. Wharton.*) And that would raise the 2*s.* 3*d.* into 2*s.* 9*d.*, and consequently the 2*s.* 9*d.* and the 2*s.* 11*d.* would not present so striking a difference?—That is so.

10,532. (*Mr. Arthur O'Connor.*) It would not be as much as 6*d.*, because, as a matter of fact, the school board rates have gone up?—Yes.

10,533. (*Mr. Elliott.*) All this is not very essential to your argument, is it?—No. The point I wish to draw your attention to, first of all, is that it is not quite fair to assume always through this controversy that the average rural rate is only 2*s.* 3*d.* I think, whatever criticisms might be made of individual figures here, it could easily be shown that the rates in various respects have increased; certainly the Poor Rate has increased since 1899, unless I am greatly mistaken.

10,534. (*Viscount Emlyn.*) By any considerable amount?—I am afraid I have not got the Poor Rate Return with me.

10,535. Can you give us the figure of the Poor Rate in the two years?—I am afraid I have not the Poor Rate figure with me; I thought I had. But I have a remark in my memorandum with regard to the Poor Rate to the effect that the figures in the Poor Rate Return show that there has been an increased cost per inhabitant, if it is not an absolute increased cost per £ of rateable value.

10,536. (*Mr. Dalton.*) Since the figures for 1893-94 were prepared, parish councils have been constituted, have they not?—Yes.

10,537. That would make some increase, would it not?—Yes; but it is unnecessary to rely upon any particular statement that the average rural rates have increased, as between 1891 and 1893-4. What I was endeavouring chiefly to point out was that it was not quite fair to assume that what they were in 1891, or even what they were in 1893-4, is what they are now.

10,538. (*Viscount Emlyn.*) You would be inclined to put it at a somewhat higher figure than the 2*s.* 3*d.* which was given in the return for 1891?—We think that, on the whole, the burden of the rural rates in parishes has increased.

10,539. We have had it put down by other witnesses at 2*s.* 6*d.*; are you ready to adopt some figure of that sort?—Yes; I think that would be so from the general evidence, of farmers particularly.

10,540. Taking it at 2*s.* 6*d.* in the £, what would you like to say, then, as to the rateable value of land and the amount of land in urban districts; have you any comparison to make between those?—What I should like to point out is that, of course, the average rate in the £ is higher in urban districts than in rural districts.

10,541. Can you give us figures upon that?—In 1890-1, when the average rate in the £ for the whole of England and Wales was 3*s.* 8*d.*, Sir Henry Fowler calculated that it was, in county boroughs, 4*s.* 6½*d.*, in non-county boroughs 4*s.* 4½*d.*, and in other urban districts 3*s.* 11*d.* In 1893-4 the average for the country had risen to 4*s.* 0½*d.*, so that the other figures also would, no doubt, be increased. I think on the basis, practically, of Sir Henry Fowler's figures it seems to be fair to assume that the average rate in the £ in rural districts is something like 2*s.* to 2*s.* 6*d.* less than in towns.

10,542. (*Mr. Arthur O'Connor.*) Are you not comparing the average of the whole country with the distributed average—an average distributed between county boroughs, non-county boroughs, and urban districts?—No, I am taking again Sir Henry Fowler's figures, in which he showed that the average rural rate in rural parishes was 2*s.* 3*d.* He also showed that the rate in county boroughs was 4*s.* 6½*d.*, in non-county boroughs, 4*s.* 4½*d.*, and in other urban districts, 3*s.* 11*d.*

10,543. (*Mr. Wharton.*) Do you take the average of those three figures?—Taking those three figures alone as they stood they support the contention that the difference, as between the highest and the lowest—namely, 4*s.* 6½*d.* in the county boroughs and 2*s.* 3*d.* in the agricultural districts—is a difference of 2*s.* 3*d.*, practically; it is therefore a fair conclusion to draw that the difference on an average between the town and country is represented by something between 2*s.* and 2*s.* 6*d.*

10,544. (*Viscount Emlyn.*) Then, with regard to the benefit received by the different ratepayers, have you anything to say to that?—I have no doubt the Commissioners have had evidence as regards the contention that if the ratepayer in the town pays a higher rate per £, he, of course, in respect of that payment obtains benefits which the ratepayer in the rural district does not obtain, but I do not know that it is necessary for me to labour that point, because you must have had much evidence as to that.

10,545. I think we have had that put before us pretty fully already?—The other point I should like to suggest as accounting to some extent for the difference between the burden in the town and the burden in the country is the charge in respect of loans. The total amount of outstanding loans of local authorities at the end of the financial year 1893-4 was 224,158,370*l.*, which involved an expenditure during the year of 12,398,329*l.* for payments in respect of principal and interest of loans, including payments to sinking funds. But of the total loans outstanding no less than 88·4 per cent. are classified as incurred by purely urban authorities, and only 0·9 per cent., as incurred by purely rural authorities. Of the remaining 10·7 per cent., divided between urban and rural authorities, school boards outside London are responsible for more than half, Poor Law authorities for less than one-sixth, and county councils for less than one-eighth.

10,546. Can you give us the figures?—Yes, the figures for the outstanding loans of the local authorities in England and Wales in 1893-4 are as follows: taking first the urban, the metropolitan outstanding loans amounted to 43,191,998*l.*, and the extra-metropolitan outstanding loans to 154,745,713*l.*, making a total of 197,937,711*l.* for urban loans, which represents 88·4 per cent. of the total. Then the amount of outstanding loans between urban and rural, not divisible between the two, is 24,137,990*l.* or 10·7 per cent. of the total.

10,547. (*Mr. Wharton.*) When you say "urban and rural" do you mean in districts which are partly urban and partly rural, and which are clubbed together?—No. They are divided according to authorities, between urban and rural authorities. School boards outside London are responsible for more than a half, Poor Law authorities for less than one-sixth, and county councils for less than one-eighth.

10,548. (*Viscount Emlyn.*) I do not quite understand now exactly what you mean by "urban and rural" as regards these outstanding loans; you have one line for "urban" and one for "urban and rural" combined; what does "urban and rural" mean?—"Urban" means purely urban authorities, and "rural" means purely rural authorities, but "urban and rural" includes authorities such as Poor Law authorities which cannot be divided between the two.

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Urban ratepayers. Advantages derived from expenditure.

Loans raised by local authorities, urban and rural.

Rates in the £ in respect of agricultural land said to have increased.

Rates in the £ higher in urban than in rural districts. Sir Henry Fowler's figures.

*Mr. R. H. Rew.* 10,549. (*Mr. Dalton.*) And county councils?—And county councils which also cannot be divided between the two.

16 July '97 10,550. (*Mr. Elliott.*) This is the classification in the Local Taxation Returns, is it not?—Yes.

10,551. (*Viscount Emlyn.*) You have not given the figure yet for the "rural"?—The amount of outstanding loans for the rural authorities in England and Wales in 1893-4 was 2,082,669*l.*, being 0.9 per cent. of the total; the total, as I have already stated, being 224,158,370*l.*

Urban ratepayers. Advantages derived from expenditure.

10,552. Then there are certain advantages, of course, which the urban ratepayer receives and pays for which the rural ratepayer does not receive?—Those are the first two points which I wish to mention, first of all that the urban ratepayer gets advantages which the rural ratepayer does not get; and, secondly, that he pays a considerable excess of rates in respect of loans which have been incurred for remunerative objects, and objects for which he receives a benefit.

10,553. Does that to your mind fully account for the difference between the excess of rates in towns as compared with the country?—I do not say it does fully, but it goes some way towards accounting for the difference in the payment which the urban ratepayer has to make and the payment which the rural ratepayer has to make towards the rates.

Incidence of rates in urban and rural districts.

10,554. Have you considered at all the question of the incidence of the burden of rates in town and country?—That, of course, is a question which is rather a knotty one of political economy; but, if I may be allowed to say so, there are three possible hypotheses. One would be that all rates fall ultimately on the owner; another, that they all fall on the occupier; and another, that they fall partly on the one and partly on the other. It seems to me, if I may say so, that the whole question would be avoided if it might be argued for the moment as affecting the yeoman farmer who occupies and owns his farm, and comparing him with the urban ratepayer who owns the property which he occupies. It seems to me that if you prove a grievance to exist with regard to those two classes, whatever the position might be as to the ultimate incidence of the rates, you prove sufficient to prove the grievance.

10,555. Have you any cases of that kind, which you can tell us about, to lay before the Commission?—Yes, I have one or two cases which I should like to mention, which have been sent to me. One case has been sent to me by the Cheshire Chamber of Agriculture.

Valuation of property occupied and rates paid by certain farmers and also by others engaged in certain other trades and businesses compared. *Mr. Rew's* figures discussed.

10,556. Will you quote it?—I have received it from a farmer who is a member of that Chamber. He says: "I am rated at 49*l.* on a farm of 245 acres, mixed husbandry. My profits last year (1896) were less than 200*l.*, and I am sure many farmers about me did worse. Messrs. R——," he gives me the names, though I have not put them in full, "large corn millers with about 4,000*l.* worth of modern milling machinery, are rated at 537*l.* They have three 3-horse lorries always on the road, drawing flour, &c., made from foreign corn, besides odd horses and carts. I have not one-twentieth of the road work, and not one-fifth of the income from the farm. Then we have T—— and Co., ironfounders and water engineers, with a business of great magnitude and a turnover of not less than 60,000*l.* a year. Works, including valuable machinery of all sorts, assessed at 218*l.*" On the same point, practically, I have had statements sent to me by *Mr. W. J. Dutton* and *Mr. Emberton*, of the Cheshire Chamber, which they have asked me to lay before the Commission.

10,557. (*Chairman.*) Are we to understand that these are actual cases the names of which you can give to the Commission if we desire them?—Yes; in the case I have just read the names which I have indicated by initials I have here in full.

10,558. You were going on to another case, I think?—I was going on to some cases taken from the Nantwich Union. The first case is that of a farmer who occupies a farm of 218 acres, of a rateable value of 360*l.* He pays a rate in the £ of 2*s.* 4*d.*; the total amount he pays to the rates is 42*l.*, and his profit or income, including the cost of living, is 25*l.* The next case is that of a tithe owner, who is rated at 16*l.* on the tithe; he pays a rate in the £ of 2*s.* 4*d.*; the total amount of his rates is 2 guineas, and his profit is 18*l.*

10,559. (*Mr. Arthur O'Connor.*) He must be a very economical man if that income of 18*l.* includes his cost of living. The column is headed "Profit or Income, including cost of living"?—That does not refer to the tithe-owner; of course it means his income in respect of that tithe. It applies, I think, in all the other cases.

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10,560. (*Mr. Elliott.*) Did you not mean to say there that no deductions have been made in respect of the cost of living in arriving at the profit?—Yes. Of course these figures are given exactly as they were sent to me by the Cheshire Chamber, and that is the heading they have given.

10,561. (*Mr. Dalton.*) That heading really only refers to the first item, does it not?—Practically, that is what it chiefly refers to, no doubt. It is often argued against the farmer that the profit he returns does not include the cost of living, and this statement seems to be prepared rather to meet that.

10,562. (*Mr. Smith.*) Does it include his house rent?—No, I imagine not in this case.

10,563. (*Mr. Arthur O'Connor.*) But your answer to *Mr. Elliott* just now appeared to show that this 250*l.* represents his profit without deducting the cost of living; therefore the cost of living must be added to it?—No, I do not take it that way.

10,564. (*Chairman.*) I think you meant just the reverse?—Yes.

10,565. However, we need not occupy further time over this. Perhaps you would look at that heading and see whether you cannot make one which would be more satisfactory; it is clear that it is not of universal application as it stands?—I think there is no doubt about it, that it is as *Mr. Dalton* suggested. It was sent to me by the farmer, and there is no doubt he was referring mainly to his own particular case.

10,566. Will you go on?—The next instance is that of an urban tradesman, who occupies a shop, &c., with a rateable value of 45*l.*, the rate in the £ being 4*s.* 2*d.*, and the total amount paid to rates 9*l.* 7*s.* 6*d.*, while his profit or income is 40*l.* I should say that I was informed by those who sent me these figures—because I put the question to them—that in only one case are the profits estimated; in all the other cases they are statements made by those interested or represented.

10,567. I think I might say this, might I not, that, for practical purposes, in putting this table before the Commission as a matter of comparison, we might really eliminate the last column in it altogether?—The point that it was intended to show is that, whereas the farmer is paying 42*l.* in rates while his income is 250*l.*, the miller, for instance, is paying only 9*l.* 7*s.* 6*d.*, with an income of 400*l.*

10,568. I see; but that, of course, directly points to what probably is going to be your conclusion, that rating should go upon income and not in the way in which it does now?—It is intended, of course, to point out the grievance under the present system.

10,569. Do you not think that, short of attempting to lead up to that conclusion, the table is an instructive one, even without the last column?—If you do not agree with me, say so?—Would it not meet the purpose if the last words of the heading "including cost of living" were left out?

10,570. Of course, I must leave it to you to put the heading which you think most suitable for your purpose?—Perhaps the Commission would allow those words to be left out altogether, or they might be taken out of the heading and put as a footnote to the farmers' own figures. Really, however, what I should like the Commission to allow me to do is to refer back to those who supplied the figures, and to ascertain a little more accurately what the case is.

10,571. I have no objection to your doing that, and then we can, by correspondence or otherwise, settle how the final proof of your evidence is to be arranged to give effect to the exact fact?—Thank you. As I have said, I have the distinct statement in writing, that all these figures are obtained from actual facts.

10,572. Will you go on?—I think I had got as far as the rural miller who occupies a house, mill, &c., of 80*l.* rateable value, and pays a rate in the £ of 2*s.* 4*d.*, which is the same rate in the £ as that paid by the farmer, but only pays in rates 9*l.* 6*s.* 8*d.*, although his profit or income is 400*l.* The next case is that of the urban dealer who occupies a warehouse with a rateable value of 20*l.*, and pays a rate in the £ of 5*s.* 2*d.*, or a



*Mr. R. H. Rev.* total amount in rates of 5*l.* 3*s.* 4*d.*, his profit or income being 50*l.* The next case is a lawyer and doctor.

16 July '97 10,573. (*Mr. Smith.*) Am I to understand that one gentleman combines the two professions of lawyer and doctor?—That is clearly not the case.

10,574. (*Chairman.*) It looks as if this table required a good deal of correction. What is the object of mixing up both rural and urban ratepayers in one table?—I suppose these happen to be the cases which came within the knowledge of these persons. They live in the Nantwich union, and they know one or two cases in towns and of course they also know one or two cases in country districts.

10,575. (*Mr. Elliott.*) This statement takes no account of the Agricultural Rates Act of last session, does it?—No.

10,576. (*Chairman.*) Will you just go on; or is that all you wish to say on the table?—The next case is that of the rural shopkeeper, who occupies a house and shop which is rated at 14*l.*, with a rate of 2*s.* 4*d.* in the  $\pounds$ , the total amount of the rates being 1*l.* 12*s.* 8*d.*, and the profit or income 120*l.* The rural cottager is the next. He occupies a cottage and 5 acres, the rateable value being 16*l.*, the rate in the  $\pounds$  2*s.* 4*d.*, and the rate paid 1*l.* 17*s.* 4*d.*, he makes a profit, including his wages, of 50*l.* Then comes the commercial company, occupying an office, which has a rateable value of 20*l.*, which pays a rate in the  $\pounds$  of 4*s.* 2*d.*, or a total amount of 4*l.* 3*s.* 4*d.*, and makes a net profit of 500*l.*

10,577. What inference do you wish us to draw from the figures in that table?—We intend it to show the different burden of the rates upon the farmer as compared with the burden of those engaged in other trades or professions.

10,578. What is the inference you wish us to draw as between the farmer and the cottager, for example?—As regards the cottager, of course, he is no doubt assessed mainly on his house. His income is one-fifth that of the farmer, while his rateable value is 16*l.* as compared with 360*l.*, the rateable value of the farmer.

10,579. (*Mr. Arthur O'Connor.*) Does the 50*l.* include the cost of living for himself and his family?

(*Chairman.*) I was just going to ask whether you have put the farmer and the cottager on the same terms?—Yes.

10,580. Why do you take wages in the case of the cottager; that is what I do not quite understand?—That would be his profit or income.

10,581. I only want to elicit your view, I do not want to disagree with you. Do I understand that the 50*l.* includes all his wages besides the supposed wages which he derives through the profit on farming his 5 acres, or what is it intended to represent?—That would include the whole of his profits from the occupation of the cottage and the five acres; that is, no doubt, what it is intended to include.

10,582. You say wages included; but probably the five acres might not take up his whole time; suppose he worked for any number of days in the year at harvest, or somewhere; is the 50*l.* intended to include the wages that he gets in money besides, and, if so, why so?—I understand the figures include the whole of his profits and income, including wages.

10,583. Perhaps you had better verify that, as well as the other parts of the table?—I am afraid I have not put any question to my informants as to those particular figures.

10,584. (*Mr. Smith.*) May I ask that it should be also enquired where the gentleman who combines the professions of lawyer and doctor lives, because he apparently is only rated for his office?—Yes.

10,585. (*Chairman.*) We had better, for our confidential use, have the names in this case, in order that we may, if we see fit, verify it?—I will endeavour to obtain them.

10,586. The next heading of your memorandum has to deal with two properties which were sold in Crewe; what have you to say about them?—That is another case which was sent to me by Mr. Dutton, of the Cheshire Chamber, and I was asked to put it before the Commission. The first case is that of a farm of 191 acres, which was sold at Crewe in April last for 9,100*l.*; the gross estimated rental being 268*l.*, and the

rateable value 249*l.* At the same time, or about the same time, an hotel was sold for 9,000*l.*; its gross estimated rental being 130*l.*, and its rateable value 104*l.*

10,587. What inference do you want us to draw from that?—The inference that was obviously intended to be drawn from that is, that, whereas the two properties were of practically the same value, the one was only rated at 104*l.* while the other was rated at 249*l.*

10,588. Going back to the old test that the value of the thing is what the hypothetical tenant will give, is it your suggestion that the hotel is not properly valued for rating purposes, or what is the suggestion, where in your opinion is the fault, where does it lie?—It is evident in that case, that the hotel could not have been rated up to its value.

10,589. Why? Have you anything to show us that the rent paid for the hotel by the tenant was more than 130*l.*?—No, I have only these figures as they were sent to me.

10,590. If the rent paid for the hotel was only 130*l.*, whatever we may think of the prudence of the gentleman who paid 9,000*l.* for it, what would be your comment upon it?—It shows that in that case, at any rate, the person who occupied the property, which was apparently of the value of 9,000*l.*, in the one case had to pay more than double the rates that the other person had to pay.

10,591. I do not want to argue with you; but if the rental of the hotel was 130*l.* where is the grievance?—The grievance is, of course, that in that case the rental or rateable value does not represent the ability to pay of the person who occupied the property.

10,592. (*Mr. Arthur O'Connor.*) Might I ask if you mean that this is a case of free sale at arm's length by two persons who were presumably sane, and not insane?—I believe so; I believe they were sold at auction; at least, I understand so.

10,593. We are to understand that, though the farm is rented at 268*l.*, and the rateable value is 249*l.*, the purchaser thought it worth his while to pay 9,100*l.* for it?—Those are the figures of the sale.

10,594. (*Chairman.*) What have you to say about the next one?—These, as I say, are all cases which have been sent up to me, and I am asked to lay them before the Commission.

10,595. I know. It is all very well to lay the figures before us, but I want to know what is the inference you want us to draw from them; what is the object of putting them before us?—The general object which, of course, runs through the whole of them is to show that rates bear more hardly upon the farmer than they do upon those who are concerned in other businesses—in comparison, that is, with profits; it is going back to that.

10,596. You do not wish to connect the farm of 210 acres with a rateable value of 376*l.* with the others, do you?—No; that is another case.

10,597. What is your comment upon that; what are we to learn from that farm of 210 acres, which has a rateable value of 376*l.*?—The next instance which I am asked to lay before the Commission is that of this farm of 210 acres, with a rateable value of 376*l.* In the adjacent country town various cases were sent to me, and the names were given of ten hotels, for example, which are rated at, in the one case, 63*l.*, running down through various sums to 23*l.* 8*s.*, the ten hotels being rated altogether at 362*l.*, or less than the rateable value of that one farm.

10,598. Do you know what rent was paid for those hotels?—No, I cannot say what rent was paid.

10,599. Then what is the object of this illustration, because we start with the assumption that rates are to be based upon the amount which a hypothetical tenant will give. I do not quite follow what the grievance is here. I am anxious to find out what it is that you wish to put before us, but you are not making it quite plain to me; what is the inference that you wish me to draw from it?—The contention is that the basis is not a fair one; that to make the charges payable to rates on the basis of rent, or rateable value, which is practically the same thing, or substantially amounts to the same thing, is not a fair basis.

10,600. Why not?—Because it does not in the least represent the ability of the persons to pay. The

*Mr. R. H. Rev.*

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Ability to pay.  
Rent not a fair test.

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argument is, in the case of the farmer of 210 acres with the rateable value of 376*l.*, that his ability to pay would be represented by an income of, say, 120*l.* or 150*l.*, taking the basis of the income tax returns for example.

10,601. That is assuming, of course, that the rate falls upon the occupier?—It is assuming that the rate falls upon the occupier. I have already said that it seems to me—if I may be allowed to say so—that if one could treat these cases theoretically as representing the case of a yeoman farmer occupying his own farm, and also treating the case in the town of the urban ratepayer as that of a man who is occupying his own property, then I think you get something like a comparison as to how the grievance really falls, and you get out of the difficulties involved in the consideration of the question of the ultimate incidence of the rates. If it be assumed, for instance, that the man who occupies this farm occupies his own property, then, of course, it is clear that he is rated, and whatever his income might be he is the only person who can pay the rates in that case. If it were also assumed that these hotels or shops were occupied by their owners, then it is perfectly clear that those who occupy them pay the rates, and then it is seen that the relative payment of the two people in proportion to the income they derive from the property is enormously different.

10,602. Of course, in order to get a fair comparison, you would have to take for our purposes, as I suppose you would agree with me, the whole burden which is charged upon these two individuals by all the taxation, both for Imperial and for local purposes?—Yes, and I have already put figures before the Commission to show that land, for example, pays a larger proportion to Imperial taxation than other property.

10,603. That, of course, is a matter which, amongst others, we shall endeavour to investigate?—I have given the figures, which rest on the authority of Sir Alfred Milner.

10,604. I think you want to speak for figures which have been sent to you from the Liverpool and District Farmers' Club?—Those figures, I am bound to say, do not show very much except the conclusion which is drawn from them in the statement sent to me, which is that the total amount of the rate in the £ in the rural townships in that particular part of the country, West Derby Union, was in 1875, 2*s.* 9½*d.*, and in 1895 3*s.* 2½*d.*

10,605. In 1885, the intermediate year, I observe that it was less than either 1875 or 1895?—Yes, it was then 2*s.* 8½*d.*

10,606. I suppose you would probably agree with me that a good deal of that increase or decrease depends upon the ability of the administration?—Yes.

10,607. What is the next point you want to put before us?—One point which has been suggested, which I have to lay before the Commission, is that in rating a farm the assessment is to a greater or less extent not only upon the bare land, plus the landlord's capital spent in improvements, but also upon the tenant's capital, which is equivalent to his stock-in-trade. The working capital of a tradesman is mainly invested in his stock; as he accumulates more capital he increases his stock, which is, of course, not rateable. If the occupier of a farm sinks more capital in his business the effect is that the rateable value of his farm is eventually increased, and indirectly therefore he is rated on his stock-in-trade.

10,608. I should like to have that made quite clear. In what way does the occupier of a farm, as an occupier distinct from the owner, sink capital in his business in such a way as to increase the rateable value of the farm?—All the money which a farmer spends, for instance, in feeding stuffs, manures, and so forth, may, and probably does, if continued, go to increase the value of the farm.

10,609. Does it increase the rent. Nowadays, when we have very properly an Agricultural Holdings Act, those are the things which he gets an allowance for at the end of his tenure; does it increase the rent?—Of course, it may do so, or it may not.

10,610. I want to know if it does—you say it may; I am rather inclined to doubt it, and I should like you to make that clear for me?—I think, undoubtedly, it increases the rent eventually. Of course, I was asking the Commission to assume, in the first instance, that the man is occupying his own land; then, of course, it is clear that if he goes on spending, whether he spends

landlord's capital, or whether he spends tenant's capital, he is adding to the value of the property.

10,611. And, of course, it is equally clear that if you put on an extra story to your house you pay more rates for it?—Yes, certainly; but that, of course, is only an assumption, and if you assume in both cases that the owner is rated, then they might be equal; but they would not be equal in respect of the occupier, I think.

10,612. Do you also put it to me that the occupier pays the rate, and the whole of it?—No; the occupier in neither case pays the whole rate ultimately.

10,613. That is exactly what I expected you to say?—I was asking the Commission to avoid that question by taking the case of the two owners.

10,614. We cannot avoid it in practice unless we can pass a law that everyone is to occupy his own house and his own land; we have got to deal with it the other way, as well as to deal with the hypothetical case that you put?—Yes; but I do not think that the additions to a house are quite in the same category as the spending of a tenant's capital on a farm.

10,615. I take that from you as your contention, but you have not convinced me, I am bound to say, that the outlay of a tenant's capital does tend to increase his rent?—It may not increase his individual rent, but it may, in many cases, go to increase the value of the farm when he leaves. He may improve the farm—supposing the man had it on a lease, for instance.

10,616. (Mr. Arthur O'Connor.) I understand you to convey that if a tenant starves a farm, at the end of a lease it is not so lettable a property as if he kept the farm up to the end in good heart?—That is so.

10,617. (Chairman.) You have something to say about the assessment in the valuation of a farm to the effect that machinery is taken into account, I believe?—Yes, that is another point which is, perhaps, worth mentioning. I have been asked to submit to the Commission that the machinery which is employed upon the farm, is practically taken into account. For instance, if you have an arable tract of land—of course, the land cannot be arable without implying the use of ploughs, and it seems, therefore, that it has no rateable value—except in so far as the necessary implements for its cultivation are used upon it.

10,618. Do you put it to me that in valuing a farm for local rating purposes, ploughs and other instruments are really taken into account?—They are not separately taken into account, of course.

10,619. Are they taken into account at all; when a man values a farm, an agricultural property, do you mean to say that he counts the ploughs, or the harrows, or the rollers, or the mowing machines, and all the rest of it, and says that these things increase the value of the farm on which the man is to be rated?—No, I am not saying that, but I am saying that they must necessarily be taken into account when the farm is valued.

10,620. Are they, that is just the point; I am really surprised to hear you say so?—It is a point which, as I say, I am asked to put before the Commission.

10,621. I will take it that you are asked to put it before the Commission, but what I want to know is, do you agree with it yourself?—I think it is quite arguable, putting it at its lowest.

10,622. Do you put it before me as your opinion that in valuing farms the assessment committees do take into account the agricultural implements which the man is using?—No, but I venture to say that it is quite clear they do, in rating an arable farm, say at a pound an acre, practically include the necessary machinery for keeping it in cultivation.

10,623. I am very anxious to sympathise with you, but I cannot agree with you in that, I am bound to tell you?—For example, if you take the corresponding case of a manufacturer, for instance, in a factory or a mill, or anything of that sort, in that case, I think, a valuer in valuing does attempt to separate the different parts of the property upon which he puts rateable value.

10,624. We had a witness here the other day who said that the practice in different parts of the country varied, and that some valuers did take into account the fixed machinery, the threshing machines, and so on; but you are the first witness who has suggested to us

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Rates in  
the £ in  
the West  
Derby  
Union  
(Lanca-  
shire.)

Valuation  
of a farm.  
Suggested  
that ten-  
ant's capi-  
tal in-  
vested in  
the farm is  
included in  
the valua-  
tion for  
rating  
purposes.

Valuation  
of a farm.  
Suggested  
that the  
machinery  
employed  
upon the  
farm is  
taken in  
account in  
the valua-  
tion.

Mr. R. H. that a man's ploughs and harrows and rollers are taken into account. I want to know whether it is really a point which you are asked, as you express it, to put before the Commission, or whether you put it before us as your opinion on behalf of the Central Chamber of Agriculture?—No, I cannot say that I am representing their views in putting that before you.

10,625. Then I gather from the evidence which you have given and from what you have said on this point in your memorandum, that, at any rate, farmers are of opinion the present system bears unjustly upon them?—Yes; and they also think that a reduction of rates on agricultural land would benefit them.

10,626. I suppose in that they are not singular from the occupier of any other class of property, are they?—No.

10,627. I can fully concur, if you ask me, either as a householder or as an owner of property, I should like to see the rates put down?—I may add, that they think their grievance has been aggravated since the passing of the Finance Act, at any rate the grievance as regards land.

10,628. It has been aggravated since the passing of the Finance Act?—And of the Parish Councils Act.

10,629. And I suppose it has been, to some extent, alleviated by the passing of the Act of last session, about which there was a good deal of controversy?—Undoubtedly.

10,630. Then, as you have given me one expression of opinion, perhaps you will tell me whether that Act is accepted by your clients as in satisfaction of all demands, or whether you still want something more?—I do not think that they consider that Act goes far enough to satisfy their claims. I might also, in mentioning the Finance Act, mention the Local Government Act of 1894, that is another Act which they consider aggravated their grievance.

10,631. Why?—By establishing the new parish councils with the new parochial rates.

10,632. What is the point in the next paragraph where you say that the rateable value in England and Wales has, according to Mr. Shaw-Lefevre's return, fallen by 15 per cent.; what do you want to emphasize there?—I was only leading up to the point that the total amount of rates paid by agricultural land would, of course, be less on the rateable value if the rates had remained stationary; but in the opinion of the farmers at any rate the tendency during that period has been to increase the rates, at any rate they quote the case of the county rates particularly as having tended to increase.

10,633. That only means, does it not, that if you pay 2s. in the pound on a rental of 50l. you pay as much as if you paid 1s. in the pound on a rental of 100l.—that is all that paragraph means, does it not?—It comes very much to that, of course, to a large extent; but that does not entirely account for the whole of it, because they think that the total expenditure on county government, for instance, has increased to an extent which would be more than the difference represented by the fall in rateable value, and they also think that parish councils, as I have said, have added to their rates, and they think, too, that the cost of highways has increased.

10,634. Would you reduce that into figures and show me how much in any case the parish council has added to your rates?—I am afraid I have not any returns to show exactly, but so far as there is a parish council rate at all it is an addition whether it be 1d., 2d. or 3d. in the £.

10,635. Have you any figure from any district of the country to show us over the two years what has been the effect up to the present time of the parish council rate, and what their average rate really is? I daresay we could get it from the Local Government Board, but I do want to know whether you are able to put before us any figures which justify the statement that you have made that parish councils have increased the rates?—No. The only statement that I wish to make is that the parochial rate is a new rate, and, therefore, whether small or great it is an addition. The only other point here would be that the ability of the occupiers and owners of agricultural land has been greatly decreasing. There has been a great reduction in the income from the cultivation of land—a reduction which has not been paralleled in any other industry. I would just give you figures showing the fall of prices.

10,636. I think those are matters of common notoriety and constitute a factor in your case which the Commission will take into account?—May I just give you the figures? From 1866-70 to 1891-5 the fall in the case of wheat has been 49 per cent.; in the case of barley 35 per cent.; and in the case of oats 29 per cent. while beef has decreased from 21½ to 35 per cent. for the lower qualities, and from 10½ to 12½ per cent. for the better qualities; mutton, the lower qualities, has decreased by 40 per cent., and wool, from 1876 to 1896, has decreased in price by about 40 to 50 per cent.

10,637. (Mr. Arthur O'Connor.) May I ask you where those figures were obtained?—These figures were obtained from the Agricultural Returns for 1896.

10,638. (Chairman.) From public documents?—Yes, certainly, a document issued by the Board of Agriculture.

10,639. Would you give us the reference, quoting the page and the column in order that we may see it?—I will add that in my proof.\*

10,640. Then we come to the next paragraph containing that which I have found in the memorandum of almost every witness who has come before us, namely, frank recognition that the subject we have got to inquire into is a very difficult and intricate one and that there is therefore an inclination to place the case before the Commission and to leave any proposals for reform to them. That is a touching proof of confidence in the Commission but I should like to have some practical suggestion from you upon the point, if, having thought it over, you are prepared to make any?—I am sure, speaking for farmers, they have every confidence that this Commission will do justice to their case.

10,641. Yes, but I want to know whether you have any practical suggestion to make to the Commission that we might propose to the Government and that the Government might propose to Parliament?—Perhaps it is hardly necessary to say again that farmers think that to find a really practical remedy for what they consider to be their grievance is essentially the point upon which the Commission, viewing the whole case, as a whole, is far more competent to come to a conclusion than anybody outside can be, but I will, of course, place before the Commission what the Central Chamber of Agriculture has resolved.

10,642. I should like you to come to that. I see you state it in your next paragraph, that the two principles generally accepted as just, if they can be generally applied, are ability to pay as the basis of assessment and payment according to benefit derived from expenditure. Now just take the first of those by itself to begin with. What practical means do you suggest to ascertain ability to pay?—Of course as I have said in my memorandum, that practically involves the payment of rates on the basis of an Income Tax. I see no other conclusion to draw from the suggestion that ability to pay should be gone back to. Of course the principle of ability to pay was that upon which the whole system was first founded.

10,643. You are facing the thing quite frankly and I do not want to take any advantage of you; but I suggest to you that the two things that you have put one after the other, namely, ability to pay as the basis of assessment and payment according to benefit derived from expenditure, are two not only opposite but contradictory principles, and I ask you how you reconcile them in a case which has been put by more than one member of the Commission in question: supposing a gentleman living in a district derives a great part of his income from American or Indian Railways, how are you going to deal with him?—The only practical suggestion on which the basis of the Income Tax could be applied to local rates would be that the Tax should be collected nationally by a department of the State.

10,644. That would satisfy, I daresay, the first of your two principles in a rough way, namely, ability to pay; but how far would it go in satisfying the second of them, namely, payment according to the benefit derived by his property from the outlay?—The suggestion, of course, only goes so far as regards those objects which are of practically equal importance to the nation as a whole.

10,645. Give me an instance of one?—The main tenance of the destitute poor.

\* [Agricultural Returns for Great Britain, 1896. C.—8502 pp XXXIV., XXXV., XXXVII. 8166.]

Mr. R. H.  
Rew.  
16 July '97

Ability to pay.  
Local rates to be levied as an income tax collected by the Government.  
Question of administration and control considered.  
Contribution to rates according to benefits received from their expenditure considered.

*Mr. R. H. Rew.* 10,646. I think I may say that assuming the maintenance of poor in America or India is a charge upon the property of those two countries, why is the man who draws his income from railways in America or India to pay according to that income for the maintenance of the poor in this country?—For the same reason that he pays towards the objects of expenditure which the Imperial taxation goes to meet.

10,647. Do you suggest that the maintenance of the poor is to be put on the same level as the Army and Navy?—Yes.

10,648. And to be administered imperially like the Army and Navy or locally?—It would have to be administered locally; but then that is a principle which I venture to think has been, to a certain extent, adopted already. Imperial funds have been placed in the hands more or less of local authorities for administration—under certain conditions, of course.

10,649. According to your suggestion it is to be entirely transferred to the Imperial fund by an income tax?—Taking that suggestion that the cost of the maintenance of the indoor poor should be a national charge.

10,650. You limit it to the indoor poor to begin with?—Yes.

10,651. I want you to face a difficulty which we should have to face if we were to adopt any such suggestion as that; the Imperial officers would then have to be charged, would they not, with the duty of seeing whether an inmate of a poor house was a proper subject for that treatment?—Of course I speak with all submission, but under the supervision of an imperial department it might be possible to delegate considerable powers to a locally elected body.

10,652. Still, the ultimate power must rest in the hands of either one or the other, must it not?—The power of checking or some power of supervision must, of course, rest in the hands of the National Department.

10,653. Do you wish to emphasise anything in these resolutions the text of which you put before us in your memorandum, but which I think we will not trouble you to read, because I will have them preserved in some form?—No. There is the point that the equalisation of death duties made it all the more important that the burden of local taxation should be equalised. That point is dealt with in one of the resolutions.

10,654. There is one which I am bound to say has some attractions for me, namely, that the rates should in future be divided between landlord and tenant; I observe that was carried by 18 votes to 11?—Yes.

10,655. Do you think that is a proposal which would be generally acceptable to your clients?—Yes, it is a proposal which has more than once been carried in meetings of the Council of the Central and Associated Chambers of Agriculture.

10,656. Have you ever seen any proposal for carrying it into effect, as regards England, in a detailed form?—No, I cannot say I have.

10,657. You were going on to one other point, I think, what was it?—That which is expressed in another of the resolutions, namely, that land which is devoted to agriculture should be assessed to local rates at one-fourth of its annual value. That is a point which has been strongly urged.

10,658. Why do you take one-fourth?—Largely because of the precedent which exists in the case of the sanitary rates. That, as I think, had a great deal to do with it.

10,659. Do you apply that to all agricultural land wherever situated?—Yes.

10,660. How do you define "agricultural land"?—As land devoted to the purposes of agriculture for farming.

10,661. No doubt, but what is agriculture—would you include market gardens and what is known as accommodation land?—Yes, I think it includes that.

10,662. You would include that?—Yes, I think market gardens must be included with agricultural land.

10,663. Is there any other point you wish to bring before us? Of course I am rather at the disadvantage

of not coming in at the beginning of your examination, though I have read your memorandum. Is there any point which you would like to say anything upon before the other commissioners put you questions?—The only other point in the resolutions which I should like to draw attention to would be that with reference to the Agricultural Rates Act. The Central Chamber very greatly objected to farm buildings being classed with houses and not with land; they considered that the buildings necessary for the occupation of a farm ought to be included with land, as they form practically an essential part of the land and cannot be properly divided from it. Then I have a memorandum on the history of local rates, so far as the Local Taxation Committee is concerned, although I do not know if it is of any interest to the Commission.

10,664. Of course we will not make it part of your evidence, but I shall certainly be very glad to see it, and I will undertake to read it?—I will hand it in. (*Handing in memorandum.*)

10,665. (*Mr. Smith.*) I think your evidence divides itself into two parts, first, that real property pays too much as contrasted with personalty?—Yes.

10,666. Secondly, that agriculture pays too much as compared with other real property?—Yes.

10,667. You quote Sir Alfred Milner. Would you refer to your paper and tell me this: Sir Alfred Milner says the annual value of lands is 49,918,740*l.*, and of other rateable property 160,640,835*l.*; does he include in that 49 millions, land let on ground rents on which buildings stand?—No, I think not.

10,668. Then it should rather be agricultural land, should it not?—This is described in his table as lands under Schedule A.

10,669. Then it would not show land that was included in the value of a house as site value?—No, it would not.

10,670. It would only include the vast quantity of building land at an agricultural valuation as unbuilt upon land, land worth, possibly, thousands of pounds an acre in the market, but by the will of the owner unoccupied except for agricultural purposes?—Yes, it would include it, of course, at the value put upon it for Income Tax purposes, whatever that might be.

10,671. The value for the time being?—Yes.

10,672. Similarly, in the comparison between the value of lands under Schedule A. and profits under Schedule D., of course you have shown there the great increase in the assessment under Schedule D., as opposed to the assessment under Schedule A.?—That is what the figures show.

10,673. The increase on land is entirely due to land becoming building land, is it not?—Certainly; of course it is due to the increase of urban land.

10,674. In your evidence you have shown that there has been a depreciation of purely agricultural land?—Pardon me; of course the first column is not land, it is land and houses together.

10,675. It is clearly not due to agriculture?—That is quite clear.

10,676. You have added something that Sir Alfred Milner omits, I think, namely, the Land Tax?—I beg your pardon, he did not omit it; he gave the two calculations, and I gave the two calculations.

10,677. You say in your memorandum that he excluded it, which is very much the same thing?—I beg your pardon, he did not exclude it at all from his table.

10,678. I think paragraph 6 says this: "Sir Alfred Milner calculated that Imperial taxation (excluding "Land Tax Redeemed") falls at the following rate in "the £: Lands, 16*l.* 18*s.*"?—I am sorry if that gives a wrong impression. He distinctly gives the two sets of figures, one including Land Tax Redeemed, and one excluding Land Tax Redeemed. I merely took it excluding the Land Tax, simply because I was anxious not to overstate the case. I took it at its lowest by excluding Land Tax Redeemed.

10,679. You show, of course, in paragraph 19 that there is a difference between 1868 and 1894 in the total amount of rates raised in England and Wales; you say it was 16,503,437*l.* in 1868, and that in 1894 it was 32,223,972*l.*?—Yes.

10,680. Should I not be right in assuming that almost the whole of that increase was due to town rating?—Yes, I think so, practically.

*Mr. R. H. Rew.*  
16 July '97

Agricultural Rates Act. Objection to agricultural buildings being separated from the land for purposes of valuation

An undue proportion said to be paid in rates in respect of real property compared with personal; and also in respect of agricultural land compared with other real property. Sir Alfred Milner's figures.

Resolutions passed by the Central Chamber of Agriculture.

Division of rates between landlord and tenant.

Agricultural land should be assessed to rates at one fourth of its annual value.

Mr. R. H. Rew. 10,681. You do not seriously put, before us that agricultural rates between those two dates have increased materially, do you?—No, that is not part of the contention.

6 July '97 10,682. Therefore that increase is purely due to urban rating?—Yes. I am dealing, of course, in that part of the evidence, entirely with the question of real property and personal property, not with land in particular.

Loans, increase of, due to borrowing by urban authorities. 10,683. I understand. Now, referring to paragraph 21, there you give the total amount of the outstanding loans to local authorities as being 92,820,100*l.* in 1875, and 224,158,370*l.* in 1894, and you have shown by a subsequent paragraph that that is almost entirely due to urban borrowing?—Yes.

10,684. And mostly, as you say, for probably productive expenditure?—Expenditure from which the ratepayers derive a benefit.

Hereditary burdens. Sir Henry Fowler's views. 10,685. You spoke of the hereditary burden theory, and you confined it, I think, quoting Sir Henry Fowler, to three rates practically, namely, the Poor Rate, the County Rate, and the Highway Rate?—Yes.

10,686. And you treated as an hereditary burden a rate that had been a rate in existence for 70 years?—No, I did not, but Sir Henry Fowler did.

10,687. You only quoted Sir Henry Fowler?—Yes.

Agricultural land, decrease in value of, and increase in value of buildings. 10,688. Similarly, on paragraph 23, I want to know whether you say that land which was worth 39,835,088*l.* in 1870, and only 33,654,550*l.* in 1894,\* is purely agricultural land?—Yes, substantially.

10,689. Buildings which had increased apparently from 55,157,300*l.* to 102,661,924*l.*, would include the land upon which they stood?—Yes.

10,690. So that, treating land as being of a certain quantity in the United Kingdom, it has enormously increased in value as a whole?—I do not know about its having enormously increased in value; of course that part of it which has been built upon in the towns has increased in value.

Agricultural land, decrease in value of, and increase in value of land in towns. 10,691. Do you not think its increase has far more than balanced the loss that there has been on agricultural land, which is 6 millions; do you not think that has been far more than made up by the increased value of land near to towns and in towns?—Yes, in towns, perhaps.

10,692. You have lost on agricultural land, according to your own figures, in 14 years about 6 millions, is that not so?—Yes.

10,693. Have you any figures to show, or do you dispute the fact, that the increase in the value of land that happens to be in towns or near towns has not far more than made up the loss on agricultural land, and that there has been, on the whole, a great increase?—I could not say.

10,694. You would not dispute the fact?—Of course, I am hardly in a position to dispute it.

10,695. Has it never occurred to you to test the fact?—No, I do not quite see how it is possible to test it. Perhaps I may be allowed to say that I do not agree that that fall in value of agricultural land, 6 millions, represents the whole fall in the value of agricultural land. That is the fall in rateable value, but rateable value does not represent entirely the fall in the value of the land.

10,696. We are dealing in both cases with rateable value, and therefore what would apply to one would apply to the other practically; if you take capital value, I should have to increase the value of the other item?—I am not speaking of that at all; I am speaking of how far rateable value represents the actual fall in the rent in the case of agricultural land; that fall is not sufficiently represented by the decrease in rateable value for two reasons; first of all, that in many cases the assessment committees do not follow rent in arriving at the rateable value, and in most cases where they do not do so the rateable value exceeds the rent.

10,697. Is it your experience that, as a rule, the assessment committees throughout the country over-value or under-value the land?—I do not know whether my opinion would be of very great value on that; but I should say there are a great many cases in which they over-value it at the present time; notably those cases that I have mentioned, which are very common in the Eastern Counties now, where they do not follow rent.

Mr. R. H. Rew. 10,698. I am very anxious to clear up this question about the School Board, because that has exercised my mind a good deal. You rather dispute Sir Henry Fowler's figures, and say his 2*s.* 3*d.* is not accurate, and you seek to make it 2*s.* 11*d.*—I do not say it is inaccurate for that year.

10,699. But you said it was an exceptional year?—I said in some cases the rate had risen since then.

10,700. He took the year 1891, and you said there was reason to believe that that was an exceptional year?—Yes.

10,701. You seek to bring his 2*s.* 3*d.* now to 2*s.* 11*d.* practically, is not that so?—I have already admitted that it cannot be put so high as that.

10,702. What you really have done with regard to the School Board is this: you have ascertained from some return that the average school board rate in the rural districts varied from 7*d.* to 8*d.*, was that not so?—The returns from which these figures are taken are the Local Taxation Returns.

10,703. You found that those were the averages of the school boards in parishes where school boards exist?—The average of England was 7*d.*, and the average of Wales was 8*d.* I have taken the figure between the two.

10,704. Where school boards exist, you have assumed that 8*d.* was the average, and you have applied that to all parishes whether they existed or not; is that what you have done?—Yes.

10,705. I only want to make it quite clear; therefore, that figure is fallacious?—It does not represent the average for the whole country.

10,706. You must know, as I know, that the vast mass of rural parishes have not got school boards?—Quite so. Perhaps I may be allowed to say that I was not concerned necessarily to show an increase in rural rates.

10,707. I thought you rather elaborated that with a view to show that Sir Henry Fowler's 2*s.* 3*d.* could not now be taken as accurate?—I still think it is not fair to take the figures of one year in either case as applying to all time or for a length of time.

10,708. You cannot tell us anything about the average of the urban rates except from some returns of Sir Henry Fowler's?—Quite so.

10,709. Therefore, you quote Sir Henry Fowler as regards the urban rate, but you dispute him as regards the agricultural rate; or, rather, you seek to increase the figure at the present time?—Yes, but I have not gone into the urban rates.

10,710. The ultimate conclusion was that you practically accepted the figure of 2*s.* 6*d.* as being about the rural rate?—Yes, I think that would fairly represent it at the present time, more than the other; and, if that is so, of course it shows an increase of 3*d.*

10,711. When you amend the table from the Nantwich Union, would you kindly say whether the farmer has included anything for his house rent as well as his cost of living in that 250*l.*?—I will ascertain that.

10,712. The other people must live somewhere, and must be rated accordingly. Do you happen to know anything of yourself of the facts about the hotel that was sold for 9,000*l.*?—No, I only give the figures as sent to me.

10,713. Do you know whether it was bought by a brewer?—I cannot say.

10,714. Perhaps you would ascertain that too. You know nothing, of course, of the area of the land upon which those 10 hotels and 10 shops stand?—No.

10,715. You have contrasted them with a farm of 210 acres?—Yes; but the land on which they stand would be, of course, almost infinitesimal compared with the farm.

10,716. So I thought. In the case of the West Derby Union, which you illustrate as showing rather an important increase in rating, that is to a large extent an urban union, is it not?—I believe it is.

10,717. Does it not extend over a large part of Liverpool?—I do not know how far it includes Liverpool proper, but I believe it does practically include part of Liverpool to a large extent. Of course these figures are given as the increase in rural townships.

10,718. I quite appreciate your point, that in urban districts people receive many benefits from the rates

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School board rates. Sir Henry Fowler's figures.

School board rates. Mr. Rew's figures.

Valuation of property occupied and rates paid, by certain farmers, and also by others engaged in certain trades and businesses compared. Mr. Rew's figures.

\* Mr. Shaw-Lefevre's return of Rateable Value of Lands in 1869-70 and 1894. House of Commons Paper, No. 204 of 1895.

*Mr. R. H. How.* which they pay; but you have never attempted to compare, have you, the purely rates of burden in town and country? You have told us, you know, about the poor, the highways, and the county rates, which would be equivalent, I suppose, to the borough rate; but you have never compared those rates in town and country to see whether the towns are paying on rates of burden more or less than the country, eliminating altogether rates of benefit?—I quite understand you. I am afraid I have not any figures to show that.

10,719. You have not thought it worth while to inquire into that?—I have no figures here on that point.

10,720. (*Mr. Dalton.*) I think you have stated that in the table in paragraph 23, which is taken from Mr. Shaw-Lefevre's return, "land" is practically agricultural land?—Yes.

10,721. I do not think that is quite the case; I have Mr. Shaw-Lefevre's return here. In the first instance the return was to include under "land" the whole of the tithe rentcharge, was it not?—Yes, that is so.

10,722. Then you would have to make a deduction first of all for the value of the tithes at the two dates to get at it?—Yes.

10,723. In the Order of the House of Commons for the Return it is quite correct to say that "land" was to include farm houses and buildings, and was to exclude land occupied as railways and canals and quarries; but there was no direction given that it was to exclude building land, and I presume it did not exclude building land?—No, it did not exclude building land—land of course that was not built upon.

10,724. Take London, for example, the rateable value of land there given at about 70,000*l.* I think; you would not suggest that there is 70,000*l.* worth a year of purely agricultural land in London?—No, I should think not.

10,725. But the building land has gone up in value in the interval between 1870 and 1894?—Yes.

10,726. Therefore the 15 per cent. would not represent the total fall in the value of the agricultural land?—No.

10,727. Some of the items under the head of land there have gone up, and if you take that into account you must allow a bigger fall in the value of agricultural land during the interval, must you not?—Yes. I mentioned also the point as regards the fact that the rateable value does not always follow the rent; but there is still another point, I think, which might be mentioned, and that is that a large amount of the fall in rent, for instance, has been by way of temporary abatements and temporary remissions, which do not show in the returns of rateable value.

10,728. I think you took exception to Sir Henry Fowler's return because he included the grants in aid of education, on the ground that if Parliament institutes a new liability for specific objects and throws it upon the rates it is not justifiable to claim that amount as a relief of the rates?—Yes, that is the ground on which the Local Taxation Committee object to that being treated in the same way as the other grants.

10,729. If you were to exclude the education grants on that ground, you would have to exclude a considerable number of other grants as well, would you not; for example, the disturnpiked roads that were thrown upon the rates by comparatively recent legislation?—But they were not exactly a new charge upon the rates in the same way, were they?

10,730. They were paid for out of the tolls until the roads were disturnpiked?—Yes.

10,731. Then industrial schools, too, were a new charge on the rates, and registration and technical education; it would be very difficult indeed to take these other grants, other than education and to strike out certain items in them on the ground that they are in respect of new purposes thrown upon the rates?—Yes, that is so, no doubt; but so far as that goes that, I think, only increases the force of the objection, that all the grants that have been made in aid of rates have not, altogether, gone actually in relief of rates in the strict sense of the term.

10,732. But it was in no way stated in Sir Henry Fowler's return that they had?—I am not, of course, putting it on the ground of an objection to the accuracy of Sir Henry Fowler's return.

10,733. I think you also took exception to the year 1891 being taken in his return, as the year to compare with the earlier ones; but, as a matter of fact, was that not the latest year possible at the date of his return?—Yes, entirely so.

10,734. You do not mean to suggest that it was unfairly selected?—Not for a moment, I do not mean that. What we do object to is that that particular figure of 2*s.* 3*d.* should be assumed for a long period afterwards as being the amount of the rural rates.

10,735. You used the term unfair, but you referred to the unfair inferences that may have been drawn from it since?—Quite so.

10,736. Not anything unfair in the report itself?—No, I did not suggest that there was anything unfair in the report itself.

10,737. A question has been raised on your figures as to including or excluding the redeemed Land Tax; have your Committee any opinion upon that point, whether, in determining what future charges should be thrown upon personalty or realty, any account should be taken of the Land Tax which is redeemed?—I think, on the whole, both the Committee and the Central Chamber would agree with the conclusions which were arrived at by the Royal Commission on Agriculture. Perhaps I might be allowed to quote from the Royal Commission on Agriculture on that point.

10,738. (*Chairman.*) No, refer to it please, we cannot have the evidence re-given, because it is in a published document already?—I am referring to the Second Report of the Royal Commission on Agriculture, C. 7981. and to paragraphs 21, 22, 23, and 24 particularly, to which I would venture to call the attention of the Commission.

10,739. (*Mr. Dalton.*) Have your Committee made any list of the rates of burden and the rates of benefit?—No, I am afraid I have no list to put before the Commission.

10,740. I think one of the recommendations of the Committee is that the rates should in future be divided between landlord and tenant; do you think that will in any way affect the ultimate incidence of the rates?—No, I do not think it very much affects the real burden of the rates at all. I might, perhaps, be allowed to say that it is not a recommendation of the Local Taxation Committee, but is a resolution which has been passed by the Central Chamber of Agriculture.

10,741. If it has no effect upon the ultimate incidence of the rates, what is the precise object of recommending that it should be made?—I think farmers have a sort of general idea that it would for the time being relieve them to a certain extent of the burden pressing upon them as compared with owners, and they also go, I think, a good deal upon the fact that it is the law in Scotland.

10,742. What do you think the effect would be on local administration, would it conduce to extravagance?—Of course, theoretically, it would do so, but I doubt rather whether the effect of the burden of half the rates on the persons who are concerned in local administration would not almost be as great as that of the whole; but still it is quite arguable that it would not be so, and that, therefore, it would conduce to extravagance.

10,743. Has the Local Taxation Committee any strong view upon the subject, one way or the other?—No.

10,744. (*Mr. Arthur O'Connor.*) In paragraph 4 of your memorandum, I see that Sir Alfred Milner is shown to have valued lands at some 50 millions; I understand you to say that "lands" there means agricultural lands?—Substantially it means agricultural land as assessed to the Income Tax; that was the basis of the figures upon which his calculations were made.

10,745. Turning to paragraph 23, I see that "land" is separated from "buildings," and that in 1870 land was rated at 39 millions, and in 1894, at 33 millions, a decrease of six millions; but comparing those figures with the figures in paragraph 4, you will see that there is a difference of 50 per cent. in the value of land?—50 per cent.?

10,746. Yes, there is a difference between 33 millions and 49 millions, which is a difference of 50 per cent.; can you account for that?—The figures of the rateable value would necessarily be lower than any which were based upon the Income Tax Returns.

10,747. (*Mr. Dalton.*) Besides, one set of figures is for England and Wales, and the other is for the whole

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Land Tax redeemed. Sir Alfred Milner's figures.

Division of rates between landlord and tenant discussed.

Valuation of agricultural land. Decrease. Statistics.

*Mr. Shaw Lefevre's Return, (No. 204 of 1895.)*  
Meaning of "land." Fall in value of agricultural land.

Contributions made to defray cost of new burdens should not be considered as contributions made in relief of local taxation generally. Sir Henry Fowler's figures.

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of Great Britain and Ireland?—Yes; that, of course, would largely explain the difference.

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10,748. (*Mr. Arthur O'Connor.*) Does that mean that Ireland and Scotland represents 16 millions?—The two figures are not the same, but still the addition of Ireland and Scotland would very largely account for the difference.

10,749. I am willing to appreciate your very interesting, and, if I may be allowed to say so, remarkably able memorandum, but that is one of the difficulties which has occurred to me—I do not see how to reconcile the figures?—I think if you take the fact that the figure in the one case represents the United Kingdom, and the figure in the other England and Wales, that will go far to account for it; but at the same time, I do not think that in any case figures based on the Income Tax Returns would be absolutely identical with figures based on rateable value, and rateable value would probably be lower.

10,750. On the point of principle, why should the rateable value be lower for local purposes than for Imperial purposes?—I am afraid I am not prepared to say off-hand why it should be; but the fact is that it is so on the whole.

10,751. Then, again, I see that this annual value of 49 or 50 millions, representing lands, is under Schedule A. P.—Yes.

10,752. Cast your eye to paragraph 5; there you will see Schedule A. is put down as 202 millions?—Yes, but then the Schedule A. in the one includes lands and houses; but lands, of course, are not all Schedule A., they are only part of Schedule A.

10,753. But now, as I understand, they do value in agricultural districts, at any rate, the land separately from the houses?—For the purposes of the Agricultural Rates Act that is so.

10,754. Whatever the purpose they do it?—Yes.

10,755. The thing, therefore, is practicable, it is possible?—To separate the land from the house—undoubtedly.

10,756. We may assume that as it has been done in one place it may be done in another?—Yes.

10,757. Can you see any difficulty in carrying the same system of distinction into urban districts?—Separating the land from the house?

10,758. Yes?—That involves a large number of considerations; I should hardly like to express an opinion.

Land and  
its pro-  
ducts.  
Who  
should bear  
the burden  
of rates.

10,759. In paragraph 5 again, under Schedule D. as a heading, you give a number of figures; what does Schedule D. represent?—It represents a lot of things, substantially it represents, one may say, trade profits; that is, I think, the main item in Schedule D.

10,760. Dealing in commodities, is that so?—Yes, with all the business of the country so to say, all the trade and manufacturing interests of the country practically. Substantially speaking, it represents the trade and manufacturing industry of the country.

10,761. Commodities of one kind or another?—Yes, all the manufacture of commodities, &c., and dealings in commodities, would come there, I suppose.

10,762. Where do those commodities come from?—They come from so many sources.

10,763. Ultimately?—Where do they come from ultimately?

10,764. Yes?—I am afraid I do not quite follow.

10,765. Coal is one, corn is another; where do they come from?—Of course they come out of the ground if that is the point.

10,766. Exactly; that is the point I want to bring out; all these things that are personal property ultimately come out of the land?—No, pardon me I do not think so.

10,767. Or out of the air or out of the sea?—Yes, of course that is so.

10,768. Which do they come out of—the sea?—No.

10,769. Do they come out of the air? or do they come out of the land?—The raw material, of course, in every case must come out of the land, but the raw material

does not in the least represent the whole of the value of the products of the trade of the country.

10,770. What do you call the raw material. Take such a commodity as iron, for instance. What is the raw material of iron?—Iron ore.

10,772. Where does it come from?—Out of the land. I say that raw material must, of necessity, come out of the land, but that does not in the least represent the whole of the trade under Schedule D.; raw material represents an infinitesimal part of the whole trade.

10,773. I suppose even hailstones are only condensed vapour which have arisen by evaporation from the land?—I am afraid I can hardly give answers on such points.

10,774. I suppose that all agricultural products and all other things that men can handle or make, or sell or buy, ultimately come out of the land?—Yes; the raw materials all do so, I suppose.

10,775. It is the great storehouse from which everybody has to draw such resources as he happens to have?—Yes; the raw material of course.

10,776. And those resources are produced and exchanged and utilised by the great mass of mankind?—Yes; after having been treated by a vast number of processes in most cases.

10,777. All of which are industrial processes?—Yes.

10,778. It has to be treated by human industry?—Yes.

10,779. The great mass of mankind; are they the owners of the land?—No.

10,780. Then the great mass of mankind are dependent for their raw material upon the land and the owners of the land?—Yes.

10,781. Ultimately all mankind has to depend on that land?—Yes.

10,782. In whose ownership is the land?—Land is owned by the landowners.

10,783. Are they a very large proportion of the community?—No; they are a comparatively small portion of the community if you take agricultural land.

10,784. As the community increases does the value of land in the hands of landowners increase or decrease?—It tends to increase, of course.

10,785. If population falls off and disappears the value of the land, I suppose, diminishes in proportion—it does anyhow?—It does, generally speaking.

10,786. In the City of London it has increased?—Yes.

10,787. When by reason of the increase of the population—of the industrial community as distinguished from the land-owning community—the value of the land has gone up immensely, who benefits—the landowners?—Yes; the owners of the land at the particular moment, of course, must benefit.

10,788. Do you assent to the proposition generally that he who reaps the benefit should bear the burden?—Yes, in the main.

10,789. Under those circumstances do you see any reason why those who own the land, which is the storehouse on which mankind have to depend, should bear the burdens?—Yes; I see considerable reason why they should not bear the whole of the burden, because they are by no means the only persons who benefit.

10,790. I am very glad to hear that—go on and develop that; show how you think it ought to be distributed according to the incidence of the benefit?—I think it goes almost without saying that the inhabitants of the country share in the benefits derived from the expenditure out of, say, Imperial taxation, and out of, as we think, a certain part of local taxation. The whole of the inhabitants of the country share more or less in the benefits derived from it. I do not think that you can say that any particular class of the community enjoys the sole benefit.

10,791. I suppose those who do not own the land have to make a render to those who do for permission to be on the face of the earth?—I beg your pardon.

10,792. Those who do not own the land have to be or somebody else's land?—Yes; that follows, I suppose.

10,793. And for their presence on that land they have to make a render of some kind to the owner?—Yes.

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Benefits  
derived  
from Im-  
perial and  
local taxa-  
tion by the  
commu-  
nity.

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10,794. They must live somewhere?—Yes.

10,795. We call that rent in this country?—Yes.

10,796. Is it not out of the rent so obtained that the owners of the land defray all that they do defray?—It must be so, assuming, of course, that they are owners of land and nothing else.

10,797. Therefore it is that part of the community which is not the landowning part which furnishes that part which is the landowning part with the means of defraying that portion which the landowning part does defray; is that not so?—Well, a certain part of them do, of course. If I understand you to say that every person in the country pays rent, I suppose that is in the long run substantially correct.

10,798. I will put it in this way. Is it not really the industrial community that ultimately has to furnish forth the means of meeting everything in the way of charge?—I am not quite sure that that is so.

10,799. If the industrial community does not supply all the means which ultimately are available for meeting all charges, what is the part that it does not supply?—I am afraid I am getting into rather abstruse problems of political economy. I am afraid my evidence is of no great value on these points.

10,800. Now let me go to paragraph 14 of your memorandum. I see you speak there of the successive grants which have been made by Parliament at different times, and you show apparently a total paid over to local authorities of more than six millions?—Yes.

10,801. This is in connection, of course, with the representation that the local authorities are heavily charged, have not the local authorities been relieved from time to time of certain charges as an offset against these things?—This figure, I think, represents the amount of relief which has been given to the local authorities.

10,802. Does it? Used not the local authorities to be charged with the maintenance of the prisons?—Yes, I beg your pardon, there are exceptions.

10,803. But you state nothing about that in your paper?—I do not think I have said it in my evidence; but, as a matter of fact, I have referred to it.

10,804. So we must not take your memorandum as a complete exposition of the situation?—I think, so far as it goes, I have endeavoured to deal fairly with the question. I do not mean to say it covers the whole question; that would be a very large order.

10,805. Have not the local authorities been relieved of the charge of prisons?—Yes.

10,806. But that is not in your memorandum?—No. Might I be allowed to say, that as a matter of fact, I did not in the least intend to deal unfairly with it, because I prepared a memorandum which does show, absolutely, what the history of the whole subject is, and in the memorandum which I have handed to the Chairman the point is mentioned. I have not excluded reference to it.

10,807. Now, with regard to the total rates raised in England and Wales, in 1868 it was over 16 millions, and in 1894 over 32 millions?—Yes.

10,808. Does not that 32 millions really include a considerable repayment on account of moneys borrowed since 1868?—Yes. I think I have referred to the fact that part of the burden on the rates—

10,809. I only want to get your answer; it is so?—Yes.

10,810. If I borrow 100l. at any percentage, am I in a position to say I am 100l. in debt, without mentioning the fact that I have got 100l. in my pocket?—But I have mentioned the fact of the debt.

10,811. The localities which have gone into debt have gone into debt because it suited them?—Undoubtedly.

10,812. Because it was to their advantage?—Purely. I should say so.

10,813. And they have got public money, in many cases on very easy terms, for their own purposes?—Certainly.

10,814. All this amount of indebtedness, then, may represent advantage rather than detriment?—Undoubtedly it represents advantage to those who are now enjoying the benefits from it.

10,815. And as far as charge goes all that ought to be considered in connection with this indebtedness is the interest which they have to pay, because the capital they received in the first instance?—Yes, the interest and the sinking fund.

10,816. Will you kindly look at the instance which you have given in paragraph 33, in which you contrast the rural with the urban industrial man. A gentleman is rated as a farmer at 494l. on a farm of 245 acres, mixed husbandry; his profits are less than 200l. We know nothing about his capacity as a farmer, but we will assume that he is an average one; and he says that some farmers are even worse off than himself?—It would not be extraordinary, of course, that a man rated at 494l. should only make a profit of 200l.; that is not an extraordinary case at all.

10,817. No. I do not think it is. Then he says that "Messrs. R——, large corn millers, with about 4,000l. worth of modern milling machinery, are rated at 537l." As you have already told us, the ground they occupy, as compared with the farmer's area, is very small?—Yes.

10,818. Let us pursue the inquiry a little further. "They have three 3-horse lorries always on the road, drawing flour, &c., made from foreign corn"—that, of course, is natural from a farmer—"besides odd horses and carts." How many men do Messrs. R—— employ?—I am afraid I cannot tell you.

10,819. A considerable number?—No doubt.

10,820. First of all they employ the men in the mill, then they employ the men who drive the carts, then they employ their stablemen and agents?—Yes.

10,821. All these people are at wages, are they not?—Yes.

10,822. And they live in houses?—Yes.

10,823. And those houses, directly or indirectly, are rated to local rates, are they not?—Of course in a good many cases they would be indirectly rated; that is to say, they would be compounded for.

10,824. Then do you not think it would have been fair for this farmer who complains of his rent and his rates to have reckoned how much employment this miller gave, and how much the parish received indirectly through the distribution of his wages for industry?—If he did that he would also have to take into account the number of men he himself employed.

10,825. Certainly, but are you going to compare the number of men which this farmer of 245 acres employs with the number of men the miller employs?—I have no means of making the comparison, but of course the farmer would probably with mixed husbandry employ several men, to say the least of it; I do not know at all how many men the other person would employ.

10,826. The other man must necessarily employ a considerable number of men?—Yes, probably.

10,827. And all the horses which wear out the local roads have to be stabled, and have to be fed and groomed?—Yes, but I imagine that all the stabling, for instance, is included in his rating.

10,828. It may be so, but the men who are employed in stabling have to live somewhere?—Yes.

10,829. Messrs. R——, who occupy a very small portion of the common fund of the community, to wit, the land, give a very considerable amount of employment, and the men whom they employ, having to live somewhere, and, having to furnish part of that render that we spoke of just now, are really contributing to the local resources indirectly, if not directly, what the farmer is not called upon in the same degree to contribute; is that not so?—They may, of course, be employing a large number of men, and those men may be contributing rather more to local rates; but if that is so, they are probably getting in respect of those men, or the connections of those men, more benefit out of the expenditure of the local rates.

10,830. Yes, but what I want to bring out is this: we shall not be able fully to appreciate the value of this particular paragraph in your memorandum unless we know the exact facts as to the number of men employed, the amount of wages distributed, and the amount of local rates collected, directly or indirectly, in connection with this industry of Messrs. R——'s?—That, of course, is for the Commission to consider; but, at the same time it is, in my opinion, a fair statement as it stands.

Mr. R. I.  
New.  
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Valuation of property occupied and rates paid by certain farmers and also by others engaged in certain trades and businesses compared. Mr. Rew's figures.

Imperial contributions. Amounts applied to relief of local taxation.

Loans of local authorities. Benefits derived from expenditure.



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10,831. I understand that the figures with regard to the Nantwich Union you are not in any way responsible for?—No, they are only figures which have been sent to me, which I believe to be correct, and I have reason to believe that they are correct.

10,832. I should have thought they were not yours, because they contrast so strangely with the solid work of the rest of your memorandum. Would you mind asking your informant how he arrives at these interesting details with respect to so many of his neighbours?—I have here his assurance, in writing, that he has chapter and verse for his statement.

10,833. That one makes 400*l.*, another 500*l.*, and that the cottager, including wages, makes 56*l.* a year?—Yes.

10,834. Now, with regard to the cottager, I presume, having five acres of land, he has one cow, possibly a pony, and some pigs?—That is purely hypothetical, of course?

10,835. It is not unreasonable to suppose that, in that neighbourhood—it is in Cheshire?—Yes.

10,836. It is very likely to be the case there?—Yes.

10,837. Are the pigs personal property or realty?—Personal property I should imagine.

10,838. If he makes profit out of his pigs, and they are personalty, how are we to deal with that in view of the competition between the landed interest and the non-landed interest?—What is your question?

10,839. From your point of view how would you deal with profits made out of pigs?—I should say profits made out of pigs ought to contribute in equal proportion to the profits made out of anything else towards local rates.

10,840. They are personal property, admittedly?—Yes.

10,841. Would you regard them as a profit, and if they are a profit and are taxed, would you regard it as a tax on agriculture or on personal property, on land or on personalty?—If they were taxed, do I understand you to say?

10,842. I assume that they are, because this poor unfortunate labourer, I see, pays 1*l.* 17*s.* 4*d.* in rates?—Yes.

10,843. Does that labourer pay his 1*l.* 17*s.* 4*d.* out of land, or does he pay it out of personalty?—He pays it in this particular instance out of the profits of the cultivation of the land, which, substantially, is the fund out of which all rates on land are paid.

10,844. Is it a charge on realty, or is it a charge on personal property?—The charge as it stands is a charge in respect of realty.

10,845. He does not own land, does he?—No.

10,846. But he has pigs?—Yes.

10,847. And he makes a profit out of pigs?—Yes.

10,848. You say the charge on that profit is a charge on realty?—I think it is very clear that in this case the charge is made in respect of the realty which he occupies; if he pays as an occupier he pays out of the profits of the occupation of that particular piece of realty.

10,849. But a pig is a movable chattel—not easily movable I admit?—I am afraid I am not an authority on pigs.

10,850. I notice in paragraph 36 you deal with the farm of 210 acres, with a rateable value of 376*l.*?—Yes.

10,851. Let us compare that for one moment with a farm mentioned above of 218 acres—a larger area—but apparently a lower value, namely, 360*l.* I notice that according to the declaration of the farmer himself in the Nantwich Union that with the larger farm, but with the lower rateable value, he makes a profit, including the cost of living, of 250*l.*, do you notice that?—Yes.

10,852. In this paragraph 36 with a farm of 210 acres and a rateable value of 376*l.*—it is a better farm clearly—you assume the income of the occupier to be not 250*l.* but only 130*l.*; now would you tell me why you take that figure of 130*l.*?—I only take that as the assumed income according to the income tax valuation.

10,853. Is it not altogether irreconcilable with the 250*l.* of the Nantwich Union farmer?—It does not follow that every farmer of 218 acres is making a profit of 250*l.* a year.

10,854. And it does not follow that every farmer of 210 acres is making only an income of 130*l.* a year?—No, I had to guess in this case, and if one has to guess one likes to found the guess upon something, and I have founded it in this case upon the basis of the income tax valuation.

10,855. It is a pure guess?—Absolutely. I do not say that this particular occupier of this particular farm is making that income at all; I had to make it out of my own head; I had no ground to go upon, and therefore, I took the Income Tax basis of Schedule B.

10,856. You give us a list of 10 hotels and 10 shops rated upon various sums from 63*l.* to 23*l.*?—Yes.

10,857. Then when you say it would be a moderate estimate to assume that each of these hotels or shops yielded a gross profit of 1,300*l.* a year, do you mean to say that you really believe that this hotel rated at 23*l.* a year may be assumed to make a gross profit of 1,300*l.*?—No, I beg your pardon. I made a great mistake if I gave you that idea; I did not in the least mean that; I meant that the average profit is probably 130*l.* in each of the ten cases, or 1,300*l.* on the whole.

10,858. You say it would be a moderate estimate to assume that each of these hotels and shops yielded an equal profit, or a gross profit in each case of 1,300*l.* a year?—I mean in the case of the hotels as a whole, or of the shops as a whole.

10,859. Each class you mean?—Yes.

10,860.—It is a mere typographical error. Now, with regard to paragraph 39, where you say: "Another point is that in the assessment of a farm the machinery is really taken into account as enhancing the value of the hereditament"; I suppose you mean that without the necessary appliances land would have no value, or very little?—Yes, that is the contention certainly.

10,861. I suppose that of the appliances necessary to make land of value labour is the chief?—Yes.

10,862. Would you, therefore, assume that in the valuation of a farm the labour employed upon it is directly or indirectly valued?—I do not know, I am sure; it might be argued in that way of course.

10,863. Let us take the very implements that you referred to; as mere iron they would sell for a penny a pound, perhaps?—Yes.

10,864. But that which gives the value to them is their adaptability and suitability to the purposes for which they are intended?—Yes.

10,865. Industry gives them that?—Yes.

10,866. That is labour, mental and physical?—Yes.

10,867. Do you mean to say that in assessing the value of the farms there is taken into consideration directly or indirectly the labour, mental and physical, not only of the shaping and fashioning of materials and of machinery, but also the labour of the agriculturist?—No, I do not say that at all. The contention, if I may say so, is simply this: taking a farm as a manufactory, so to say, of agricultural produce in comparison with a manufactory of any other commodity, I think it is fair to say that in regard to the manufactory of most commodities the system upon which it is valued is that a certain amount is put upon the building as a building, and a certain quantity of the machinery is taken into account—

10,868. (Chairman.) I thought you had given up that paragraph, and admitted that ploughs and implements are not taken into account as a matter of practice?—I was not for a moment saying that they were directly taken into account, but indirectly.

10,869. (Mr. Arthur O'Connor.) My point is this. For the utilisation and the valuation of a farm, to make it worth anything you must have applied to it not only implements, but also labour. Now, for the purpose of valuation, as a matter of fact, do you consider—and if you do you may be perfectly right—I only want to gather your opinion—that allowance is made for anything beyond the shaped bricks and buildings and the brute earth that form the farm; whether it ought to be, or whether it ought not, I am not concerned with?—I think that a farm is assessed as a farm.

10,870. That is your evidence?—As a farm at its value in consequence of the state of cultivation in which it stands.

10,871. That I understand to be the force and effect of your evidence, that, apart from the mere value of

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Valuation of a farm. Suggested that the machinery employed upon the farm is taken into account in the valuation.

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the brute earth and of the dead clay which is fashioned into bricks, there is something or other taken into consideration in the valuation of every farm?—It must be so, I think.

Division of rates between owners and occupiers.

10,872. In paragraph 45 I see that an association, whose proceedings you record in part, in May, 1896, passed a resolution to the effect that the rates should in future be divided between landlord and tenant, and that that was carried by 18 against 11?—Yes.

10,873. Could you tell me what the view of the 11 was; were they in favour of having all the rates thrown upon the owner, or upon the occupier?—I think I am justified in saying they were in favour of the maintenance of the present system, under which the rates are levied directly upon the occupier.

The witness withdrew.

Mr. A. G. BOSCAWEN, M.P., called and examined.

*Mr. A. G. Boscawen, M.P.*

10,877. (Chairman.) You appear here on behalf of the Church Committee in the House of Commons, I believe?—Yes.

10,878. I understand you have acted as secretary of a small sub-committee appointed by that Committee to collect evidence to put before this Commission?—Yes.

10,879. You have prepared for us this memorandum, which I hold in my hand, which, having regard to the source from which it comes, we shall print as the leading statement on the subject, which you appear to represent to the Commission.\* Therefore, I shall not take you over the whole of it in detail, but shall just ask you, so far as I am concerned, some points on which I want further explanation?—There are one or two points on which I wish to explain myself; I do not know whether I shall have an opportunity of doing that; they are very brief.

Agricultural Rates Act. Effect of the Act upon the clergy if rates increase.

10,880. We will, if you please, take those first?—With reference to paragraphs 2 and 3, I should like to say that, before this Commission was appointed, I had received a great many letters from the clergy on this matter, and especially since the passing of the Agricultural Rates Act. The grievance is very strongly expressed by a great many of the clergy. What they feel is this: Very often in a country parish the parson is the principal ratepayer; he occupies the parsonage-house, which is often a very large house, and out of proportion, really, to the living, and he finds himself about the only man in an absolutely rural parish not relieved. I should like to illustrate that by pointing out what is the case in Scotland. I am aware that you, my Lord, know about it a great deal better than I do, probably. In Scotland the manse are exempted from rating, whereas, in England, as I say, a clergyman occupying his house pays very heavy rates, and is the only important man in the parish very often who has not received relief.

10,881. Do I understand the point to be this—that the Rates Act of 1896 paid a proportion of the existing rates upon the agricultural land by providing that agricultural land was never to be rated beyond that proportion?—That is so.

10,882. If the rates increased the increase in the rates was to fall upon other classes of property?—That is so.

10,883. It is under that head and that provision that the grievance to which you particularly address yourself arises, is it not?—Yes. I have something to say upon that when I come to that later on, or I could state it now if you like.

Position of clerical tithe owner compared with occupier of land with reference to payment of rates. The former rated in respect of his gross receipts, the latter in respect of his rent.

10,884. I am leaving you to yourself to take your own order?—I was going to deal with it really on paragraph 21, when I go into the effect of the Rates Act. I have nothing to add about paragraphs 4, 5, or 6. On paragraph 7 I wish to correct the figures there; the actual number of circulars sent out was about 3,500.†

10,885. Really, I do not think that very much matters; we have had a great many of them sent to this office?—The answers received were about 1,100. In paragraph 9, I say that I wish to give evidence only dealing with the rating of the parson especially in his capacity as clerical tithe owner. I may say, in passing, thanks to the courtesy of Mr. Gepp, I saw Mr. Peterson's evidence and Mr. Gepp's, and I agree largely with their views on the general question. I agree that the tithe owner is rated on the gross, no reduction

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 346 to 348.

† For copy of circular see *ibid.*, p. 348.

10,874. What was it that these 11 men were in favour of as distinguished from the proposition that the rates should be divided between the landlord and the tenant?—In my view the minority in that case would be in favour of retaining the present system, that is of collecting the rates from the occupier.

10,875. By "divide" then, you do not mean incidence, but collection?—The division there means that half of the rates should be collected from the landlord direct, and half should be collected from the tenant.

10,876. It has relation to collection, and not to incidence?—As to the ultimate incidence, that is a different problem altogether; that is not a question of administration, and this is a question simply of administration.

being made as in the case of the occupier of land. The tithe owner, in fact, pays on his gross receipts, and the tenant only on his rent, that is on the portion of his gross receipts which he pays to his landlord. He is rated, in fact, on the rack-rent, but the tithe owner on his gross receipts. With reference to how that affects the tithe owner I should like to point out that it has been made much worse for him in recent years. There is a well-known case of Regina v. Joddrell in 1830, where the defendant, Joddrell, successfully made out a claim for a deduction for tenant's profits on the ground that the farmers were rated on their rack-rent, which did not include their profits as tenants. He was then declared to be rateable only for a proportion of the value of his tithes, namely, in the ratio that the whole annual value of the land in the parish, including the profits of the tenant, bore to the part paid to the landlord as rent. This was all changed by the Parochial Assessment Act, but when that was passing through the House of Lords an attempt was made by Archbishop Howley to protect the clergy. He proposed an amendment to exempt tithes from its operation.

10,886. (Mr. Arthur O'Connor.) What date was that?—It was in the year 1836. Unfortunately, the Archbishop withdrew his amendment on the advice of the Duke of Richmond, and accepted a proviso in lieu of it to the effect that the principles or proportion, according to which the different kinds of hereditaments should be rated should not be changed. I have here, which I can put in if you like, an account of the debate from the "Mirror of Parliament."

10,887. (Chairman.) I think you need not read that. I think it is really going too far back to give us evidence of what was said in Parliament in 1836. Can you give us a reference to the official debates?—I have not got the page, but I will send it.\* At all events a proviso was moved in lieu of the Archbishop's amendment to this effect: "Provided always, that nothing herein contained shall be supposed to alter or affect the principles or proportion according to which the different kinds of hereditaments may now, by law, be rateable." That proviso has been found to be perfectly ineffectual. In the Hackney case of Regina v. Capel—

10,888. I think I must suggest to you that we have the law very fully before us; it is really, rather as to the facts, all I wish to point out is that an attempt was made by Parliament to protect the clergy, and that the protection was found in the courts not to hold good, and that, therefore, the position of the clergy by a series of legal decisions has been made much worse than apparently it was the intention of Parliament that it should be.

10,889. Will you go on and make the additions to your paper right through before I ask you any questions?—I do not think there is anything till I come to paragraph 12, which I think is very important. The tithe rentcharge is entitled to the same deductions as land and buildings, but the deductions which are applicable to them are not applicable to tithe rentcharge.

10,890. You are repeating exactly what is in the print now, which it is not worth while to do?—I could put in illustrations of that if they are of any value. Of course, the deductions which are applicable, such as repairs in the case of land, are not applicable to tithe; on the other hand those deductions which would be

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Deductions applicable to case of land and buildings not applicable to case of tithe rentcharge, but deductions which would be applicable to tithe are not made.

Mr. A. G. Boscawen, M.P. applicable to tithe, for example, the payment to curates, and so on, not being specifically mentioned in the Act, no allowance is now made for them.

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10,891. That again is exactly a repetition of what is in the paper; it is no addition to it?—I do not think I have anything more until I come to paragraph 16. On paragraph 16 I have a series of illustrations in letters written by the clergy complaining that they are rated upon their professional incomes. I can read them if you like; there are four instances.

Clergy said to be rated upon their professional incomes.

10,892. I think you had better wait until questions are put upon that point; the fact is undoubted that they are rated upon their professional income?—Yes. These letters merely show that that is the view taken by a large number of the clergy.\* On paragraph 19 I have got a large number of illustrations which I will hand in to the Chairman.\* I do not think I have anything to add on paragraph 20, but on paragraph 21 (iii) I have a good deal to say about the effect of the Rates Act, which I will state now if you wish, or later on in reply to questions.

Agricultural Rates Act. Effect of the Act upon the clergy.

10,893. I will take it in your own way; go on?—The Rates Act has prejudicially affected the clergy, and with the clergy all other ratepayers who are not relieved, in two ways. The Rates Act appears merely to relieve agricultural land at the expense of the taxpayers, but there are some rates in the case of which a deficiency arises from the partial exemption of agricultural land, and towards which no grant is made from the Treasury. The rates to which the Act now applies, that is to say, in respect of which there is a partial exemption of land are defined as follows:—“A rate made during the continuance of this Act, the proceeds of which are applicable to public local purposes, and which is leviable on the basis of an assessment in respect of the yearly value of property, and includes any sum, which, though obtained in the first instance by a precept, certificate, or other instrument, requiring payment from some authority or officer, is or can be ultimately raised out of a rate as before defined.” These include, among others: (1.) The general rate levied for the expenses of the vestries and district boards in the Metropolis under sections 158 and 161 of the Metropolis Management Act, 1855. (2.) That part of the poor rate which is levied for the expenses of overseers and for the expenses of parish councils and parish meetings.” But in the case of neither of those rates is any contribution made from the Treasury to make up a deficit, because section 2, which defines what is to be paid by the taxpayer out of the Treasury, says: “In respect of the deficiency which will arise from the provisions of this Act in the produce of rates made by the spending authorities in England as hereinafter defined there shall be paid,” &c. The spending authorities do not include either vestries or district boards in the Metropolis under sections 158 and 161 of the Metropolis Management Act, 1855, nor do they include parish meetings and parish councils. Therefore, I submit that agricultural land is let off in respect of those two rates, and nothing is paid to make up the deficiency, and, naturally, that deficiency falls upon other forms of rateable property. In addition to that, in the case of new rates, or additions to rates, inasmuch as the sum which was paid by the Treasury was a fixed sum, not to increase with the increase of rates, of course, any addition to the rates puts an extra burden upon other forms of rateable property. They have to pay not only that addition, which naturally they would have paid before, but they have to pay the addition which arises from the fact that land in future only pays on one-half. I have many letters which I shall be able to put in from the clergy complaining bitterly, that in consequence of the Rates Act they have to pay a great deal more in the way of rates than they had to pay before.\* In those two ways, I submit, the Rates Act has acted very prejudicially. Then I have some illustrations of paragraph 23 and paragraph 25.\* I have handed in a paper from Mr. Thynne,\* giving what he considered to be very bad cases from the Diocese of Salisbury, and I should like to add, as an illustration, of the remedy that I ask for, or of part of it at all events, that a Bill was brought into Parliament in 1876, by Mr. Selater-Booth, who was then at the head of the Local Government Board, which said that an allowance should be made for the purpose of rating the rentcharge in cases where a curate or curates is or are required by the Bishop of the diocese. Therefore, what

I ask for on that heading is merely what was put in a Bill brought in by the Government some years ago.

10,894. How far on did that Bill go?—I do not know how far it got. The Bill was brought in in two sessions, I think—1875 and 1876.

10,895. Are there any other additions you want to make to your memorandum?—No.

10,896. What I want to understand from you is What is your grievance? Is it that the tithe rentcharges are wrongly classed amongst property, which is declared to be rateable by the statute of Elizabeth, or is it that the whole system of rating is wrong?—I deal merely with the rating of the parson, and I would not confine it simply to the tithe rentcharge. I think that in the case of the tithe rentcharge, the present system of rating is probably wrong, but I do not wish to go into that at length. What I do say is that the parson is rated upon what is really a professional income; I do not care what he is rated on, whether it is tithe rentcharge, or glebe, or parsonage house, he really is rated on what is his professional income, because if he does not perform certain services he is bound to give up the benefice.

10,897. As far as his house is concerned, of course, assuming that the value put upon his house is right, he is only in the same condition as every other householder?—Certainly.

10,898. As far as the glebe is concerned, he is in the same position as every other owner of agricultural land?—Yes.

10,899. I think it is probably accurate to say that his tithe rentcharge which he puts into his pocket is his professional income; but the suggestion that I make to you is that it is part of the rent of the land, and if rent is to be in any measure the basis of local taxation, tithe rentcharge must be taken into account somehow?—Certainly.

10,900. If it is not taken into account in this way, how do you suggest it should be taken into account?—I think tithe rentcharge must be rated, but, just as the farmer is, with certain deductions, which in the case of the farmer represent his profit. As I have pointed out, the farmer only pays on his rack-rent; he does not pay on all the receipts of the farm, but only upon that portion of the receipts of the farm which he gives to the landlord in rent.

10,901. Would it not be this: that as a tithe rentcharge is rent, the farmer, if he was rated upon the whole of his rent, or upon any proportion of the whole of his rent, the tithe rentcharge would have to be added to it to get the measure of his rent, would it not?—I do not quite follow.

10,902. The tithe rentcharge is really undistinguishable from rent, is it not, from the farmer's point of view?—It is part of the rent of the land really or rather, it is more than rent; in theory it is that one-tenth of the produce of the land which goes to a different owner from the remaining nine-tenths.

10,903. Exactly; and going into the pockets of that owner the rates upon it are paid by the owner, and not by the occupier of the land?—Yes, they are paid by the owner, certainly, of the tithe rentcharge, but the owner of land does not always pay the rates; generally the occupier does.

10,904. Quite so; but if you are going to take the value of the land as the measure of the rates, must you not include the tithe rentcharge at its full value?—I do not think so. The definition of how a tithe rentcharge is to be rated is something to the effect of what it would let for; now, what it would let for would be something less than its full value, otherwise a man would not take it.

10,905. And that something less than its full value has been estimated to us by two or three different people; in one case at as much as 30 per cent. less than its nominal value, and in another case at 2½ per cent.; I suppose you would probably say that the truth lies somewhere between those two points?—I think you must draw a line between clerical tithe rentcharge and lay tithe rentcharge. If you let a lay tithe rentcharge, the deduction for the tenant's profit might be 1 or 2 per cent.; I mean it might be worth my while to take a lay tithe rentcharge and farm it for a profit of 1 or 2 per cent. I do not know, of course, whether it would. If I were to take, as I think Mr. Peterson put the case, a clerical tithe rentcharge, with all its obligations and burdens, and all the outgoings, then I should say 30 per cent. is a very low estimate, because you may have to pay curates.

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Clergy said to be rated upon their professional incomes. This contention discussed.

Deductions. Tithe rentcharge should be subject to certain deductions.

Tithe rentcharge. Application of the principle of what a hypothetical tenant would give.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 349 to 356.

*Mr. A. G. Boscawen, M.P.* 10,906. I may be wrong, but I understood the 30 per cent. to be loss upon the collection alone?—I only cursorily saw the evidence, so I could not say.

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Deductions. Tithe rent-charge. Deductions claimed for repair of chancel, curates, daughter churches, and professional services. Similar deductions should be given in case of tithe rent-charge as in case of persons subject to income tax in respect of professional incomes.

10,907. I should like to have your view as to the way some of those deductions, which you put forward, should be allowed. I can understand the argument for deduction for rates and for liability to repair the chancel of the parish church, which I suppose is usually a sum for covering insurance, is it not?—Yes, that would be so.

10,908. What is the ground for taking off the professional services?—I think the ground is the one stated, in paragraph 17 of my memorandum by the Chancellor of the Exchequer :—“The incumbent of the parish, being rated on his tithe rentcharge, is the only man who is rated on his professional income. He is rated as the occupier of tithe rentcharge, but he occupies that because he has to render certain services, either by himself or by curates whom he has to employ, and if he ceased to render these services he will under the law very soon cease to occupy the rentcharge.”

10,909. Do you put that statement of the Chancellor of the Exchequer forward as an argument for relieving the man from his rate?—Certainly. Here is a man who occupies a tithe rentcharge; in order to continue to occupy it he has got to pay out a very large sum a year to curates or to daughter churches.

10,910. Now, curates are different from professional services, but we are on professional services?—Very well; then he has to render professional services, and I say he is in a totally different position from any other ratepayer; he only enjoys the occupation so long as he renders these services.

10,911. Is there any other of those special deductions in reference to which you would like to present to us an argument for subtracting them?—There is the case of the curates. I think if you would look to some of the instances I have put in with reference to that point you would see that very often, in some cases anyhow, a man, when he has paid for curates, has nothing left whatever. Now it does seem to me very hard that when a man is compelled to employ a curate on account of the size of the parish and the nature of the work he should not be allowed to deduct that.

10,912. Who is to judge of the necessity for employing the curate?—I should say the bishop, but I would not insist upon that. In Mr. Sclater-Booth's Bill it was to be the bishop, and I think the bishop is probably the best judge.

10,913. You would not allow the rating authority that was interested to have any say in the judgment, would you?—No, I think not; I think the bishop must decide whether a curate is necessary for the spiritual good of the parish, and not the rating authority.

10,914. Do you think the bishop's judgment would be accepted by the ratepayers as conceived in the general interest?—I should think so. The bishop could have no object in making a man employ a curate unless he thought the parish wanted one.

Deductions. Tithe rent-charge. None made for property tax or land tax.

10,915. (*Mr. Arthur O'Connor.*) According to paragraph 15, the owner of a tithe rentcharge is not allowed to make any deductions in respect of the landlords' property tax; do you mean that a clerical tithe owner has to pay property tax on tithe, and yet is not allowed to deduct it?—Yes, that is so; and the same with the land tax.

10,916. Has he to pay the land tax?—He has to pay the land tax on tithe, and he is not allowed to deduct it.

10,917. He is not allowed to deduct it for rating?—No.

10,918. In those two respects he is in a position totally different from everybody else?—So I conceive.

Clergy said to be rated upon their professional incomes.

10,919. Now with regard to professional services, I suppose that the tithe he receives, and the house he uses, and the glebe he enjoys, are all part of his annual consideration for the services he gives?—Certainly.

10,920. These are, therefore, in precisely the same position as the income of any ordinary professional man?—Exactly.

10,921. An ordinary professional man is allowed to deduct, supposing, we will say, a lawyer, the rent of his chambers, the wages of his clerk, and other incidental expenses necessary to carry on his business?—Yes, that is so.

10,922. Is the clergyman not allowed to make similar deductions?—He is not allowed to make any deductions.

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10,923. Then again, in a third respect, he is in a position much worse than other professional men?—Much worse. I should like to point out that, of course, the barrister is not rated on his profits at all.

10,924. Is he not; I wish he was not?—Of course he pays income tax, and he is rated, I suppose, on his chambers, but not on what you may call his professional income.

10,925. I see what you mean; you are perfectly right?—The position I put is that here is a man who is rated on his professional income, and I know of no other instance.

10,926. You are quite right, that makes it rather worse?—Yes.

10,927. Where he has necessarily to employ a deputy he is not allowed the deduction in respect of that necessary professional expenditure?—No, not one penny.

10,928. Another item is “Payments to Daughter Churches;” does that mean the churches where the incumbents are his sons-in-law, or what does it mean?—It means this: There are many cases where a parish has been divided because one church is not sufficient, and it has been done through the Ecclesiastical Commissioners, or under some Church Building Act.

Deductions. Tithe rent-charge. None made for payments to daughter churches or pensions to retired incumbents.

10,929. A chapel-of-ease?—Quite so; a certain amount of the stipend of the whole parish is set aside for the chapel-of-ease, and yet the incumbent of the whole parish is still paying rates upon the whole amount.

10,930. Another item is “Pensions to retired incumbents;” is the living charged with a portion of that?—Yes, by the Act of 1871, and the Amending Act of 1887, called the Benefices Resignation Act, if a clergyman applies for a commission on the ground of age, he may be retired, and in that case the Commissioners shall give him a pension out of the annual value of the benefice, not to exceed one-third of the annual value. Of course that is a deduction from his successor's income.

10,931. For which he is not allowed to take any credit in the rating?—That is so.

10,932. I do not quite understand what you told us in connection with your paragraph 21, namely, that the Rates Act of last year had the effect of actually increasing the rates falling upon the incumbent; would you explain that?—That is the case in two ways. In the first place, of course, it is clear where a new rate is raised, that inasmuch as the grant from the Treasury was a fixed sum based upon what the rates were when the Act passed, if the rates are increased or a new rate is raised the amount of the Treasury contribution is not increased.

Agricultural Rates Act. Effect upon the clergy if rates increase.

10,933. How does that affect the individual incumbent whom the Treasury contribution does not touch. Because, supposing the rates are increased 20l. a year, and supposing that, previously, agricultural land paid half the rates, and other forms of property half the rates—

10,934. (*Chairman.*) Take it in shillings and pence in the £, in that way you will illustrate it better?—It would be rather difficult to work it out.

10,935. Take a supposititious case in shillings and pence in the £, that will be very clear, I think?—We will suppose the rates go up 2d. in the £, other forms of property other than land naturally will have to pay their share of the extra 2d. in the £; indeed, they will have to pay more than their share, because they will have to pay on the deficiency caused by the fact that land only pays on half its value; this instance, I think, gives it,—the rateable value of the parish is 10,000l., this is a mere hypothetical case, of which 5,000l., that is half, is agricultural land; in 1896 a rate of 100l. had to be raised, 50l. came from agricultural land and 50l. from other forms of property, after the passing of the Act 25l. came from agricultural land, 25l. from the Treasury, and 50l. from other rateable property; the next year 120l. has to be raised, 25l. still comes from the Treasury, and the extra 20l. has to be raised locally, but instead of being raised equally on agricultural land, as before, and other property, land will only pay half its share of the increase, and other property will pay twice its share.

10,936. (*Mr. Arthur O'Connor.*) Are you not begging the question?—Then I will say twice the share which

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it would otherwise have paid; therefore the Treasury will pay 25*l.*, being a fixed contribution, land will pay 30*l.*, and other property 65*l.*; and that makes up the 120*l.*

10,937. I understand the case you are presenting, and I must say it does not impress me. Assume it is 9*d.* in the £ that is given to local rates, and that continues to be given, the increased incidence is between the agricultural land and the other land without relief either way?—No, because agricultural land only pays on half its valuation now—on half its assessment; and, therefore, the greater part of the increase goes on the other kinds of property. It is all based upon the fact, that the Treasury grant is fixed.

10,938. Fixed according to the rates of a certain year?—According to the rates the year before the Act passed. You asked me how the Bates Act prejudicially affected the clergy; this is one way, and there is another; the rates to which the half exemption of land applies are not precisely the same rates for which a grant is given out of the Treasury. There are certainly two rates which I have mentioned, which are the general rate levied for the expenses of vestries and district boards in the Metropolis, and that part of the poor rate which is levied for the expenses of overseers, and for the expenses of parish councils and parish meetings in respect of which land only pays half, but in respect of which no grant is given from the Treasury.

10,939. (Chairman.) Of course those are a very small amount?—Still they are felt.

10,940. I might say infinitesimal?—I do not know; from the letters I have received I think they are felt rather acutely in some places.

10,941. (Mr. Arthur O'Connor.) They are noticeable to those who have to pay them?—Quite so, especially in the case of men with small incomes.

10,942. With regard to the table\* which is inserted in your evidence, I see that at Chidwick the tithe value in 1896 was 182*l.*; do you know anything about the neighbourhood of Chidwick personally?—No, this paper is not mine; it is handed in by me, but it has been printed by Mr. Thynne.

10,943. Then take Salisbury St. Martin; there a worthy gentleman in the receipt of 113*l.*, with deductions, leaving a net income of 60*l.*, as set forth in this paper, pay curates' salaries amounting to 225*l.*?—Yes, that is so.

10,944. If his net income is 60*l.*, how does he pay curates' salaries amounting to 225*l.*?—He has to pay those out of his private means.

10,945. Where is his parish?—In the town of Salisbury.

10,946. Do you know anything about the pew rents, or the income he receives from the church itself?—No, I cannot say that I know anything about these figures. I merely hand them in. I may say that in the figures that I have examined and handed in, which include the parson's income from all sources, there are several cases in which, when curates are paid, nothing is left for the parson at all—there is, in fact, a minus quantity, yet he is rated on the full amount of the tithe rentcharge.

10,947. It seems to an ordinary mind rather a difficult proposition to take in, assimilate, and accept, that after paying curates' expenses, the incumbent has nothing, and yet on that nothing he lives from year to year and pays rates besides?—Yes. Of course he could not live if he had not private means, nor could he pay the rates.

10,948. Here the net income of the incumbent is 60*l.*, and he is able to pay salaries to the extent of 225*l.*; it does a certain amount of violence to the mind of a man who believes in the multiplication table, if this represents all the facts of the case?—This represents all the facts as regards what the man receives for his services, and what he pays out. If he is able to supplement from private resources he is a lucky man, but I do not think we have a right to take that into account.

10,949. Do you mean that the incumbent of St. Martin, Salisbury, defrays the difference out of his personal peculiar estate, and that he does not get

anything from his parish in the town of Salisbury?—I have no doubt he does. I cannot say that I speak for certain, because I did not investigate his case, but I could put in other cases which I have investigated where I know the clergyman is paying out of his private resources.

10,950. (Mr. Smith.) Is not the real difficulty of the clergyman's case this, that he is an owner as well as an occupier?—Yes, I suppose he is.

10,951. He is a freeholder, and a freeholder for life?—No, not for life; it is providing he renders certain services.

10,952. But still he is a freeholder—the churchyard is the parson's freehold, is it not?—Yes, but I do not think you can say for life; it is conditional.

10,953. As affected by that recent Act, do you mean?—No.

10,954. Would you deny that he had a freehold?—I say he has a freehold so long as he performs certain services.

10,955. I always thought an estate for life was the smallest estate of freehold; I was taught so when I learnt law?—I am afraid I am not a lawyer; at all events, the freehold may be taken from him under certain conditions.

10,956. Yes, it may be forfeited, but still he is an owner as well as an occupier?—Certainly.

10,957. When the Agricultural Rates Act was passed were you in Parliament?—Yes.

10,958. It was stated there that it was to be a relief to the occupier, was it not?—Yes, to the occupier as far as I remember, though it was disputed.

10,959. It was disputed, but it was generally held that as long as it was not made permanent it would probably be relief to the occupier?—Yes, I believe that was so.

10,960. If it were made permanent it would be undoubtedly a relief to the owner?—Yes.

10,961. Then was not the clergyman's difficulty the fact that he was both owner and occupier?—I think so and for some such ground he was excluded from it. Of course he did not understand the ground, and has been very bitter in consequence.

10,962. It would, to use a common expression, have rather given away the argument that it was relief to the occupier if they had relieved an owner?—Yes, I do not deny that.

10,963. I see that in paragraph 27 you say your Committee rely upon the principle that no body of men should be rated on their professional income?—Yes.

10,964. Do you happen to know that that is what almost every agricultural witness who has come before us, has recommended that they should be, in order to relieve local taxation?—I did not know that.

10,965. (Chairman.) But it was to apply to all?—If the principle is generally applied it would make a great deal of difference.

10,966. You put that point forward because as you say, the parson is the only man who is rated on his professional income?—Yes, he is the only man.

10,967. If everybody was rated on his professional income that point would fall?—Quite so. The parson then ought to take his chance with everybody else.

10,968. Just as you think he should now with his glebe or his house?—Quite so.

10,969. Is there anything else you would like to say?—I do not know whether you are going to print the illustrations I gave. I have not time to go into them at all.

10,970. I should like to reserve that because they have only been put on our table this morning, and I should not like to commit the Commission to printing them until I take their opinion, but we will communicate with you on the subject?—Thank you. I should like to put in these illustrations of the complaints of the parsons that they are rated on their professional incomes. I do that because it has been sometimes doubted whether that is the clergyman's complaint, but I have very strong evidence that that is so (*handing in letters*).\*

Mr. A. G.  
Boscawen,  
M.P.

16 July '97

Agricultural Rate Act. Exclusion of the clergy. Reasons for this. Clergy said to be owners and occupiers.

Clergy said to be the only class of people who are rated upon their professional incomes.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 356.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 349 to 356.

The witness withdrew.

Adjourned

## TWENTY-EIGHTH DAY.

Wednesday, 21st July, 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. C. B. STUART-WORTLEY, Q.C.,  
M.P.  
Sir E. W. HAMILTON, K.C.B.  
C. N. DALTON, Esq., C.B.

C. A. CRIPPS, Esq., Q.C., M.P.  
T. H. ELLIOTT, Esq., C.B.  
E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. ALFRED DE BOCK PORTER, C.B., called and examined.

*Mr. A. De Bock Porter, C.B.*  
21 July '97

10,971. (*Chairman.*) We know that you are Secretary to the Ecclesiastical Commissioners, and have come here with their knowledge to give evidence on the subject of the rating of tithe rent-charge?—Yes, that is so.

10,972. How long have you been Secretary?—Since 1888, and I have been the Financial Adviser to the Commissioners since 1880.

10,973. (*Mr. Stuart-Wortley.*) Although you are secretary to the Commission, you do not come here as in any way representing the views of the Commissioners as a Board?—No.

10,974. You have no instructions from them to express any particular views, and the views which you will express to-day will be your own personal views formed on the great experience you have had in managing the Commissioners' property?—That is so.

Valuation of tithe rent-charge. Practice of the Ecclesiastical Commission and of Union Assessment Committees.

10,975. With regard to the first subject which you propose to submit to this Commission, what have you to say on the rating of tithe rent-charges, and the practice of rating authorities?—The practice of the Commissioners with regard to the rating of tithe rent-charge has recently taken the form, in very many parishes, of our sending out by our receivers a statement to show the gross value of the rent-charge for the year in question, and the rates and deductions which we think should be made, the rates being the sums that became payable in the preceding year, and then a statement of the net rateable value for the current year. Perhaps I had better put in the form that is usually sent out.\* A good many Unions, I think, have adopted our form, for they are now sending printed forms to us, which are drawn up in very much the same way.

10,976. I suppose I may take it that the Ecclesiastical Commissioners are owners of the tithe in a very large number of parishes in England and Wales, are they not?—Roughly 300,000, a year in tithes distributed over every county in England and Wales.

Deductions. Tithe rent-charge.

10,977. To whom do you send out the form which you have just handed in?—That is sent out to the overseers. In very many country parishes they do not send us a form, but they leave us, as the tithe varies from year to year, to send in our own statement in that form of how much we assume the assessment should be for the year. I have some forms here which are sent by the Unions, but they are made up in very much the same way. The principal deduction, after the rates for the preceding year, are the costs of collection, and hitherto we have claimed a deduction for chancel repairs, but that has been somewhat upset by the decision in the case of the Dean and Chapter of St. Asaph v. the Overseers of Llanrhaidr. Some of the unions seem to be aware of that decision and some do not; I find that in some of the latest cases of

assessment they still sanction a deduction for chancel repairs.

10,978. (*Mr. Cripps.*) Do you consider that if that decision was explained to all the deduction could not be allowed now?—I assume it could not. I do not agree with that decision so far as the equity of the case is concerned.

10,979. (*Mr. Stuart-Wortley.*) As to the practice of rating authorities, is there a great variation, or what do you wish to tell the Commissioners upon that?—There is some variation, though as time goes on there is no doubt that the tithes become fully assessed, and they are very fully assessed at the present time. I remember in past years occasionally finding a tithe that was very inadequately assessed, but latterly the local authorities have been profiting by experience, and now I should say that the tithes are closely rated.

10,980. Pretty well up to the hilt?—Yes.

10,981. Have you any suggestions to make as regards alterations of the law regarding the practice of rating authorities?—Perhaps I had better put in this summary.\* I got out a summary of the latest year I could, 1894, to show what the Commissioners' experience was. I have taken five or six cases in every county in the Kingdom; I have taken 128 parishes in the North of England, and 138 parishes in the South of England. The aggregate commuted rent-charge for the year 1894 was 133,375*l.*, and the value for the year on the reduced average of 7*l.* 3*s.* 9*d.* was 98,947*l.* I find that the assessment to rates over the whole country on that tithe was 83,427*l.*; that of course being based upon the rates payable the year preceding. Then I have taken out the rates that were actually paid that year, and I find that the poor rate actually paid amounted to 10,236*l.*, and that there were other small rates amounting to 459*l.*, the total rates paid being 10,696*l.* At that time there was an allowance being made for chancel repairs, and I have put in the estimated allowance for chancel repairs, which was 1,330*l.*, together with 5 per cent. for collection, 4,947*l.* The five per cent. for collection covers the four per cent. which is actually paid and one per cent. which may be said roughly to be absorbed by losses and expenses incidental to the collection of cases where we have had to enforce payment. So that we should say that the assessment instead of being 83,427*l.* should have been (after deducting the actual and estimated payments) 81,973*l.*, a difference of 1,400*l.* which is not very much in an aggregate rent-charge of that amount.

10,982. That was the extent of the over-assessment?—Yes. That over-assessment really may be accounted for as follows:—The sum actually deducted for rates would be the amounts paid in the preceding year, whereas the statement shows the rates paid in the current year, which is theoretically more correct. The

*Mr. A. De Bock Porter, C.B.*

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Valuation of tithe rent-charge. Tithe rent-charge is generally fully assessed, though there is great variation. Tithe rent-charge. Statistics showing amounts tithe rent-charge, rateable value, deductions, rates paid, rates in the £.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 357.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 358 to 361.

Mr. A. De Bock Porter, C.B.

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Valuation of tithe rent-charge and land compared. Land not lightly assessed.

Valuation of tithe rent-charge. Parochial incumbents do not take sufficient pains to get their property properly valued.

rates being generally on the increase the deduction shown would be greater than that, actually allowed. Then there are the "Expenses of collection, &c.," which comprise costs of collection, legal expenses, losses and tenants' profits, and have been assumed to be 5 per cent. on the gross value in all cases: whereas a certain number of the rating authorities will allow a smaller percentage only; in some cases, the rating authorities only allow 2½ per cent., and they will make no allowance whatever for the tenant's profit, if one may use that term. Then the chancel repairs have been assumed to average 5*l.* in each case, whereas rating authorities would frequently allow a smaller deduction only. In determining the deduction to be allowed, some would take the average of the expenditure for several preceding years and others would allow the actual amount expended in the year immediately preceding. Moreover, some would exclude the large amounts occasionally spent in restoration.

10,983. Have you anything more to say on these tables which you have handed in?—I would say with regard to those tables that the average rates in the £ in the North of England were 2*s.* 3*d.* on the total assessment; in the South of England 2*s.* 9*d.*; and over the whole country 2*s.* 7*d.* Those rates, I think, compare very favourably with the estimates which have been made by the Local Government Board.

10,984. How do you divide the country for the purpose of speaking of north and south?—We draw an irregular line from the north of Cardigan to the south of Suffolk. Our agency is divided into two; Messrs. Smith and Gore taking charge of the northern counties, and Messrs. Clutton of the southern counties.

10,985. Shall we now pass to the subject of the tithe-owner's contention that land is lightly assessed while tithe is assessed in full?—Yes. Our office experience shows that the assessment of tithe is very closely made. As to land it is impossible to say from experience in the office because of course we are only in the position of landlords there, but instances have come under our notice and hearing that by degrees the rating of land has been very gradually increased and approximates very closely now to the actual rateable value instead of being very loosely done, as it was in earlier years.

10,986. Then you, on the whole, are not inclined to concur with the tithe-owners' contention that land is lightly assessed while tithe is assessed in full?—I think not; I think at the present time it is hardly so. It is gradually tightening on land, but it is really very tight on tithe because the amounts are so easily ascertainable.

10,987. (Mr. Cripps.) By the rate being "lightly assessed" is it meant that there are deductions made in the case of land which you do not get in the case of tithe?—I could find you many cases in the past where land has been very lightly treated indeed.

10,988. But at the present time?—At the present time, I think attention has been drawn so closely to rating questions that the rating has very materially increased in the last 10 years.

10,989. (Chairman.) Do you mean that as rates rise people look better after their neighbours' valuation?—They look after it much more closely.

10,990. (Mr. Dalton.) Do you think it is the case that parochial incumbents take the same pains that the Ecclesiastical Commissioners do to get their property entered at the right valuation?—No, I do not think they exercise the care they ought. You see very often the overseers and the people with whom they may be connected are rather close to them, and they cannot take that dry view which a great body like the Commission does.

10,991. Do you think an ordinary parochial incumbent gets the assessment of his tithe revised every year?—Not in all cases; in many I know it is done, but in some cases they do not do it.

10,992. (Mr. Stuart-Wortley.) What you have told us about the Commissioners' experience relates only to the Commissioners' experience as tithe-owners on their account?—Yes.

10,993. It is only incidentally that you get a knowledge of the experience of the clergy as tithe-owners?—One sees a great deal in the office of course, in the returns which are made by the incumbents from time to time of their incomes in which they show their assessments, their outgoings, and the deductions which have to be made. It is quite possible that deductions

may be claimed by an incumbent which the office would not recognise in estimating incomes for purposes of augmentation as they might be too much.

10,994. The Ecclesiastical Commissioners are in no sense collectors of tithes for the parochial clergy are they?—No.

10,995. What have you to say as to the propriety of subjecting the tithe-owner to increased taxation now that his tithe is unimprovable except according to the averages?—This is a subject on which of course the Commissioners have heard a very great deal from the incumbents when they complain to the Commissioners of the inadequacy of their remuneration at the present time and say that while the commuted amount of tithe is fixed, new rates having been imposed, especially in suburban districts, and the old rates having been increased, it is an injustice that the tithe-owner should be charged with payments the object and effect of which are to improve all properties other than his own.

10,996. Do you take that view?—I think that is a sound view. I do not think a tithe ought to have additional burdens laid on it because the tithe rent-charge does not profit from many of the additional burdens.

10,997. Can you make any concrete suggestions as to the reforms that might give effect to that view?—The position of the tithe-owner since the passing of the Act of last year is a somewhat inequitable one.

10,998. By the Act of last year I presume you mean the Agricultural Rates Act?—Yes.

10,999. You mean, I suppose, that the tithe-owner has to pay his rates in full, and therefore pays in full any increase that may be made on the rate, whereas the agricultural owner pays only half of that increase?—That is so; and the tithe-owner would have to pay an increased burden if the rates increased because he is assessed to the full, whereas the landowner only takes half of it, and the payment by the Government is crystallised.

11,000. With regard to the claim of the incumbent to exemption from taxation of a portion of his tithe in respect of personal services, what views have you to express to the Commission?—I do not quite see how personal services are to be a deduction, I do not see what is to be the exact measure of them; unless you are going to tax the portion that is paid away for curate's stipend for instance, I do not see how you are going to let out this share of the property from its liability.

11,001. Of course, the Ecclesiastical Commissioners are in a sense lay tithe-owners, and have no direct relation with this particular part of the subject, have they?—Only to this extent that if the Commissioners could have an abatement from the rating they would have a larger fund for distribution to necessitous benefices. The whole of the Commissioner's margin of income, if I may say so, is appropriated in augmentations; and to that extent, of course, they would be gainers, and the clergy would benefit.

11,002. Then as regards exemptions from taxation of a curate's salary, do you think it is a fair claim that the incumbent should be allowed to make that a deduction for the purpose of his assessment?—I cannot imagine any machinery that would apply to such a deduction in view of the varying circumstances of each individual case. The amount of the stipend and the circumstances under which it would be paid of course vary immensely. It may depend upon the age of the incumbent; it is not only a question of population or of relation to income.

11,003. But the curate's stipend is generally pretty well fixed and known, is it not?—It varies very much indeed.

11,004. It is never in doubt in the particular case, is it?—No; but supposing in one case a man said: "I claim a deduction from my tithe of 200*l.* a year, that being the sum I pay my curate," another might say "I pay 100*l.*," and he would only get that deducted. The caprice of the incumbent in fixing the salary of the curate would really materially affect those who are liable for rates.

11,005. Then with regard to the payments for charges to Queen Anne's Bounty, I mean the annual payments for interest on loans. Do you think those would be a fair deduction?—I do not see how those can be

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Tithe owners and increased taxation. Imposition of new rates an injustice.

Agricultural Rates Act, 1896. Position of tithe owner inequitable if rates increase.

Deductions. Tithe rent-charge. Personal services cannot well be deducted.

Deductions. Tithe rent-charge. Curate's salary cannot well be deducted.

Deductions. Tithe rent-charge. Queen Anne's Bounty. Interest on loans cannot well be deducted.

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deducted, because we have nothing to do with the appropriation of the money; it is like a mortgage on an estate—it practically is a mortgage.

11,006. The claim of the incumbent to exemption in respect of these three matters, which we have just mentioned, is a claim in respect of matters which come within the official experience of clerical owners and not of lay owners of tithes, as the Ecclesiastical Commissioners are?—That is so, but we have very intimate knowledge of them. These claims are constantly being urged in correspondence with our office, so that one is very well acquainted with the claims of incumbents to relief in that direction.

Agricultural Rates Act, 1893. Desire of tithe owners for relief as in the case of agriculturists.

11,007. What have you to say as regards the claim of tithe-owners to relief from taxation in common with other owners of rateable property?—The landowner having had his turn, the tithe-owner now thinks that his time has come. He does not see that equitably he should pay his full amount of the rates while the landowner has relief. Of course I am assuming that the relief, although given to the tenant at the present time, will ultimately reach the landowner, and must reach him.

Deductions. Tithe rent-charge. Property tax could not well be deducted.

11,008. (Chairman.) When Mr. Boscawen was here he specified some special burdens which he thought the tithe rent-charge owner might be allowed to deduct, and he instanced specially the landlords' property tax, the land tax, and rates—the poor rate for example?—The poor rate is a deduction now.

11,009. Does he get that?—The rates are all deducted. The amount of the tithes is ascertained for the year, and the rate paid on the preceding year is deducted before the assessment is made.

11,010. But not the landlord's property tax?—Not the landlord's property tax.

11,011. Ought not that to be deducted too?—The property tax has always been kept out of every deduction that has to be made before rating. To deduct it would be a departure in principle.

Deductions. Tithe rent-charge. Land tax not deducted.

11,012. What do you say about the Land Tax?—I have always thought it rather hard that the incumbent could not deduct the land tax; but the landowner has not been allowed to deduct it.

11,013. There is one other matter which, I think, Mr. Stuart-Wortley's questions have not touched: Mr. Boscawen mentioned payments to what he called daughter churches, which, I suppose, are churches in ecclesiastical districts off the main parishes?—Those are appropriations of income, and I do not see in the rating of property, how you are to follow the disposition of the income afterwards. There might be a reason for deducting from the payment to the daughter church something in respect of the rates paid on that proportion of the tithe rentcharge which provided for it, but I do not see how exemption could be claimed, because a certain portion of the tithe is appropriated to the payment of a daughter cure.

Deductions. Tithe rent-charge. Daughter churches. Deduction could not well be allowed, but it is a hardship.

11,014. You would go this length, would you not, that it is a grievance to the tithe rentcharge owner if he has to make a payment to a daughter Church, that he should have to pay the rate on the whole thing?—Yes, that is a great hardship.

11,015. You do not dispute that the rating authority ought to get the rate, but you do go the length of saying that it is hard that it should come out of the principal tithe-owner's pocket?—Yes; the real difficulty has arisen upon the charge made upon the mother Church being a fixed sum, instead of a share of the income.

Deductions. Tithe rent-charge. Retired incumbents. Deduction could not well be allowed.

11,016. What do you say as to one other matter which Mr. Boscawen proposed should be a deduction, namely, pensions to retired incumbents?—I do not see how you are to go into the individual circumstances of an incumbent in discussing the rateable value of his property.

11,017. (Mr. Stuart-Wortley.) You do not agree then, that pensions to retired incumbents are fair deductions?—I do not see how they can be deducted.

11,018. Let us now deal with the allegations that the tithe-owner is not entitled to relief because an addition was made to his rentcharge by the Act of Commutation to provide for the payment of rates; I think you are aware of the allegations that are made on that head?—Yes, and I have had a statement taken from the returns which were made after the commutation of tithes to show the net amount of tithes or composition; the

amount that was paid for rates, and the aggregate of the two; the tithe rent-charge that was allotted, the amount of the rate in the £ paid at the time of the commutation, and the amount of the rate in the £ paid in 1894-95, the last-named being taken from the Local Government Board returns.\* Take, for instance, Bothal, in the County of Northumberland: The net composition which the parson was receiving at that time was 1,256*l.*; the rates, which were then paid by the tithepayer, were 101*l.* Those two together amounted to 1,357*l.*, and the tithe rentcharge that was actually allotted to him in the award was 1,357*l.* The only cases in which the amount of rates was added, were those in which the rates had previously been paid by the tithepayer. In this statement I have taken four parishes in Northumberland, four in each Riding of Yorkshire, six in Nottinghamshire; six in Suffolk; six in Gloucester; six in Bedfordshire; six in Sussex; six in Denbigh and Flint; and six in Glamorgan; and I have made a summary of them. From this summary it would appear that taking these cases the composition payable by the tithepayer at the time of the commutation, amounted in the aggregate to 24,512*l.*; the rates, which were paid also by the tithepayer, the parson having his income net, were 5,708*l.*; those two added together, made 30,220*l.*, and I find that the rentcharge that was allotted in the aggregate to all those was 30,751*l.*, so that the whole sum that was added was only about 500*l.* over that large number of tithe rentcharges.

11,019. (Mr. Dalton.) Have the rates since increased or decreased?—They have decreased. The average rate over the whole, taken at the time of the commutation, on that group of rentcharges, was 4*s.* 7*d.* in the £; whereas in 1894-95, according to the Local Government Board return, they were 2*s.* 4*d.*

11,020. (Mr. Cripps.) Of course you would only expect the amount of the rates to be added in those cases where the tithe-payers were paying them at the time of the commutation, because where the tithe-owner was paying them there would be no question of addition to the rate?—That would be so.

11,021. Therefore, you have taken, of course, the right test; as far as I understand your Table, an amount was added for the tithe-owner as regards a small proportion of it?—Yes, it was added because in those cases the tithe-owner was receiving his income net.

11,022. Of course you would not have added it in other cases; that would be the only case in which you would have added it?—That is so; but there is a general impression that something was added all round.

11,023. Where you have a net payment you have to add the rate?—Yes.

11,024. (Chairman.) As you are aware, Mr. Peterson, the Secretary and Solicitor to the Tithe Rentcharge Owners' Union, was here a few days ago and gave us some carefully prepared statements, and some evidence orally. In his statement he says:—"I should like now to refer to and correct a very common fallacy with regard to what took place at the time of the commutation \* \* \* I have seen it enunciated by persons holding high offices in ecclesiastical ranks and by cabinet ministers;" and the statement to which he refers is thus given in his own words:—"That at the time of the commutation a sum was added to the tithes to make up the tithe rentcharge, and thus to secure to the tithe-owner a tithe-value free of rates, that is to say, that tithe rentcharge equals tithes plus rates." What have you to say to that statement?—That is so, where the rates were paid by the tithe-payer; but if the tithe-owner at the time of the commutation was in the habit of receiving a gross composition payment, of course that gross composition payment was generally the measure of the tithe rentcharge. The local assistant commissioners had power to add certain sums within limits to the amount where they thought the composition had not been a fair one, but there was no addition for rates in that case.

11,025. Mr. Peterson goes on to say that the idea contained in the statement is "wholly fictitious" and that "it is based upon a misapprehension both of the ante commutation history of tithe rates and also of the process of the commutation itself"; what have you to say to that?—I can only say what I have said. Mr. Farquharson came to discuss this with me some years ago; it was a subject in which he was very much

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Tithe Commutation Act. Allegation that addition was made to tithe rent-charge to provide for payment of rates. Addition only made in cases where tithe-payer was paying the rates by agreement. But rates decreased since then.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 363 to 364.



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interested, and his allegation was that this amount of rates was added in every case, whereas I have pointed out most distinctly that it was only in the case where the composition was net that anything was added for rates.

11,026. Mr. Peterson then went on to divide the procedure into three different cases, the first being where the tithe-owner collected the tithe in kind; in that case, he says, "deductions for the cost of marketing &c., were directed." What do you say to that—do you agree with it?—That was so.

11,027. The second of Mr. Peterson's three heads was: "Where the tithe-owner entered into a composition with the owner or occupier of the land and the latter paid a fixed annual sum in lieu of tithe, in this case the Commissioners were directed to take such sum as the clear annual value." What have you to say to that?—That was so.

11,028. Then it would amount to this, would it not: that, as Mr. Peterson said, in the above cases the tithe-owner did remain liable to pay the rates which he paid before?—Yes.

11,029. Then there remains the third case: "Where the tithe-owner entered into a composition with the owner or occupier of land for payment of a fixed annual sum, but to be free of all rates. These rates being paid by the landowner or the occupier the composition was so much less. In this case the Commissioners were directed to make such addition to the composition as would represent the rates paid." What have you to say to that?—That is so.

11,030. That would, Mr. Peterson says, merely replace what had been before subtracted and place the tithe-owner in the same position as in the above-mentioned cases?—That is so.

11,031. Then the allegation that a sum was added to the tithe to make up the tithe rentcharge would remain true only in the third of these cases?—An addition was never made to the value of the tithe in respect of rates, but only to the composition in the third case.

11,032. Was that the commonest case, do you think, or can you tell us which of the three cases was the commonest in practice?—I think the last.

11,033. So that while the idea is not so wholly erroneous, perhaps, as represented, there has been a course of events which have tended to make it seem more unfair than it really is?—Yes.

11,034. (Mr. Cripps.) Of course you have stated what I think everyone is familiar with who has dealt with this subject—that the rates were added in the case where the incumbent was receiving a net amount prior to the amount being fixed and where the rates were being paid by the tithe-payer?—Yes.

11,035. Up to the time of the Tithe Commutation Act was it not a common practice in the vast majority of cases for the rates to be paid in fact by the tithe-payer and not by the tithe-owner?—The tithe did not arise as a separate entity for rating.

11,036. I dare say you are aware that after the passing of the Tithe Commutation Act in several districts for some period of time the tithes were not rated?—It was so.

11,037. It was afterwards discovered, of course, that they ought to be rated?—Yes.

11,038. Are you also aware of this: that when that discovery—if I may so call it—that the tithe should be rated was made, the tithe-owners alleged that if they were rated on tithes the farmers ought to be rated on their farming profits?—No, I did not know of that.

11,039. Nor that for some time the Courts held that that was right?—No, I was not aware of that.

11,040. Nor that it was afterwards upset by a judgment—I think it was Lord Denman's—in the Court of Queen's Bench?—I have known one or two rent-charges escape rating altogether.

11,041. (Mr. Stuart-Wortley.) On the question of the results of commutation as bearing on the respective claims of the landowner and tithe-owner to relief from taxation, what do you wish to tell this Commission?—My own view is on the whole that the tithe commutation was a wonderfully equitable arrangement. Of course the tithe-owner surrendered a good deal, because a very large deduction was made by the farmer usually for marketing and threshing the produce of the land; that was represented to be as much as 40 per

cent. in some cases, and roughly, I think, the deduction for that was about 25 per cent. The incumbent thinks that that deduction was too large, that it was a great convenience to the farmer to be able to market the whole of the produce of the land, and that it would not cost him anything like the allowance which was made by the incumbent in accepting the modified commutation in lieu of it.

11,042. Is it your view that both landowner and tithe-owner have benefited from the results of commutation?—Very largely.

11,043. In what sense has the landowner benefited?—He some years back benefited largely, because he could go on and improve his land without feeling that the result of his improvement would be, to a certain extent, taken by the tithe-owner.

11,044. In what way has the tithe-owner benefited?—He has secured a fixed income apart from the vicissitudes of farming. For instance, at the present time in many cases, the tithe-owner is getting payment based upon the more valuable produce of land which was formerly arable, but which has now perhaps gone down to grass, and is producing scarcely anything, but he is receiving his income—subject, of course, to averages, but still a fixed income—based upon the old produce of that land.

11,045. And he has also escaped the irritation which used to exist between him and the tithe-payer?—Yes, which is, of course, of great value to an incumbent.

11,046. (Mr. Cripps.) There are one or two questions of principle I want to put to you. Of course tithe was estimated on the produce of the land?—Yes.

11,047. It was not estimated on rental; it was estimated on produce?—Yes.

11,048. Do you know any other case except tithe where a sum which is calculated on the produce of the land as apart from the rental of the land is rated at all?—I think not.

11,049. How would you justify—of course I am only dealing with your views—in one particular case, namely, that of tithe, rating a sum which is fixed in reference to the produce of land, though in all other cases you excluded that element?—I assume it goes back to the Statute of Elizabeth which specifically mentions it.

11,050. But then the Statute of Elizabeth would include all forms of property?—Yes.

11,051. Putting aside the Statute of Elizabeth, can you suggest any justification for rating the produce of land in the case of tithe, although you do not rate the produce of land in any other instance?—No, I do not think I can.

11,052. There is one other point I want to ask you; of course you know this case of the Dean and Chapter of St. Asaph v. the Overseers of Llanrhaidr?—Yes.

11,053. We may take it from that case that, as the law stands at the present time, the only deductions are the remuneration of the collector, the legal costs and out-of-pocket expenses, bad debts, irregularity in payments, and tenant's taxes. Allow me therefore to put this to you: suppose a tithe-owner not being able to get his tithe paid, went into possession of the land, and became a farmer for the purpose of raising sufficient produce in order to earn his tithe, do you think that in a case of that kind you could limit deductions to those deductions which were mentioned by the Court of Appeal?—Certainly not.

11,054. I mean if you are to look on the tithe as based on the produce of land, these deductions would be altogether inapplicable?—Quite.

11,055. I have been dealing with you as a tithe-owner in the ordinary sense, and now I want you to take a tithe-owner who is also an incumbent; it has been suggested that a tithe-owner who is also an incumbent receives the produce of the tithe somewhat in the nature of a professional income; you have heard that suggestion, of course?—Yes.

11,056. Do you think that that is a fair way of looking at it in the case of an incumbent?—Personally, I hardly think it is.

11,057. You do not think so?—No.

11,058. Supposing that is the fair way of looking at it—and I take your view that you do not think it is—then these deductions, such as pensions, curate's salary,

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Tithe estimated on produce, not on rental.

Deductions. Tithe rent charge. "Dean and Chapter of St. Asaph v. the Overseers of Llanrhaidr." If tithe owner entered into possession of land to earn his tithe from the produce, the deductions mentioned in this case would be inapplicable.

Tithe owner as incumbent cannot be said to receive tithe in nature of professional income. But if this view is correct, then deductions such as curates' salaries, &c., should be allowed. Also in case of glebe.

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and so on, ought to be deducted, ought they not?—Certainly.

11,059. If we once assume that we are to look at it from that point of view, then these deductions would be right?—Yes, they would come as a matter of course.

11,060. (Mr. Dalton.) If the exemptions in respect of personal services, curates' salaries, and payments to Queen Anne's Bounty, were allowed in the case of tithes, is there any reason why they should not be allowed in the case of glebes and other endowments of the church?—I should think not.

11,061. An endowment in consols, and an endowment in glebe, would stand on exactly the same footing as an endowment consisting of tithe?—Yes.

11,062. Is most of the tithe of the ecclesiastical commissioners situate in rural districts?—It is mainly in rural districts, but a portion is in urban districts. Taking the 266 cases which form the basis of the summary I have laid before the Commission, I suppose only about 40 of those were in districts which would become liable to a payment towards the general district rate.\*

11,063. For the purposes of the general district rate the tithe is rated at one-fourth?—Yes.

11,064. I think you brought it out that the figures of the poor rate would come to about an average of 2s. 6d.?—Out of the 2s. 7d. which I had over the whole area, the poor rate represented 2s. 5½d., and all the other rates combined 1½d.

11,065. Then we may fairly make the deduction that in those parishes where these tithes are situate, such of them as are rural, the average rate in the £ is practically half-a-crown?—About half-a-crown.

11,066. Those are parishes taken from every part of the country?—Yes. I have here the schedules showing every rent-charge in every county; I have brought the details in case they might be wanted.

11,067. Do you think it would have been practicable to have brought tithe into the Agricultural Rates Act?—The only difficulty was the question whether the tenant was to be benefited or the owner.

11,068. Was there not also the question whether the tithe came from agricultural land or whether it came from houses and buildings? Would it not have been necessary to have divided the tithe in every parish, and to have ascertained what was charged on houses and buildings and what was charged on agricultural land?—It is a very small proportion that is derived from houses and buildings.

11,069. Still it would be necessary to have apportioned it, I suppose, in every parish; even where you have farm-houses you would have been obliged to put some of it on the farm house?—I hardly think that would have been an insurmountable difficulty.

11,070. It would have been an expensive business?—Yes.

11,071. And the expense might, of course, have been as much as the relief?—Yes, it might.

11,072. What was the effect of the commutation on land that subsequently became built upon? That land would have ceased to have any produce, would it not?—Yes.

11,073. And, therefore, when land was built upon prior to the commutation, tithe ceased to be payable in respect of it?—That was so, I believe.

11,074. But after the commutation, it stuck to land in those cases?—Yes, a very small proportion compared with the entire bulk.

11,075. Then, I think, you say the landowner has benefited by the commutation, do you consider that he has benefited in those districts where the tithe rent-charge now approaches the rent?—Hardly, perhaps in parts of Wiltshire and Hampshire, and in some parts of Essex.

11,076. (Mr. Smith.) Over how many parishes in England does your average of rates, that you have given us as varying from 2s. 3d. to 2s. 9d., extend?—Two hundred and sixty-six.\*

11,077. Taken all over England?—Taken in every county in the Kingdom.

11,078. It averages at 2s. 7d.?—That is taking the north and the south.

11,079. Of which 2s. 5½d. is poor rate—that means the consolidated rate, of course?—Yes, that we call the poor rate.

11,080. And 1½d. represents all the other charges?—Yes.

11,081. Do you think that is fairly typical of rural England?—I think it is. I endeavoured, in selecting cases, to take fair cases. I think on the whole it is fair; there was every endeavour to make it absolutely fair.

11,082. I was very anxious to get that fact, and I have not been able hitherto to get it from anyone. You were asked by Mr. Cripps whether the tithe was not really a charge upon the produce of the land; of course, since the commutation, it has no longer affected the produce of the land?—That is so.

11,083. It varies according to the prices of certain articles, wheat, barley, and oats, I think, but it is no longer affected by the produce of the land, in so far as the tithe-payer may grow barley or he may grow hops?—Quite so.

11,084. (Chairman.) I am very much interested in this table that you have put in, and I want to be quite clear that I understand what you put it forward as proving. If you look at column 4 you will see that the assessment of rates in the 128 parishes in the northern counties in 1894 was 36,645l.?—That is so.

11,085. And the net receipts for the same year were 33,180l.?—Perhaps, I should explain that the other outgoings which appear in column 13 are outgoings which are peculiarly attached to the Commissioners' tithe. Those outgoings would take into consideration all stipends to incumbents which have been charged on tithes by previous owners. Those outgoings amounting to 2,673l., for the most part consist of stipends, the rest of it being the land tax. Those are the two principal items. That is rather a disturbing element in looking at the tithe generally.

11,086. In that case, in order to compare the assessment for rates and the value, must I take your 12th column which shows for the northern counties 35,853l.?—That is so.

11,087. Would that column 12 represent what would be paid to the ecclesiastical tithe-owner if these parishes were not commissioners' parishes but parson's parishes?—Subject to a deduction for land tax.

11,088. Then do you assume that in the case of these parishes the assessment to rates was not greatly in excess of the value for the year 1894?—The assessment that had been determined for 1894 was not. It was rather higher than it should have been owing to causes I have already explained, but it was not so very much out. Taking the two districts together it makes a difference of 1,400l.; we should say it was 1,400l. too high.

11,089. I want to be quite sure whether there is not some latent fallacy in using this table which you have put forward as showing the measure of what happens to your parishes as a test to what is the measure of the grievance of the parson in his parish?—Apart from column 13 I think it is a very fair representation of the average tithe rentcharges.

11,090. (Mr. Dalton.) That table refers to the Ecclesiastical Commissioners' property?—Yes.

11,091. Surely the Ecclesiastical Commissioners look more strictly, and in a more business-like manner after those Assessments than you can expect a parochial incumbent to do?—Yes, but I understood his Lordship to say would these be fair rentcharges? The result perhaps would be varied by any carelessness on the part of the incumbent with reference to his Assessment, but it is within his power, of course, to bring out a similar result to this.

11,092. Apart from the question of carelessness I suppose the assessment committees would hesitate more at fighting a powerful body like the Ecclesiastical Commissioners than at fighting a single ratepayer?—That is so.

11,093. (Chairman.) No summary, however accurate, can possibly give a full statement of what may be individually a very hard case?—That is so.

11,094. Some have been put before us,—five noticeably from the Diocese of Salisbury.\* I will take one case, I omit the population, because that is not a factor which for the present purposes matters; the tithe

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Tithe rent-charge. Statistics showing rates in the £.

Agricultural Rates Act, 1896. Question whether tithe could be included in the scope of the Act.

Tithe Commutation Act.

Land built on before and after.

Tithe Commutation Act. Land owners not benefited in certain districts.

Tithe rent-charge. Statistics showing rates in the £.

Tithe. Statistics. Ecclesiastical Commissioners' property. Value of tithe rent-charges in certain parishes, and assessment to rates.

Tithe. Statistics. Cases of tithe highly rated.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 358 to 361.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, p. 356.

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value in 1896 is given us as 167*l.* 11*s.* 0*d.* less rate on tithes and house 45*l.* 12*s.* 3*d.*—?—But the house ought not to be in it.

11,095. Please wait till I have finished. And less cost of collection 5*l.* 17*s.* 4*d.* those two items taken together show a deduction from the tithe value for rates and collection of 51*l.* 9*s.* 7*d.* out of the 167*l.* 11*s.* 0*d.* Now subject to anything you may have to say as to taking off the rate on the house would you like to make any comment on that individual case?—It is a very hard case. The tithe seems to be unduly rated unless the house is exceptionally good.

11,096. To judge of it in all these cases you would be obliged to have the separate figures for rating the tithe and for rating the house?—Certainly.

11,097. Do you know of any case in your own experience at the Ecclesiastical Commission which approaches those relative figures of the amount of the rates compared with the gross value?—Not where the proportion is so large as that. The largest case I have here is where the rate comes to 14·9 per cent.; that is a case in Wales.

11,098. Are there any exceptional circumstances to make it very high in that case?—No, these were average cases; one of them was an urban district, but it was a very small proportion and that made a slight addition. I see there is one case in Middlesex where the proportion is large, namely 16 per cent, but that, too, is a case of an urban charge.

11,099. I will give you one other instance, the case of Salisbury St. Martin. The tithe value in 1896 is stated to us as 113*l.*; the rates on tithe and house 46*l.* 19*s.* 8*d.*, and the cost of collection 5*l.* 13*s.* 1*d.*, together 52*l.* 12*s.* 9*d.* which taken off the 113*l.* leaves a net income of 60*l.* 7*s.* 3*d.*—That is an urban district. St. Martin's Salisbury is just out of Salisbury, and in all probability it bears its share of urban rate, and the house is brought in too.

Deductions. Tithe rent-charge. Chancel repairs should be allowed for.

11,100. I think I may take it from what you have said that you have no case on your list which compares relatively to the gross value of the tithe in the amount of rates with either of those?—No. May I say with reference to the chancel repairs that I think it is a gross injustice that the large expenditure which has to be made upon chancels is not allowed as a deduction now. Take the Commissioners' expenditure upon chancels which I suppose averages between 2,000*l.* and 3,000*l.* a year; that is roughly 1 per cent. upon the amount of the Commissioners' rentcharge; yet, if this decision is to stand no deduction whatever is to be made for expenditure upon chancel repairs although the obligation is one that it is impossible to avoid.

11,101. You would, I suppose, agree that it would be fair to ascertain the average one year with another probably by some system of insurance or in some way of that sort, in order to find out and give satisfaction to the rating authority, that an undue deduction was not being made?—Yes.

11,102. Subject to that you would urge that the expense of the repair of the chancel should be subtracted from the gross value before the tithe is assessed for rating?—Yes.

11,103. (Mr. Cripps.) Wherever the incumbent is rector, of course he would be directly liable?—Yes, and that is the case in a large number of instances. The Commissioners are responsible for an immense number of chancels because they are rectors in so many parishes and the chancel expenditure is large.

Tithe Statistics. Cases of tithe highly rated.

11,104. (Chairman.) I will take one other case where the individual figures are given rather better than in either of those cases that I put before you a moment ago. The Rev. Mr. Marion, of Edgefield, writes to Mr. Boscawen: "Tithe rentcharge 410*l.*, rated at 70*l.*"—that means he pays rates on the rateable value of 410*l.*—"house rated at 5*l.*; glebe 16 acres at 2*l.* 14*s.* 0*d.*" We may leave out the house and the glebe, but he goes on to say: "The Agricultural Rating Act will press hardly on me, for as we are building a new school and premises"—it is a board school—"expenses are sure to rise, and, as only a fixed sum is conceded, I, the chief ratepayer, will bear the burden. Roughly speaking, in 1897 I shall have to pay 20*l.* to every 100*l.* wanted by the overseer, that is, one-fifth of the parochial burdens." Do you follow the argument?—I do; but it is one of those cases that one would like to investigate oneself before expressing an opinion about. I have investigated so many cases in my official capacity and so frequently

found the statements wanting in accuracy that I should hesitate to express an opinion until I saw them in detail.

11,105. There are one or two cases on this paper which was handed to me by Mr. Boscawen, which I should like to ask you to investigate for the purpose of our inquiry. I recognise at once that it is not fair to ask you to express an opinion over the table unless you happen to have some knowledge of the case already. There is just one point that I want to make clear. The second argument in that case is this: that the Agricultural Rates Act of last year, by giving a fixed amount of relief on the value of agricultural land, yet providing that agricultural land shall only pay a fixed proportion of the rate, in the event of any increase of rate arising, that would add to the burden on such properties as tithe rentcharge?—Very materially. That is, I think, one of the grave injustices of the Act of last year, and, if the rates are to be increased and the land occupier is only to be assessed at one-half—ultimately, of course, it will be the land-owner—the tithe-owner will have to pay the increase.

11,106. You recognise also, do you not that without some such provision as that there would have been a considerable premium upon extravagance?—There would, undoubtedly.

11,107. (Mr. Smith.) In those cases which you have described to us—and, I think we quite understand where the rates were added to the commutation—were they not rated on a basis of about 4*s.* in the £?—The average of the old rates at that time comes out to about 5*s.* in the £.\*

11,108. Were they added on that basis?—On that basis.

11,109. Then a small addition to the 2*s.* 7*d.*, which is now the average, would not be very material?—No.

11,110. (Mr. Dalton.) If the rates go down in any parish I suppose the effect of the Agricultural Rates Act will be that these other properties will get the benefit?—That is a very remote contingency.

11,111. (Mr. Cripps.) Of course, as you state, it is the occupier who is rated and not the owner. I am not now talking about ultimate matters; whenever you give relief it seems to me in any such direction as the Agricultural Rates Act has given relief, if there is any increase of the rating in the future you will raise it really over a smaller amount so far as the ordinary assessment is concerned?—That is so.

11,112. I do not see how you can avoid that, can you? I am assuming that the agricultural land for the purposes of my argument was unfairly rated before, and, therefore, it is quite right to give it relief?—Yes, but then the tithe-owners would have to pay a bigger share in consequence of the action of Parliament in not bringing them in.

11,113. I do not want to go back and argue it; taking the assumption that agricultural land was unfairly rated before, and that there is too heavy a burden upon it the relief is quite right, because you are merely putting right an injustice that existed?—Yes, but you are making it a little more unjust upon the tithe-owner.

11,114. That is another question, whether the tithe-owner is fairly charged or not. Supposing you find any property in a district which has an unfair burden as regards rates, and you put that right as a matter of justice, to a certain extent you must increase the burden upon the other ratepayers in the district?—Yes.

11,115. But that is only putting an injustice right?—That is so.

11,116. (Mr. Dalton.) I suppose your argument that tithe does not get the benefit of the expenditure of the rates would simply apply to cases in which other properties get the benefit from rates and would not apply to rates of burden, such as the rate for the relief of the poor?—Tithe does not benefit exactly by that.

11,117. But the other properties do not either, do they?—No; in common with others of course it is so.

11,118. (Chairman.) Is there any point you would like to add?—May I mention one matter; it does not concern me in my official capacity, but it is one which I have some knowledge of in my private capacity. It has doubtless been brought before you. I refer to the hardships of the Act 18 & 19 Vict. c. 128 about the rating of cemeteries. A parochial cemetery in a parish is only rated at the value of the land when it was

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Agricultural Rates Act, 1896. Increase of rates. Increased burden on tithe-owners.

Tithe Commutation Act. Cases where rate added. Amount of rates in the £ at that time.

Agricultural Rates Act, 1896. Increase of rates. Increased burden on tithe-owners.

Tithe-owners and increased taxation. Imposition of new rates an injustice.

Valuation of cemeteries. A parochial cemetery only valued on the basis of value of land before it was a cemetery.

\* Pt. II, of Appendix to Vol. I, of Minutes of Evidence, pp. 362 to 364.

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agricultural land, before it was taken for cemetery purposes, although the parochial authority to whom the cemetery belongs may now be making a large profit out of it.

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11,119. You would agree with me, would you not, that also on the other side there comes in rather a peculiar state of matters that the annual revenue practically in large part consists of a re-sale of the corpus of the property?—To a certain extent that is true.

11,120. It is altogether true is it not, because supposing a cemetery is being filled up at such a rate that at the end of 50 years from the time in which it was made every lair is occupied, in the course of the annual returns with sound financial management you ought to have repaid the capital value as well as the annual revenue?—Yes; and if the price at which you re-sell is so large as to pay you not only the original sum that you paid for the land, and interest upon it, but also a very large profit in addition, it is hardly fair to the locality in which the cemetery is situated that it

should have no portion of that profit brought in for rating purposes.

11,121. Possibly, but you would agree with me, would you not, that you must take into account the consideration that I have put before you?—That must be taken into account, but there is a profit upon that.

11,122. (*Mr. Stuart-Wortley.*) I suppose the existence of a cemetery does not tend to increase the rateable value of the adjoining properties?—No; it not only reduces the capacity of the parish for rating purposes, but in the case which I have in point—the parish in which I live—the unfortunate residents are charged double fees for being interred in these very cemeteries.

11,123. (*Mr. Elliott.*) There is a Bill before Parliament to remedy that, is there not?—There is.

11,124. (*Mr. Stuart-Wortley.*) Have you anything else you wish to explain arising out of questions that were put to you by the Commissioners?—Until I have seen my evidence nothing occurs to me at the present time.

The witness withdrew.

Mr. ARTHUR F. JEFFREYS, M.P., called and examined.

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11,125. (*Chairman.*) You are Member of Parliament for North Hants., an Alderman of the Hants County Council and member of the Assessment Committee, and a member of the Basingstoke District Council and Board of Guardians; and you have been formerly on the Assessment Committee of the Alton Union. You are chairman of the Bentworth Parish Council, overseer of Bradley parish, and member of the Council and of the Business Committee of the Central and Associated Chambers of Agriculture, of which you were chairman in 1895, and by that Council I understand you have been asked to give information to this Commission?—Yes, that is so.

11,126. Generally, you have paid attention to the subjects which are embraced in our reference all the time that you have been in Parliament?—Yes, I have.

11,127. I know from what you have said, that complaints as to the burden of local taxation are made by occupiers of land on account of the way in which the rates are levied upon agricultural land?—On the area on which they are levied.

11,128. Why on the area specially?—Because, instead of rating the farmer on his house and premises, they rate him on every acre of land he occupies, and the farmer naturally says that a great many of the rates which are raised do not affect his acres at all; they only affect the occupiers of houses.

11,129. That, of course, is a general statement which it might, perhaps, in detail be a little difficult to make out; but I will ask you a question on it in a moment. Do you put it forward that agricultural land is to be relieved altogether from rates?—I think it would be a very fair thing to relieve it altogether from certain rates; for instance, I do not see how the Police rate can possibly affect agricultural land.

11,130. Are the police never employed in protecting a farmer's crops, for example?—No, I do not think they are.

11,131. Not in the suburbs of a large town?—I never heard of it. Do you mean in preventing persons setting fire to a crop?

11,132. In preventing damage by people trespassing?—I do not think the police have any power to proceed against trespassers.

11,133. I am, perhaps, ignorant of your English practice; but supposing a growing crop is close up to the boundary of a populous place, do you not think that if wilful damage was done by some of the mischievous inhabitants of that place, the constables could not be set to watch and to protect the farmer's crop?—Then it would have to be done under special circumstances. I do not think the police have any more power to protect the farmers' crops, than they have to protect the landlord's game at the present time.

11,134. Game, of course, is a highly controversial subject into which I will not take you. I take it from you that it is your opinion that the police rate is one for which agricultural land shall not be assessed?—It should be entirely free from it because it derives no benefit from it.

11,135. Of course, you are speaking now as to what in the abstract would be fair, not as to what is the law at the present time?—No, what I think would be fair.

11,136. Is there any other rate that you would put in the same category?—Yes, the School Board rate, certainly. I think the School Board rate cannot possibly affect the acres; the school is merely for the children of the people who occupy the houses. Another rate which I think it is very unfair to put upon the land is the rate for the county lunatic asylums, and another rate which I think it is unfair to put upon the land is the rate for the main roads and bridges.

11,137. Surely roads and bridges are in some respect essential to the enjoyment of agricultural land?—Yes, they are for the good of agricultural land to a certain extent, but hitherto agricultural land in the rural districts has paid a very unfair share of the cost of keeping up the roads and bridges which are used freely by the whole population.

11,138. You would draw, perhaps, a distinction between roads which are district or local roads, and those which are without being arterial highways, main roads?—Yes, I would, certainly.

11,139. I should like you to make a little more distinct the suggestion which you put forward, that the farmer is rated upon his whole capital and means, and that, therefore, he is put at a disadvantage compared with others?—I mean in this way, that if you take a farm, first of all you are assessed at a certain amount upon the house, and the buildings, and the land; the farmer puts his whole capital in the land, because when he goes into the farm, he has to pay for the tillages and the seeds to the former tenant, so that practically his whole capital is invested in the land, and the land is assessed accordingly because of those tillages. If land were uncultivated it would not be assessed at anything like what it is when it is under cultivation; but from the fact of it being under cultivation, and of the farmer's capital being invested in it, it is assessed at a certain amount. Therefore I say that man is being assessed on his whole property.

11,140. Do you put it to me that the whole of a rate which has been in existence prior to the contract which the farmer is working under at the moment, is paid by the farmer in contradistinction to payment by the landlord?—No, I did not mean to say that. That is, of course, a different question altogether.

11,141. Is it not germane to the last answer that you gave, that the farmer is really the bearer of the rate?—Yes, the farmer pays the rates.

11,142. We all admit, of course, that he is the hand that pays it, but I rather, in consequence of the last answer you gave, wanted to draw from you your view, if you wish to express one, as to where the incidence of the rate really falls, and I purposely indicated the difference between a rate which was new after the date of the contract, and a rate which was in existence at the time the farmer made his bargain?—I should say that the farmer did pay a share of that, as I indicated before, because his share of the actual money in the

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Mr. A. F.  
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Agricultural land. School boards, county lunatic asylums, main roads, bridges. Occupiers of agricultural land should be relieved from paying rates in respect of.

Agricultural land, rating in respect of, alleged to be inequitable.

Incidence of rates as between lessor and lessee of agricultural land.

Valuation of, and rating in respect of, agricultural land. Farmers should only be rated in respect of their houses and premises.

Agricultural land. Police. Occupiers of agricultural land should be relieved from paying rates in respect of.

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land is the amount he puts in for tillages and seeds, and therefore on that alone he pays the entire rates. There are certain other rates which he pays upon the land which, to a certain extent, fall upon the landlord, because the landlord is always there. Land is always, to a certain extent, a valuable property, but it would be very much less valuable if it were not cultivated. When it is in a state of cultivation, then I say the rates fall upon the farmer himself directly.

Agricultural land. Rates. Farmers frequently do not take rates into consideration when bargaining for a farm.

11,143. Some gentlemen representing the agricultural interest have put it in the broadest possible way that a farmer when he goes to make a bargain for his land, does not take into account the rates he will have to pay at all, he thinks of the rent and he does not think of the rates. What have you to say to that contention?—I do not think he does. Of course, as the Commission knows, farmers are not very good business men, and I am afraid they do not take the rates into consideration when they hire a farm.

11,144. Do you think that they do not do so now, or do you discern any increased regard to that consideration?—Do you mean within the last year?

11,145. I mean within the last few years?—I think lately they have begun to think more about it, because they have been much poorer and the rates have pressed much more heavily upon them; but in former years I am quite sure that a farmer never considered the rates he had to pay when taking a farm.

11,146. However, you will agree with me that it is a material consideration as between one district and another?—Very much so. I know two neighbouring unions, in one area the rate is just double what it is in the other—and the land is adjoining.

11,147. Clearly if the land was of comparable value, or of equal value, the man in the one union could afford to give more rent than the man in the other?—That is quite true. Now that this rating question has come before them more prominently, no doubt they would like to get into a union where the rates are lower.

Contribution to rates by different classes. Amounts. Agriculturists said to pay most in proportion to income.

11,148. I am rather interested by the three instances you give of the blacksmith who has his cottage and smithy with a presumed income of 100*l.* and pays 1*l.* 11*s.* 6*d.* in rates; of the farmer with as you say, the same income of 100*l.* a year off a 200 acre farm, who pays eight guineas in rates, and of the baker who pays rates on his house and shop of a gross amount of 2*l.* 16*s.*?—That is in a parish I know.

11,149. Have I given the summary of your figures correctly?—Yes.

11,150. You put this question to us, as I understand: Why should the farmer who is probably poorer than the blacksmith, and much poorer than the baker, pay for his rates eight guineas, as compared with the blacksmith's 1*l.* 11*s.* 6*d.*, and the baker's 2*l.* 16*s.*? Do you suggest that local rating should be placed in any form upon income?—No, I do not. I think there is great difficulty in that, but I say that to a certain extent it is placed upon the farmer's income at the present time, and that is just what I want to get taken off.

11,151. I was passing from that, and I do not desire to express an opinion upon it. I was taking the concrete case which you yourself gave, and assuming your argument, desired to ask you in what direction you were inclined to look for a remedy?—My remedy would be to relieve the farmer. I do not think it is possible to put any rates upon either the blacksmith's or the baker's income.

Agricultural land. Occupiers should contribute to rates at one fourth.

11,152. I take you on that; it takes us one step further on, of course. Assume that the farmer has to pay upon an equivalent amount to the other two and he will pay, roughly speaking, two guineas, which is an intermediate figure between the two; who is to make up the deficiency?—I maintain that the agricultural land ought to be rated at a quarter instead of a half as it is at present. That would make up a certain amount of the deficiency.

11,153. Is it your scheme that that is to come from the Imperial Exchequer?—Yes, the reduction to the quarter as the half comes now.

11,154. That will not exhaust the whole difference, will it?—No, it will not.

11,155. What is to be done as regards the rest?—I say I hope there will be a better system of assessing the land. I think the land ought to be freed, as I have said, from certain rates. I have indicated the school rate, and the lunatic asylum rate, and the police rate

and the roads and bridges rate. I think land itself ought to be freed from those entirely. That will give a substantial amount of relief.

11,156. And *pro rata*, of course, the other local properties would have to pay at a higher rate?—A very slight increase, I think, if those contributions from the State were given that I mention.

11,157. What do you propose to do with those rates; do you propose to make them entirely a matter of Imperial concern?—Yes, I do; the lunatics, I am sure, ought to be.

11,158. And Imperially administered?—Yes, if necessary.

11,159. It would be a corollary, would it not?—I do not know. I think that there might be some trouble in putting the police, for instance, upon the State, but if the State demanded it; if the State said: the only condition on which we will pay for the police is that we are to have the control of it; then I am sure that we in the counties would be quite willing that they should have the control of it.

11,160. Do you speak in that way for the agricultural community, or for your county as a whole?—For the county as a whole, I think.

11,161. Has that ever been the subject of resolution or of discussion in any local body?—It certainly has of discussion, and I have never yet heard in our county anybody who has opposed it, of course, on the condition that we get the money grant.

11,162. (*Mr. Cripps.*) You get half now, do you not?—We do not get half now. We were supposed to get half at one time, but, the fact is, that the cost of the police increases so much more on account of the requirements of these people, who live in houses, not because of the land, but because of the occupiers of houses, and so we do not get half.

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Agricultural land. Occupiers should be free from paying rates in respect of certain purposes. Question of local control and administration.

11,163. (*Chairman.*) The position of the matter is this: you get a fixed grant each year in accordance with what was a half in one of the past years?—Yes.

11,164. And, as in certain districts, policemen are increased in numbers, so the whole cost of them has increased, but the increased burden falls upon the local body, with the subtraction of the fixed subsidy from the Imperial Exchequer?—Yes.

11,165. (*Mr. Stuart-Wortley.*) It never was more than half the pay and clothing, was it?—No.

11,166. Therefore it would cover nothing for build-ings?—That would be so.

11,167. (*Chairman.*) You mentioned that you were a member of an assessment committee. Having lived a large part of your life in the country do you think that the assessment committees do their work fairly as between one class of property and another, and one holder of property and another?—I think they do the work as fairly as they can, but I should like to say that the assessment committees often have no particular knowledge of the subject. You know how an assessment committee is formed; people are pitchforked into it, not because they know much about the business, but because they happen to be members of the board of guardians.

Police, increased cost of.

Assessment Committees. Constitution of. Have no particular knowledge of rating matters.

11,168. And the present system in various ways tends rather to put a premium upon each man getting down the assessment of his own particular parish?—I think that is true.

11,169. Of course, I need hardly ask you, you think that is a bad system?—I think it is thoroughly bad. I think what we want more than anything else is uniformity of assessment.

Valuation. Present system a bad one. Uniformity desirable.

11,170. And perhaps the authority having authority over a somewhat larger area than it has at the present time?—No, I am not so particular about that. I think the areas of the unions are large enough, but I think that the assessment committees ought to have some direction from an assessor.

Area of union sufficiently large for purposes of valuation. Inland Revenue officer should assist Assessment Committees to secure uniformity.

11,171. Would you like to see the Inland Revenue surveyor placed along with them?—I think so; possibly not to vote, but, at any rate, to direct them. I happen to have been on two boards of guardians, and I know how very differently the assessment is conducted in the one union as compared with the other, and yet these two unions are adjacent.

11,172. Two distinct lines of thought have been exhibited before the Commission upon this matter,

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Areas for valuation purposes. Present areas satisfactory, but uniformity in valuation desirable, and one basis for Imperial and local purposes.

both presuming that a larger area than the parish is desirable for assessment purposes; one of the lines of thought being that it should be by the union, the other that there should be a division into urban and rural districts, that is, roughly, borough and county, and that they should be respectively the authority within their districts. Would you wish to make any comment on either of these proposals?—No. I do not think there is such a necessity for restricting or enlarging the areas. I think the areas, so far as I know, do very well at present. The only thing that I submit, as I do very strongly, is, that there should be uniformity of the mode of assessment in all these different unions. The parishes are taken now, as you know, for the sake of convenience generally; the people know the land in the parish, and when they are informed that a certain farm is rated differently from another farm in the same parish, they take it that it ought to be enquired into if there is a great disparity in the assessment.

11,173. In fact, you cordially support this resolution which you tell us was unanimously passed at the Central Chamber of Agriculture, on the 1st June "that in the opinion of this Council it is desirable that "one basis of assessment should be adopted for all "purposes, local and Imperial"?—I do very strongly.

11,174. You think there is a strong feeling throughout the country that the time has come for the introduction of some such system?—Very strong indeed, in fact, I have never heard of a difference of opinion about it.

11,175. You make this statement, which I do not contradict: "Wealthy men living in rural districts, and "not occupying land pay only the rates upon their "unfurnished houses, and, if they rent furnished "houses, they only pay the rates indirectly through "their rent." Taking that as a basis for some inference, what is the inference which you wish to draw from it?—The inference I wish to draw is this, that the whole burden of the rates falls upon real property, and, to a great extent, upon this agricultural land, which, as I say, derives no benefit or very little benefit from the rates. Then I say that those gentlemen who live in hired houses, and pay no rates, ought to contribute something towards the rates, indirectly, no doubt, but it would be contributing to them if we got a grant from the Imperial Exchequer to which those gentlemen contribute very largely on account of their incomes. I should never wish to ask the gentlemen who live in the hired houses to be rated on their personal property, or anything of that kind, but, I do say, give us a greater State contribution to reduce our rates, and then you indirectly will pay something to the rates through your income tax and other taxes.

11,176. In other words, your plea is for an increase of the contributions to local rates, which are now given in one form or another from the Imperial Exchequer?—Yes.

11,177. Do you apply that to urban as well as to rural expenditure?—No, because in the urban districts, of course, they get all those benefits for which they are rated. There are some figures which I give on the first page of my memorandum which will show that instead of half their rates going to the poor rate as ours do, a very large proportion of their rates goes for what is called the general district rate, which includes lighting and other matters.

11,178. In other words you point out a division between one rate and another, having regard to the object to which it is devoted?—Certainly. I say in the urban districts, the occupiers of houses get the full benefit of their rate.

11,179. Can you suggest to me any test which being applied to a rate whether in the country or in an urban district would show that it was a rate which was a fair rate for the present class of real property which is rated, or was one towards which you think there should be a larger Imperial contribution?—I have given those rates which I say the land ought to be released from, such as police, the lunatics, the roads and bridges, and I should add the National elementary schools.

11,180. I was rather going to suggest the other way that you should give me a list of rates which you think are fair charges upon the property now rateable in agricultural villages?—Of course, I think, the poor rate is. I see a great difficulty in relieving land of the

poor rate because of the difficulty of administering it in an economical way unless we pay a share of it ourselves. Half our rates, as you know, go to the poor rate. I do not know whether you noticed a return which was presented the other day by the Local Government Board? That return shows that out of the 23,400,000*l.* which are raised by rates in England and Wales, the relief of the poor takes over 10,200,000*l.*, so that nearly half goes to the poor relief.

11,181. (Mr. Cripps.) Is that in the rural districts?—I suppose it is for all local authorities, but here is the return (*handing in same*).

11,182. (Chairman.) Is there any point in your memorandum which I have missed, but which you would like to emphasise?—The only thing I should like to emphasise a little is what I alluded to just now, the difference between our rural rates and the urban rates. In our rural rates, as I say, a great many of the things for which we are rated we do not get the full benefit of; and in addition to that the rates are comparatively low; on the other hand, in the urban districts the rates are apparently high—double what ours are sometimes.

11,183. That only leads me to this, which I think most of us will admit, that the gross rate in any district is not a sufficient criterion for judgment on this point, without splitting it up and finding what objects that rate is devoted to?—Yes, but sometimes it is contended that our rates are very low because they are only supposed to be 2*s.* 6*d.* in the *£*, whereas urban rates are very high because they are supposed to be 5*s.*

11,184. You may take it from me that we shall not omit to give consideration to that point?—To the benefit which the urban districts derive from their rates?

11,185. Quite so. You have given a list of about a dozen towns showing the rates levied and collected in them in 1895-6; can you tell me the process which you went through in selecting those?—I did not make up the figures myself but I got a paper which was made up by the borough treasurer of Preston which includes the figures for a great many more towns than that. I took some of those as specimens.

11,186. (Mr. Smith.) You said that urban districts get the full benefit of their rates, I think?—Yes.

11,187. Will you tell me how urban districts are interested in lunatics to a greater extent than rural districts?—It is quite true they are not; but then I premised my observation by saying, I think, that lunatics ought to be provided for by the State.

11,188. You also said we got the full benefit of all our rates; would you apply the same principle to the elementary schools in urban districts?—Yes, I would, I would give some relief to all the schools both in rural and in urban districts.

11,189. And in addition you ask that another quarter of the poor rate should be taken off the agricultural land?—Yes, I do, because there is a very good precedent for that in the urban districts; the land only pays a quarter of the sanitary rate.

11,190. But you are asking that it should come off the poor rate which you admit you have to bear because you administer it?—That is quite true. I say that it ought to come off the poor rate in the rural districts, because the poor ought to be a charge chiefly upon the occupiers of houses.

11,191. Did you ever hear of a parish in Buckinghamshire where the farmers met twice a year, once to decide the rate of wages and next to decide the poor relief?—I think I have; it is Cholesbury. It belonged to my family; part of it belongs to my uncle now, who is lord of the manor.

11,192. I did not know that, I assure you. Does not that rather point to the fact that there may be such a thing as relief in aid of wages?—Yes, and that is why I was so careful in saying to the Chairman that I would not ask to have the poor relief granted to us from the Imperial exchequer. I think we ought to raise that ourselves and administer it.

11,193. Still you ask for it to be reduced one quarter?—Yes, I do; and I do that for the sake of fairness; I think that the land ought to contribute its fair share but, only a proportional share.

11,194. You ask to have the whole administration of the rate to which you only contribute one quarter.

\* Local Taxation Returns 1895-6, Part I., p. V.

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Expenditure on purposes for which rates are raised in towns benefits property more than in rural districts.

Agricultural land, occupiers of, bear an undue burden of rates.

Imperial contributions, increase of, desirable.

Expenditure on purposes for which rates are raised in towns benefits property more than in rural districts.

Poor law expenditure must be administered locally

Agricultural wages, their relation to the poor relief.

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Agricultural land, occupiers should contribute rates at one fourth.

Agricultural land. Occupiers should be relieved of rates raised for certain

purposes of national character. Question of control and administration. Rateable and non-rateable property. Respective contributions to the Imperial Exchequer.

(Mr. Cripps.) I understand you to say that it is all to be contributed locally, but as between one property locally and another, the land should only contribute at the rate of one-fourth. (Mr. Smith.) And I think the deficiency was to be made up out of the Imperial funds?—There would be a certain amount of deficiency to be made up.

11,195. Would it not practically come to this, that the Imperial funds would have to contribute three-fourths and you only one-fourth?—Of course, the land would only have to contribute a share, but on the other hand, all the houses and other rateable property in the parish would be contributing in full.

11,196. But in rural districts it is from the landed occupier, is it not, that you mainly get your guardians of the poor?—Not always; there is generally a clergyman or two on the assessment committee.

11,197. It is a man connected with the land; it is not the casual householder as a rule who is elected a guardian, is it?—Not as a rule; he might be, of course, as under the late Act the property qualification was abolished, and now a guardian need not even be a ratepayer.

11,198. (Mr. Elliott.) I gather that the first proposition which you would put before us, is that certain charges which are now borne locally and administered locally, should be transferred to the Exchequer?—Yes.

11,199. You do so on the ground that those charges are essentially national in character, and not purely local?—Yes, I do.

11,200. And you would further say that the fact that local administration has hitherto been found convenient ought not to stand in the way of that transfer?—No; I say that the machinery of local administration might still be made use of if necessary.

11,201. But you would be quite willing in consideration of that transfer that the supreme control should rest with the central authority?—Yes, certainly.

11,202. In order that any possibility of extravagant local administration at the expense of the Exchequer might be avoided?—Yes, certainly.

11,203. Now, with regard to the Imperial revenue to which you propose that these charges should be transferred; do you think that rateable property has any grievance, or any substantial grievance, as against non-rateable property, as regards the extent to which each contributes to the Imperial Exchequer?—Of course, real property contributes very largely to the Imperial Exchequer. Real property, I believe, is one of the largest contributors to the Imperial Exchequer.

11,204. You consider that rateable property, and especially rateable property which is agricultural, contributes its full quota to the Imperial Exchequer?—Quite so.

11,205. You have no desire that agricultural property should escape payment of the quota that it pays to the Imperial Exchequer?—No.

11,206. But you do say that the proportions in which it contributes to the Imperial Exchequer are much more equitable than the proportions in which it contributes to local expenditure?—Certainly.

11,207. And that is the reason why you think it would be more equitable that the charges should be borne on the Imperial Exchequer?—That is one reason. Another reason is that these various rates, the Police, Lunatic Asylums, and the other matters I have mentioned, are clearly questions for the benefit of the whole nation, and not merely for the benefit of the individuals living in the locality.

11,208. I gather that you have carefully considered this proposal from what I may call its administrative side?—Yes, certainly.

11,209. And that you with your extensive knowledge of local administration in regard to these matters, see no substantial difficulty in the way of their transfer to the Imperial administration, or at any rate to Imperial control?—None whatever. I think the police will be just as well managed under the Imperial control as under the Joint Committee. The Joint Committee was a committee which was established as a popular control, but it is a matter of fact, as far as our own county is concerned, and as far as our neighbouring counties are concerned, that the police are really managed by the Chief Constable.

11,210. Can you point to any precedent for the transfer to the Imperial revenue and to the Imperial control of any important service previously administered locally, and paid for out of local revenues?—The prisons.

11,211. What has been the result in the case of the prisons?—The prisons, I believe, are exceedingly well administered now. Of course, they have visiting justices who go and visit them exactly in the same way as they might go and visit lunatic asylums; in fact, the justices are obliged to go and visit all private lunatic asylums at the present time, although we do not have anything to do with the payment for them.

11,212. Would you say, generally, that by the transfer of the prisons from local to Imperial administration, with the corresponding transfer of the burden, the interests both of efficiency and economy have been served?—I think so, certainly.

11,213. You say that from your actual knowledge of prison administration?—Yes, I have said that, and when the Quarter Sessions had the administration of our county lunatic asylums, I was one of the visiting justices.

11,214. You anticipate a similar advantage would be gained alike from the point of view of efficiency and economy in the event of the transfer of these other charges which you have said are of a national character?—Yes, and if I may go back to the lunatic asylums, I think they will be very much better administered by the State.

11,215. And more economically?—Yes, much more so; I do not mean to say we are very extravagant now, but I think they would be more economically managed then.

11,216. Passing on to other services such as the Poor Law, I gather that your opinion there is that the object to be aimed at, namely, the more equitable distribution of the burden, must be obtained in some other way?—Yes.

11,217. And you suggest that that other way should be by a further extension of the grading system?—Yes, that is so. It has been adopted in Scotland, for instance, I believe.

11,218. Do you think that if one quarter of the value of agricultural land were taken as a basis of its contribution to such a service as the Poor Law, you would get substantial justice?—I think it would be a step in the right direction; I think even then land would pay a very full share of those burdens; but, of course, that would be a great relief.

11,219. Some relief was given by the Agricultural Rates Act of last session?—Yes, but I think that relief was very much diminished; I think the relief would have been very much greater if the farm buildings had been assessed with the land as they ought to have been.

11,220. You think that even under the Agricultural Rates Act of last session, Parliament took an excessive measure of the ability of agricultural property to contribute to local taxation as compared with other rateable property in the parish?—Yes, I think we did.

11,221. And that even under that Act rateable property has a substantial grievance as against personality?—I think so; I think they pay just double too much now.

11,222. (Mr. Cripps.) I want to ask you first of all upon what you call uniformity in assessment; as you say, I think every one has admitted the desirability of that, if you can arrive at it, and that there is no question about that; but if you had uniformity of assessment, you would have to have the same assessment for Imperial, county, and local purposes, would you not?—I think very likely you would, and I see no reason why you should not.

11,223. I am strongly in favour of it, and therefore I will not ask you a question upon it. That being so, I take the position of the county first of all; would it not be better that the county basis should be settled by the county, and then that that same basis should be adopted by the unions? Your suggestion would be that what the unions do must be adopted by the county if we are to be uniform?—Yes.

11,224. I want to suggest to you that it would be a better system to have the basis settled by the county in connection with the Imperial assessor, and then to have it adopted by the unions?—Of course the reason

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Poor law expenditure must be administered locally, but occupiers of agricultural land should contribute to poor rates at one fourth.

Agricultural Rates Act, 1896. Buildings should not have been separated from the land. Too much is still contributed by occupiers of land.

Valuation, uniformity of, desirable for all purposes.

Valuation by county or union authorities. Which system would be best, discussed.

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against that has been that the people living in the localities—the assessment committees of the unions—know more of the relative value of the land.

11,225. But then now-a-days, taking the county council, which would be the rating authority upon the supposition I make, you would get on it representatives from all parts of the county?—You would, but I am Vice-Chairman of our Assessment Committee of the County Council, and I must confess that I do not think we go very carefully into those matters.

11,226. I have also been on that committee, and I admit that at the present time I think you are right; but supposing you are to have a uniform assessment for all purposes in a county, that is to say, that the county basis is to be the same as the local basis, the question then is, whether you would allow that basis to be fixed by the county or whether you would allow it to be fixed by the unions, and then to be binding on the county?—I think it would be more easily done by the unions, because they have got a more intimate knowledge of the various lands.

11,227. Is there any other reason in your view, why the county would not be a good authority, except your opinion that they have not so much local knowledge?—One thing is that the appeal would be so much easier to the unions than to the county. It is a very difficult thing to appeal against a county assessment, and it is a very expensive thing, whereas people frequently appeal against an assessment by the unions; they only have to go to their county town, and they can do it themselves, without any expense at all.

11,228. I have assumed for the purposes of my questions that you adjusted the county assessment so as to be as convenient for appeals as the union assessments; putting out of sight the administrative question is there any other reason in your view, except the local reason, why the county should not be preferred to the union?—No. I think not.

11,229. The question is assuming uniformity?—Yes, I should have the same. The only question is whether the county should take the assessments of the unions, or the unions should take the assessments of the county.

11,230. That is the only point in my mind, and I suggest to you that it would be better probably that the unions should take it from the county than that the county should take it from the unions?—One strong reason, I think, against that is that it will throw a great deal more work upon the committee of the county council.

11,231. At the present time, but of course the county basis is quite independent of the union, and if you were to have one uniform system, the question is, whether the union basis is to be adopted by the county or the county basis by the union?—Yes, that is it.

11,232. About the other matters that you dealt with, the rating of land, for instance, you put in your memorandum, a table which shows that, as regards certain towns, a large proportion of the amount raised in rates is really expended for the direct benefit of the people who pay those rates?—Yes.

11,233. It does not matter which of these towns we take, take Ashton-under-Lyne if you like, which is the first one; the total rate there is *5s. 1½d.*, and the poor rate and the cemetery rate is *1s. 4½d.*; as regards all rates other than the poor rate, including the cemetery rate, do you class them as rates from which the ratepayer gets a direct benefit?—Yes, certainly I do. I say the watch, the police, the school board, the free library, the baths and the general district and the lighting rates are all rates which benefit materially the people who live in the houses, and which they would be very sorry to be without.

11,234. Without going back to it again, I only want to bring out your view; there are a number of rates applied to the rural district, which you give further on in your memorandum, which, in your view, substantially at any rate do not confer any benefit upon the mere occupier of land?—Very little indeed.

11,235. So far as those rates are concerned, which, in your view confer no benefit upon the occupier of land, you think the occupier of land ought not to have to pay?—I think he ought to be excused from them.

11,236. There are other rates, such as the poor rate, which, in your view, have to be raised locally?—Yes, because of the difficulty of the administration.

11,237. When you come to the poor rate, if you were assessing or raising that rate as between land and other property, you would only take the land at a quarter, I understand?—Yes.

11,238. Adopting there, of course, the well-known principle of the sanitary rates in urban localities?—Yes.

11,239. Or what in Scotland is known as the principle of classification?—Yes.

11,240. The question is not a question of the incidence of rating?—Not at all.

11,241. It is a question of how you are to distribute it between ratepayers?—Yes.

11,242. Just let me ask you on two questions of principle: in your view, at the present time, the occupier of a farm is rated on his industry?—To a certain extent.

11,243. Just take the illustration which you gave, and which is a very good one, of the blacksmith, the baker, and farmer in your own parish; of course, it is obvious that the blacksmith and the baker are only rated on the premises they occupy?—That is all.

11,244. Absolutely independent of whether they are prosperous or unprosperous or how they are doing in any way as regards their business?—Quite.

11,245. But when you come to the farmer you say that he is really rated on what you would call, I suppose, the raw material of his industry?—To a great extent.

11,246. Just as you might claim to rate, we will say, the blacksmith on his iron, or the baker on his flour, the farmer, in your view, is rated upon his raw material, namely, the land?—Yes, that is my view.

11,247. You draw that distinction to show, that, in your view that is not a fair principle?—It is very unfair, I think.

11,248. And is affecting an industry which, in your opinion, is not too prosperous?—Which is very depressed in Hampshire.

11,249. I only want to arrive at your view; have I expressed rightly what your view is on that point?—Yes; also, as I say, I do not wish to rate the baker and the blacksmith any higher upon their personal property; I wish to relieve the farmer.

11,250. In your view you would merely be remedying the injustice which has been placed upon the farmer in the past?—Certainly.

11,251. As regards making up the amount in the future it might be a question of Imperial subvention or of raising the money in other ways?—Yes.

11,252. What you are pointing to is an injustice which you think ought to be remedied?—Yes, that is so.

11,253. Another question that was asked you upon which I should like also to ask you a question was: as between landlord and tenant, who paid the rate?—I say that with all existing tenancies at the present time the occupier pays the rate; if the rate is either raised or depressed, he has to pay it in any case. Of course, in future tenancies that might be remedied in some way; there might be some re-arrangement, but my main contention is that rates come out of the land.

11,254. Out of the industry?—Out of the industry of the land, which is being killed by all these rates and taxes to a great extent.

11,255. I want to put this question to you, knowing your experience in these matters. Supposing you are entering into a contract, we will say, between a farmer and a landlord, sometimes the conditions are such that the farmer can almost make his own terms?—Generally.

11,256. At other times the conditions are such, or have been such, that the landlord can make his terms?—Yes, but not for many years now.

11,257. Do not the conditions of the two contracting parties very much influence the question whether the rates come out of the pocket of the one or the other, apart from any general principle?—You mean in regard to the farmer making his own terms?

11,258. Yes?—Certainly he can make allowance for the rates, or he can include the rates; he can do anything he likes in taking a farm now.

Mr. A. F. Jeffreys, M.P.

21 July '97

Contribution to rates by different classes. Different basis of assessment as between agriculturists and other classes. Agriculturists said to be rated in respect of their raw material.

Incidence of rates of rates between lessor and lessee of agricultural land discussed.

Expenditure on purposes for which rates are raised in towns benefits property more than in rural districts.

Agricultural land. Occupiers should be relieved of rates raised for certain purposes.

Poor Law expenditure must be administered locally, but occupiers of agricultural land should contribute to poor rates at one fourth.



Mr. A. F. Jeffreys, M.P.

21 July '97

Mr. A. F. Jeffreys, M.P.

21 July '97

Imperial contributions a desirable system, but amount should be increased to pay for certain purposes.

Agricultural Rates Act, 1896. Further relief should be given.

Death duties and land tax. Relief desirable.

Hereditary burdens. Theory discussed.

11,259. It is not so much, as I understand your view, dependent on any general principle, as on the relationship between the contracting parties, what terms they can make?—Yes.

11,260. You have told us that, in your view, anything like a rating of income tax in a local sense, that is a rating of personalty locally is impossible?—Quite, I think.

11,261. And you have also told us your view of Imperial subventions; supposing you cannot rate personalty locally, which I think most people would agree in, would it, in your view, be a fair system to allocate some portion of the income tax, 2d. or 3d., whatever is necessary, and then to distribute that in localities for local purposes?—No, I would sooner have the subventions. I think there would be very great opposition to taking any part of the income tax.

11,262. Then you prefer the present system?—I think so.

11,263. Only, of course, in an increased amount?—Yes; and I do think as a matter of fairness these roads, for instance, and bridges, lunatics, and police all being for the benefit of the nation, should be a national charge and should not fall upon one industry.

11,264. As you have mentioned lunatic asylums I will just ask you one question upon them. I do not know whether it has come within your experience that the administration of lunatic asylums locally by counties has thrown a very large burden upon the counties in some places?—It has in some counties, but it has not in my own county, which happens to be a large county with a large rateable assessment; therefore, I do not mean to say the charge is so very heavy there.

11,265. (Mr. Stuart.) You want to really increase the operation of the Agricultural Rates Act?—Yes.

11,266. By adding another quarter?—Yes.

11,267. That is to say, by adding half the contribution which is now given?—Yes.

11,268. What is the amount of the contribution that is now given, roughly?—1,500,000l.

11,269. And half of that would be —?—About 750,000l.

11,270. Would that put the agricultural industry on its legs?—No, I never for a moment meant to say that; I only meant it as an act of justice.

11,271. I asked you the question because you said that the agricultural industry was being killed by the rates and taxes?—Yes, that is quite true, because there are not only the rates, but there are the taxes, and, of course, there is the tithe. I ought to have said: "charges upon the land."

11,272. Would part of your system, or scheme, or proposal, be to relieve the agricultural industry of taxes as well as rates?—I do not know whether I ought to go into that now, because I thought this was really a Commission to deal with the rates.

11,273. When you say that taxes, as well as rates, kill the agricultural industry, I should like to ask you what relief you would propose to give it in the matter of taxes?—There is one great tax which I think bears very hardly upon the land, and that is one we put on not so very long ago in the shape of the death duties. I should like to see that relieved. Then, I do not think we went nearly far enough with regard to the land tax in the remission we made last year, which has been very unsatisfactory indeed in many cases. I know cases myself in which the land tax has been taken down from 1s. 3d. in the £ to 1s., and yet the tax being levied under Schedule A., instead of on the rateable value, has produced more at 1s. than it used to do at 1s. 3d., which I think is a very unfair thing.

11,274. (Mr. Elliott.) But the Exchequer has not received any more, has it?—It has received quite as much.

11,275. But no more?—Rather more in some cases. I think the Exchequer was deceived about it, because we made an allowance in the Budget for 100,000l. to meet the deficiency, but I understand the deficiency only amounts to 80,000l.

11,276. (Mr. Stuart.) The agricultural industry has borne these burdens that you speak of for a long time, has it not?—Yes, that is true.

11,277. And the land has been bought and sold subject to these existing burdens?—That is quite true. The only reason that the land now is suffering so very much from these burdens—of course, I am only referring to the poor land—is that so little benefit is derived from land in the way of rent or money that it cannot afford to pay the taxes which formerly were comparatively light.

11,278. Do you mean that the relief of the rates ought to be given to that land which has decreased in value, and not generally to agricultural land?—That is a very difficult question. If you want to give relief to the poor land, you would naturally give the relief only to the poor land; on the other hand, if you want to do it as an act of justice you would extend the benefit to all agricultural land.

11,279. The injustice has crept in, as I understand you, from the misfortune of the decrease of agricultural profits?—No, I do not think it has crept in. I think more attention has been paid to it on account of that; in former days, when both landlords and farmers were well off, they did not pay attention to all these matters which were comparatively small.

11,280. Take an estate in Italy where the land tax is a large amount; that estate passes at a much cheaper rate from one person to another because of the largeness of that land tax, does it not?—Yes.

11,281. Has not a very large portion of the agricultural land of England passed at a cheaper rate into the hands of its present owners on account of the existing burdens known to be upon it?—That is true to a certain extent, but this depression has come so very suddenly; if it had come gradually, then I think it would have settled itself to a great extent, but this depression has come within the last 10 or 12 years, and, therefore, I do not think this buying and selling has quite operated yet to adjust it.

11,282. You mentioned tithe as one of the burdens that went to kill the agricultural industry; how would you propose to deal with that?—I should like to deal with that by a scheme of redemption. I do not want to confiscate the tithe in any way, but I should like to redeem it.

11,283. (Sir Edward Hamilton.) I think you said, in answer to a question Mr. Cripps put to you, that you hold that rates are paid by the farmer and not by the landlord?—By all farmers who are at present in occupation.

11,284. Are you talking of farmers holding under yearly tenancies, or under leases, because surely a lease makes a very great difference?—Yes, it does; under leases, of course, they pay the whole of any increase.

11,285. In the case of yearly tenancies you would not say that the farmer did not take that sufficiently into account in making his yearly bargain with his landlord, would you?—Do you mean in re-letting?

11,286. Yes?—It is possible they may do so now, but, of course, the usual way on many estates where there are no leases is, that the farmers go on from year to year exactly as if they had a lease. I know many estates on which there are no leases at all, but the farmers go on in the same occupation from year to year.

11,287. (Chairman.) In fact, a man very often has a tenure in which he has less chance of being disturbed if he has no lease, because at the end of a term you begin to think it over?—Yes.

11,288. (Sir Edward Hamilton.) But you will admit that it made a considerable difference as to whether a tenant held under a yearly agreement or under some lease for a term of years?—Of course, the tenant who has not got a lease could make his own terms, but I do not think, as a matter of fact, they do. I also ought to say, perhaps, that my knowledge is chiefly of poor land, I am sorry to say, and there this relief affects farmers, especially as we insisted upon taking the buildings out; if we had left the farm buildings in there might have been some relief. As it is, in future tenancies I do not think this matter will be considered at all.

11,289. Do you think, therefore, that the farmer will have the best of it in making his bargain?—No, I do not think it will make much difference. Rates, as you know, fluctuate in a parish; sometimes they are

Tithe. Redemption scheme desirable.

Agricultural land. Rates. How far farmers take rates into consideration.

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2s. sometimes they are 2s. 6d., sometimes 3s.; but under this rating Act on the poor land the assessment has been so low, that consequently the relief is very small indeed.

11,290. I suppose you have had some experience of the working of the Agricultural Rates Act in your own district?—Quite so; I made it out myself in one parish.

11,291. Do you consider, so far as you are able to judge at present, that it is operating equitably in the sense of relieving where relief is most required?—No; what I say is, that unfortunately on the poor land where the assessment is low—I know land, for instance, where the assessment is only 5s. an acre, and the rates per acre, therefore, are very low indeed—the relief that we get is very small. I think the farmers are very thankful for it, but they look upon it as an act of justice, and not as an act of relief. I have no knowledge of land that lets now at 3*l.* or 4*l.* an acre in Leicestershire and those grass counties.

11,292. But you can conceive of a better form of relief than the Agricultural Rates Act of last year, owing to that inherent difficulty of giving relief where it is most wanted?—It is very difficult for me to suggest any better form, because then there would be

a very great difficulty in saying what is good land and what is bad land, and where to draw the line.

11,293. (*Mr. Cripps.*) What you are pointing out as regards the inequality between poor land and good is very much mixed up, is it not, with the exclusion of the farm buildings?—Yes, that is quite true. Perhaps I ought to have said to Sir Edward Hamilton that what I should like to see altered in the Act is the putting of the farm buildings in with the land. In one of the assessment unions in which I live—in Basingstoke—we always assessed the house and buildings and land under one heading, but now we have to split them up into three, and we do not get any relief under the Act on the houses and buildings, which are valuable things, but we only get relief under the Act on our land, which is, I am sorry to say, almost valueless in many cases.

11,294. (*Sir Edward Hamilton.*) Would you draw a distinction between houses and buildings?—Yes. I would rate the houses like any other occupation, but I would certainly put in the farm buildings with the land. It stands to reason that the buildings are absolutely useless without the land, and that the land is absolutely useless without the buildings; the whole is one compact holding.

The witness withdrew.

Adjourned till Tuesday next at 12 o'clock.

## TWENTY-NINTH DAY.

Tuesday, 27th July 1897.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Viscount EMLYN,  
H. E. CLARE, Esq.,  
T. H. ELLIOTT, Esq., C.B.

ARTHUR O'CONNOR, Esq., M.P.  
The Right Hon. J. L. WHARTON, M.P.  
ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. PHILIP RANDOLL SMITH, called and examined.

*Mr. P. R. Smith.*  
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11,295. (*Viscount Emllyn.*) You are the rating agent of the Great Western Railway Company, are you not?—I am.

11,296. Have you been in that position for some years?—Yes. I was assistant rating agent from 1872 until 1879, and in 1879 I was appointed rating agent.

11,297. Since that time you have had considerable experience, in rating questions, have you not?—Yes. I have had the charge of the rating of the whole of the Company's lines of railways and stations since that time, now amounting to 2,600 miles or thereabouts in length.

11,298. Having studied the question carefully, do you consider that at present all properties are rated on a fair proportion?—I do not, from the simple fact, that in assessing railways we are assessed on our gross receipts, less certain deductions, so that all the profits we make are covered by the gross receipts, whereas many other properties are simply assessed for bricks and mortar and the land occupied, irrespective of what may be earned on the premises. Therefore that works an injustice and an unfairness to us, and destroys the equality of proportion which in my mind should exist.

11,299. Can you mention any other businesses which are rated in a different way from railways?—I would mention banks, manufactories, shops, and such properties, which are simply valued on a calculation of the value of the land, plus the bricks and mortar, with what advantages the different neighbourhoods may confer.

11,300. But bearing in mind that what you wish to assess is what a property will let at, can you suggest

any other way of carrying out the rating of railways from what is at present adopted?—Of course there does exist a great difficulty in answering the requirement of the old Act of Elizabeth in the case of properties which were not thought of for so many centuries subsequent to the passing of that Act. I take it that the parochial principle must be maintained. The only other method would be taking them on the same basis as the other properties I have referred to, which, I am bound to admit, would not be suitable in my opinion. It is rather in raising other properties to a basis than in altering the facts for the railway, that I look to for improvement.

11,301. Can you tell us the present burden of the rates paid by railways generally, and can you exemplify that by any knowledge you have yourself as to the Great Western Railway Company?—I can do so by a table which I have submitted. Schedule I, which is appended to my memorandum,\* sets out in a statement the amount of rates paid by railway companies in England and Wales for the year 1894 (as shown in the Board of Trade Railway Return, together with the total amount of rates received by local authorities for the year 1893-4, (as shown in the 25th Annual Report of the Local Government Board for 1895-6, page *clvii.*) The amount of rates received by local authorities was 32,223,972*l.*, and the amount paid by the railways of England and Wales was 2,509,183*l.*, being equal to 7.786 per cent., or about  $\frac{1}{13}$ th of the whole payment in the country.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 365 to 371.

Valuation of railways. Assessed on gross receipts less certain deductions.

*Mr. P. R. Smith.*

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Valuation of railways. Difficulty in suggesting any other system of rating than the present one, but valuation of certain other properties should be raised.

Rates, amounts paid by railway companies.

Mr. P. R. Smith.

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Rates.  
Amounts paid by the Great Western Railway Company in certain years compared with receipts.

Rateable values of certain parishes and the rateable values of the Great Western Railway Company included therein.

Rateable values per acre of land in certain parishes and of the lands occupied by the Great Western Railway Company's line of railway.

Rates.  
Great Western Railway Company.  
Increase of burden.

Exemptions, partial, should be allowed to railway companies in respect of rates expended on certain purposes.

11,302. You have got some other schedules that you wish to hand in besides Schedule I., have you not?—Yes. Schedule II. is a statement showing the amount of parochial rates paid by the Great Western Railway for the years 1882 to 1896, together with the percentages thereof on the Company's gross receipts. I think it would be sufficient if I mentioned the first in the list. In 1882, our payments amounted to 2.478 per cent., calculated on the gross receipts, and in 1896 they amounted to 3.492 per cent., having practically gone up 1 per cent.

11,303. What moral do you draw from that?—That the increasing burdens which are put upon railways point rather to a necessary revision of the mode upon which railways are assessed, or at all events, upon which rates are charged to railways.

11,304. Then you have got further schedules, I think?—Yes. Schedule III., which is a statement showing, for selected parishes, the total rateable values, and the company's rateable values included therein. For this purpose I selected 69 parishes; the total assessment of those parishes for the poor's rate purposes is 434,375*l.*, of which the assessment of the Great Western Railway Company is 203,891*l.*, showing that practically for those 69 parishes we pay one-half of the rates. As I say they are selected parishes, and, happily, they do not represent the state of things which exists throughout the whole of our parishes, or that would take all our money and more too. There has been a feeling that railways do not pay a very large proportion of the parochial rating; I have mentioned the figures set out in Schedule I. which show that we pay  $\frac{1}{3}$ th of the whole rates of the country; in Schedule II. I have shown the increasing burdens which we pay; and in Schedule III. I have further shown our proportionate assessment in 69 parishes, which, I think, brings home very forcibly the fact that our assessments and the rates chargeable thereon have for many years past been an ever increasing figure.

11,305. You have one more schedule bearing on this point that you also wish to put in, I understand?—I have another Schedule IV., which shows the rateable values per acre of land in certain parishes, and also of the lands occupied by the Great Western Railway Company's line of railway. You will see for the parish of Basildon—and population, of course, has something to do with this—that there is a total assessment of that parish of 10,193*l.*, the acreage being 3,083, and the population 675; dividing the acreage into the assessable value, that gives 3*l.* 6*s.* per acre; but the Great Western Railway Company have an assessment out of that 10,000*l.* of practically 7,000*l.* and their assessment is at the rate of 28*l.* per acre, as compared with 3*l.* 6*s.* per acre which is paid by the whole of the rest of the parish. Then follow on several other parishes taken in the same way; they have been selected from different parts of the country. Basildon is not far from Reading. Then I have taken Bradninch, which is near Exeter; then I have taken Powderham, which is westward of Exeter; then Bemerton, which is on the Wilts and Somerset section; then Newcastle Lower, which is on South Wales section; then St. Helen's, Abingdon, which is a branch line near Oxford. At St. Helen's we see that, dividing the acreage into the assessment, it gives 18*s.* 6*d.* per acre, whereas for this branch line of ours in that same place we are paying at the rate of 63*l.* per acre.

11,306. With regard to any improvement in the position of the large railways, such as the Great Western Railway Company, I gather that you wish to put before us that these figures show that though there has been an improvement, yet that has been more than met by the percentage of rates paid by the Company on their gross receipts?—That is so.

11,307. You have had before you, I have no doubt, the system of differential rating as it at present exists, have you not?—I have.

11,308. Is there anything you would like to say to the Commission upon that point?—Schedule V. has rather a strong bearing upon that. I contend very much that to meet the growing burden of the increasing poundages upon railways—which is, of course, quite separate from their assessment and from the valuation of the railway itself—the differential rating should be increased and its area extended to many other rates besides the district rates under the Public Health Act, 1875, and the Lighting Act. I have

appended to my memorandum, Schedule V., which shows the working of the present law, and the necessity for the increase I suggest. I think the Commission will recognise at once from it that we should have such allowances as I am now about to refer to. In the parish of Didcot, where the rateable value of the whole parish is 8,856*l.*, the company's value is 7,103*l.* I daresay the position of Didcot Station is so well-known that I need hardly say a word about it; it is the junction between our Oxford system and the main line. In Didcot there is a projected drainage scheme for the accommodation of a very limited number of houses, which, if carried into effect, will also necessitate a water scheme. The drainage scheme alone has been calculated to cost 6,700*l.* This scheme has been pending for some years, it has been seriously objected to; but from the nature of the land it will doubtless have to be carried into effect, as the Local Government Board have decided that a scheme is necessary; and although the matter has been considered by more than one engineer it has not been found possible to propound anything more economical. I think I may say this case shows strongly the unsuitability of dealing with schemes for sewerage country districts on town principles, instead of forcing owners to sewer their own property. The Great Western Company have effectively provided for their own drainage by dealing with the sewage on their own land, of which at this place they have a considerable quantity. The only drainage we have to deal with there comes from our station accommodation, the lavatories, and such like. Didcot being a place where our fast trains do not stop, it is only used by a limited number of people, and our drainage has been made quite sufficient and ample for them; and yet you see we should be called upon to pay in the proportion of 7,103*l.* to 8,856*l.* towards this 6,700*l.*

11,309. (Mr. Elliott.) Do many of your employes live at Didcot?—We have not a very large number of employes living at Didcot; of course we have some, but the houses lie away from Didcot Station. Really, what has caused the trouble there is the purchase of land through which, under certain arrangements, drains were made by the parish many years ago, and the principal trouble they suffer from there is scapauds, which used to be carried off by a ditch or drain through this land, but when the land was sold to a new purchaser he declined to allow this, and closed the ditch through his lands, and that has caused all the trouble.

11,310. (Viscount Evelyn.) Bearing on the same point I see you have another Schedule V. B. ?—Yes, I have a schedule with regard to Stoke Poges which joins the London and Reading line. The parish of Stoke Poges contains a portion of the Great Western main line immediately west of Slough, and also at the corner of the Windsor branch. In this parish a lighting district has recently been formed for a portion of the parish, a portion only, I will ask you to note. The total assessable value of the lighting district is 2,634*l.*; the Great Western assessment comprised therein is 2,077*l.*, of which 1,641*l.* is chargeable at one-third making the Company's assessment value 983*l.*; that is giving us the benefit of the one-third to which we are entitled under the Lighting Act. The very great hardship which we suffer from is this: Stoke Poges is a large parish running north and south, the Great Western Company's property passes its extreme western point, and beyond the Great Western property there is a small area of rough land not in use, nor likely to be in use for building purposes. For every necessary purpose the boundary of the district should have been taken at the Great Western Railway Company's northern boundary, which would have afforded a very ample and fixed line of boundary; instead of which, for the purpose of taking in our larger assessment, the boundary is extended to the southern corner of the parish, which takes in the whole of our property, and also this very small area of rough land, which is not built upon, nor likely to be built upon; in fact, I may say it has no approach road to it, or no good approach road to it. I mention that case because it is a case of particular hardship, and it answers my purpose from a twofold point of view. It shows the impropriety of such arbitrary power as that of forming a district being vested in a parish council. If they were making their district to cover the whole of the parish I could understand their bringing up a lot of difficulties, and saying it is difficult to divide the rating area for different purposes; but here, for their own purposes, they do make a division, and yet they make so unfair a division as to

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Parish councils, powers of. Attitude towards railway companies. Companies have no representation on parish councils nor locus standi at public meetings, though they are large rate-payers. This is a disadvantage to the railway companies, and sometimes to the parishes.

include this large property manifestly, simply for the purpose of getting rates upon it. The Local Government Board, in the very many inquiries that I have attended, have laid it down that where, for sanitary or other purposes connected with their Department, a parish is divided, the boundary must be a well-defined boundary, but that it shall not be extended or curtailed either to include or to exclude a particular property for the sake of the rates payable upon it, but rather that the divided area should be an area which is going to benefit by the outlay. It has been thought otherwise by these gentlemen of the parish council, upon which we have no representation—it is worse now than it used to be in that respect; we did use to go and talk to them, and point out the unfairness of these things, but now we are not allowed to do so.

11,311. Do I understand that you are advised that you have no remedy with regard to this?—It was a very gross case, and I submitted it to our solicitors, who have advised me that we have no remedy whatever.

11,312. Is there no appeal whatever against a decision of the parish council?—There is no appeal whatever. The parish council give their decision as on a matter of fact, and we have no appeal whatever.

11,313. Under what authority was this district formed?—That was formed under the authority of the Lighting Act primarily—the Act of William the Fourth; and the parish council act in this matter under the powers of the Parish Councils Act, 1894.

11,314. (Mr. Elliott.) Is no consent on the part of the Local Government Board required?—No consent whatever is required.

11,315. No consent of any authority except the parish council?—No consent whatever.

11,316. (Viscount Emlyn.) Have you said all as to that that you wish to say, having given us these two particular cases of Didcot and Stoke Poges?—I have given you those because they are simply typical cases of many that occur to us. I thought, being very recent ones, they would have more point from that very fact, and that they would put the thing more pointedly before the Commission.

11,317. Take the Didcot case first; what remedy do you suggest could be applied to an evil of that sort?—The remedy which we adopted ourselves. We were in this parish, and we had a certain small amount of drainage from our lavatories which did go into the public ditch. Without any notice to us that a meeting was to be held, the parish held a meeting with a presiding officer from the Local Government Board, and under some circumstances one of our gangers, a man without authority, a man in receipt perhaps of 22s. or 23s. a week, attended this meeting and raised no objections to all these schemes. The first I heard of it was that a scheme was adopted, and was going to be carried into effect. I heard that late one afternoon. I rushed off to the Local Government Board, and begged the inspecting officer to defer his report, that I might have an opportunity, on behalf of the Company, who had to pay all the money, to look into the thing, because they raised at that time great complaint against our sewage, which went into a certain ditch. I communicated with our engineers, and we got out a very small scheme, which was submitted to our board, and they at once said, on our spare land—and we have a lot of spare land there—we will put in some arrangement amply sufficient to deal with all this for a few hundred pounds. That was done, and that for the moment stopped their scheme. We have had no complaint with regard to our drainage, and everything is satisfactory. Now that they have lost the use of a certain ditch into which the soapuds to which I referred just now used to go, the whole scheme is brought up again through the Wallingford Board of Guardians, who are the sanitary authority for the district. These gentlemen at Wallingford of course are not landowners in the place. There are certain cottages which must be dealt with, but through the whole of the country in face of our great difficulties—and not only our difficulties, but I can speak of the farming difficulties as well, the difficulties of the agriculturists—these most expensive schemes are being brought forward; and where these drainage schemes are dealt with in so many places water schemes are necessitated as well. We had one a little lower down our line at West Lockinge, where the area proposed to be drained, belonging to Lord Wantage, was at the nearest point 2½ miles from

our line of railway. Schemes were propounded down there, and as a matter of courtesy they were sent up to me. I went through them very carefully with our engineers, and afterwards with the agent of Lord Wantage, who came to see me, and I wrote them a very strong letter upon the point, because it appeared to me that the whole of the properties 2½ miles from our line should have been dealt with by the resident owners, and certainly I could not see why that at a distance of 2½ miles from this place where the nuisance arose with regard to the residential properties we should have to pay a large amount of this cost, having no benefit or interest whatever—not only ourselves, but the agriculturists, because our line there runs through a distinctly agricultural country.

11,318. With regard to this drainage scheme at Didcot, would not that have to be approved by the Local Government Board?—That would have to be approved by the Local Government Board.

11,319. And any opponents of the scheme would then be heard by the Local Government Board?—They would be heard by the Local Government Board.

11,320. Then the case, as far as that is concerned, is not on all fours with the case of the Stoke Poges lighting?—It is not, in that sense, but in one way it is unfortunately like it, because my experience of going before the gentlemen representing the Local Government Board is this: They say the sanitary authority from time to time at different places have had certain nuisances brought before them which have been confirmed by evidence—the evidence of the medical officer for the district, the evidence of the sanitary inspector for the district, and what not; here is an improper state of things existing, and the Local Government Board, without considering the matter of the cost—not being guided by the matter of cost, at all events—say we must have a scheme; here is a scheme put before you by the local authority, and if you cannot propound some more satisfactory scheme this will have to be adopted. We are in that position.

11,321. Having pointed out these typical cases of the heavy rating of a railway, would you tell the Commission now what voice, if any, the railway companies now have in dealing with such a question as the drainage scheme at Didcot or with such a question as the lighting scheme at Stoke Poges?—In regard to both of those matters we have no voice whatever. Of course, the moment when a voice is so useful in dealing with these matters is at their early inception; now formerly where the parish meetings were held to consider such subjects before they got to the Local Government Board, we had power under the Poor Law Amendment Act of Victoria to attend; all corporations could be represented by a properly appointed officer at the parish meetings, and we used to attend these parish meetings and point out the very hurtful effects to the district generally of such great schemes being adopted, and used to endeavour to enunciate some alternative scheme which would not entail such serious consequences.

11,322. Has that right of attending parish meetings been interfered with by the Act of 1894?—That right is entirely taken away by the Act of 1894.

11,323. The power of attending at parish meetings is not only taken away but that applies also to other meetings besides parish meetings, does it not?—It applies to all sorts of meetings.

11,324. Will you tell us the extent to which it goes?—We cannot attend any meeting at all. As a case in point, I should like to show you this notice to attend a meeting which I received, the meeting was to have been held yesterday at Curry Rivell in Somersetshire.

11,325. This is a notice to attend a parish meeting at the parish of Curry Rivell?—Yes, it is sent out to all the ratepayers in the parish, but with a special notice to such as myself, representing corporations, but we cannot go because we are not parochial electors. That is a case where we might have gone and might have propounded an alternative scheme.

11,326. Are the words you are referring to these—“Such persons only will be entitled to attend as are registered as parochial electors in the parish”?—That is it.

11,327. The disqualification, that which prevents your Company being present through the agent, is that they are not parochial electors?—That is so.

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*Mr. P. R. Smith.* 11,328. (*Mr. Elliott.*) You pay rates, but you are not electors?—We are not electors, we do not sleep in the parish.

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11,329. (*Viscount Emlyn.*) From your point of view, was the power of being present at meetings of that kind of any value?—It was of great value. I used to attend, or my assistant used to attend, every meeting that we heard of, and I will venture to say that it was an advantage to others besides ourselves. Of course, representing a great corporation like the Great Western Railway Company, when I went into these things, generally I am bound to say, although it was entirely a gratuitous service, I think our attendance was of great value to the parishes; I think not only in our interest, but in the interest of the parishes themselves, we could tell them a great deal that it was useful for them to know, and that with the gratuitous advice from our engineers we could often suggest something being done which stopped expensive schemes which the farmers would have had to contribute to as well as ourselves.

11,330. As you have told us, although your Company might pay a very large proportion of the rates in a district, they would have no right to attend; but is it not the fact also that some persons who do not pay their rates have a right to attend and vote?—I have not looked into that, and I do not know; it can be only a parochial elector.

11,331. I was following your memorandum, in which you refer to a labourer whose rates were paid by his landlord?—He is a parochial elector because he lives and sleeps in the place.

11,332. Still the point remains that he does not pay rates?—No, he does not pay his rates.

11,333. But he is entitled to be present and to vote?—He pays 1s. 6d. a week to his landlord, and his landlord pays his rates out of that 1s. 6d. That man attends and votes at a parish meeting, whereas I may be assessed, as I know in one particular case that came before me a little while ago, at very nearly 30,000l. in one parish, and although I wished to attend, as there were big schemes on hand—and there are big schemes on hand at the present moment—I cannot go.

Agricultural Rates Act, 1896, may in some respects prejudicially affect other interests to some extent.

11,334. With regard to the Agricultural Rates Act 1896, do the provisions of that Act at all affect the railway companies?—They affect not only the railway companies, but all other ratepayers whom they are not designed to benefit, in this way, the expenses of the spending authorities only are to be made good; now there are certain expenses not incurred by the spending authorities, which will have to be made good out of the remission of 50 per cent. on the agricultural values with the other properties combined.

11,335. Will you tell us exactly what you are referring to?—It is in respect of the expenses incurred by parish councils, parish meetings, overseers, and Metropolitan vestries, who are not spending authorities within the meaning of the Act. Therefore whatever expenses are incurred by those authorities have to be charged over the one 50 per cent. of the agricultural values in common with the values of the properties occupied by other ratepayers in the parish. I do not say it is a very heavy charge, but there is an addition arising from that.

Deductions in case of railway companies vary greatly in different districts. A statutory scale desirable.

11,336. You have something you wish to say to us, have you not, with respect to the scale of deductions allowed to railways?—Yes, in dealing with our valuations, as a rule, it is over the scale of deductions that the principal amount of contention arises; there are other questions, of course, as to the working expenses, but as a rule, the statutory deductions are the prominent source of trouble and expense and appeals, there is no doubt about that.

11,337. Are you in favour yourself, of any form of statutory deductions or settled deductions?—I think it would be of very great advantage that there should be a statutory scale of deductions, not a fixed scale, because it must be to an extent a sliding scale adapted to the several properties. You could not very well draw a hard and fast line with regard to all items of deduction; with regard to certain items of deduction you could, but it would be then subject to a sort of automatic sliding scale.

11,338. Is there much variation in the deductions now allowed in the different districts?—There is a very great difference. As a rule, it would be difficult to put the difference into figures, because we do not get

decisions given in detail, and we never know what item has been struck out or decreased, we merely get a lump settlement given for the rateable value after considering all deductions as a rule.

11,339. Has there been any percentage which you could say has been more useful than another given as an allowance?—Times have varied with regard to that. As time has gone on, the assessment of railways has become such a very fine art and has been worked out to such a very fine point, that whereas in the olden times 20 per cent. was very commonly accepted as a fair allowance on the total amount of tenants' capital, of late years that has been very much contended against and 17½ per cent. as a generally accepted figure has been more often allowed, although the Railway Commission have allowed 20 per cent. But there is no uniformity with regard to it.

11,340. Do you think 17½ per cent. is a sufficient allowance upon the tenants' capital?—I do not. I think that nothing less than 20 per cent. is a sufficient allowance when you consider the magnitude of the risks which a tenant taking a railway has to encounter. I say a railway, because that is the property that I am particularly addressing my thoughts to. The 10 per cent. is not objected to as a rule; the 5 per cent. is not objected to, and then we come to the risks for which 2½ per cent. is allowed. I should like to say a word with regard to the risks. We have gone on the 10 per cent. and the 5 per cent. without much comment, but in regard to the 2½ per cent. for the risks, the risks allowed for in that 2½ per cent. must not be confounded with the risks arising from what I should call an accident to our stock, because the valuers very acutely and properly tell us, "You charge repairs for that, and that is covered by your repairs," and that is so. The risks which that 2½ per cent. is intended very much to cover according to my view—and I should like to say with regard to this that I am speaking very much on my own behalf, as I have not discussed this with the Railway Association or with the other members representing the Association here to-day—I should like to protect myself, and say that this 2½ per cent. to my mind is a 2½ per cent. to cover risks of alterations in the character of the stock. For instance, we had a certain system of lamping—old oil-lamps—but that went out; we tried several different kinds of oil-lamps, not that our oil-lamps were worn out, but we discarded them for what was considered better for the public, for something that gave a better light; we had a different kind of oil lamp and that went on for a long time; then there came a talk of electric lighting in the carriages and all sorts of different appliances of that sort; then there were continuous brakes which we had some time ago. All those are risks, arising not from the destroying of your stock by accident or things of that kind, but from improved appliances which come before the public, and which railways are in their own defence bound to adopt—one railway company adopts them, because, perhaps, they are ready to adopt something, and then their neighbours are forced to adopt them to keep level and for competitive purposes—all these risks come in that 2½ per cent.

11,341. You put all those things, do you, under the category of risks?—They come purely under that category of risks. Then with regard to strikes, which have now reached a very accomplished and definite stage in the economy of the country, it is a most difficult thing for any tenant to allow for them. No tenant will take a property, looking forward to making money—and it is always to make money that a tenant does take property—if he has no allowance for encountering the risk of strikes. He cannot do like a manufacturer does, that is, put a strike clause into his tenancy agreement; the hypothetical tenant cannot have a strike clause; other people suffering from strikes put in a strike clause to protect themselves, but we cannot do that, and we cannot get a special allowance. The Oldham case, which I refer to in my memorandum, decided that, and therefore we must have some other allowance for it.

11,342. You might just tell us what the Oldham case is? Do not go into it at any length further than you want to: but give us the actual reference to it?—The Oldham case was a case in which a mill was stopped working for want of coal during the coal strike, and the occupiers of the mill were charged with the rate three days after the strike commenced. In due course they applied to the assessment committee to grant them an allowance off their rate, or an allowance off

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Deductions. Railway companies. 17½ per cent. not considered a sufficient allowance upon the tenant's capital. Risks.

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Surveyor  
of taxes  
should sit  
upon  
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mittees.

their assessment, as would be done in the case of a fire happening on the premises, or something of that sort; in fact, that they should have a temporary allowance to meet the temporary difficulty. The assessment committee declined, and said they had no power to do anything of the sort. The matter went to the sessions, to the Queen's Bench, and ultimately to the Court of Appeal, and there it was decided that the assessment committee was right, and that they had no power to make any allowance in respect to these special circumstances. Therefore, I say that a tenant taking a property is forced to consider that at the time of taking his property, and to consider it as a trade contingency; and I think this allowance on his capital is the convenient and the only place where he could claim such allowance.

11,343. Is the case you are referring to Hoyle v. Oldham (1894, "Times" Law Reports)?—That is so.

11,344. With regard to the work done by assessment committees, have you any suggestions to make to the Commission as to how that might be improved?—By the presence of the surveyor of taxes for the district.

11,345. Do you think that would be of value?—I think it would be of the very greatest value for the simple reason—and this is a practical proof of it—that the very information upon which I am from time to time enabled to show the inequalities and the improprieties of assessments on properties, other than the railways, I got from the Surveyor of Taxes' Returns—from Schedule A—which I see under difficulty; sometimes they refuse me; they say: "We do not want to show you these."

11,346. Have you any right to see those Returns?—We always contend that we have a right to see Schedule A, and that right has been referred to. I have had a surveyor of taxes subpoenaed before now at quarter sessions to show what other people's ratings were and there we got signed returns. I had one very notable case in Plymouth where we cited the ratings of between 200 and 300 properties, and showed the poor's rate values together with the Schedule A Returns, which, I admit, are not quite conclusive in all cases where the owners are in occupation, but which afford a most valuable basis for comparison; and the end of that was that the Recorder, Mr. Bompas, was bound to quash the rate, because, he said justice could not be done unless the rate was quashed. That was entirely on information obtained from Schedule A.

11,347. (Mr. Arthur O'Connor.) Did the surveyor there plead privilege when subpoenaed?—He pleaded privilege, but, however, he ultimately appeared.

11,348. Was his plea admitted?—I believe he had some instructions from London.

11,349. (Viscount Emlyn.) Eventually he did produce the figures?—He did appear, and we saw the Schedule A figures. Then there was a question raised as to the signatures to the Income Tax Returns which had been signed, and we were called upon to prove the signatures of all the people; Sir Edward Clarke brought that point against us, but, however, after the thing had been gone through he was overruled by Mr. Bompas, and the evidence was accepted and the rate was quashed.

11,350. Was the question actually settled as to whether the surveyor of taxes was bound to appear or whether he was not bound to appear?—It was not. He objected to me verbally, but under some circumstances he did appear; he was subpoenaed and he did appear.

11,351. Not voluntarily?—Certainly not.

11,352. The point we want to get is, was he obliged to appear and compelled to appear?—I do not know precisely what took place, but my impression is that he telegraphed to London for instructions what he was to do.

11,353. (Mr. Arthur O'Connor.) The question of the claim of privilege was not settled legally?—That is so; it was not settled. I refer to this as showing the great advantage of seeing Schedule A, because if this surveyor of taxes had been on the assessment committee at the time these assessments were made all the inequalities which I had to point out would have been swept away.

11,354. (Viscount Emlyn.) One of your objections is that these inequalities now exist because you do not have with the assessment committee the surveyor of taxes?—That is so.

11,355. I think you wish to put in certain other schedules besides those you have already shown to us?—Yes, on that particular point.

11,356. Will you tell us what they are?—There is Schedule VI, which is a statement showing for the county of Somerset certain union totals (gross poor rate), as compared with Schedule A total for the same unions as in force for the year 1894. There are eight unions which I quote, and the gross poor's rate value of them is 1,565,249*l.*, and their gross value in Schedule A is 1,686,775*l.*

11,357. On that Schedule VI, do I understand that you mean that the gross poor value ought to have been at the same level as Schedule A?—Practically.

11,358. You think that should be so?—I think so.

11,359. These figures in Schedule VI would only, of course, refer to the union assessments?—These refer to the union assessments.

11,360. As far as the county assessment went—the county rate basis—that would vary again, would it not?—Excuse me, these values are the county rate assessments.

11,361. I thought you said they were the union assessments?—They are the county rate assessments that I am giving you, that is, the gross poor rate for county purposes, because I took them from the county return.

11,362. They are not based, are they, upon the county rate basis?—These are the actual county rate figures that I am giving you. The Somerset County Council called upon the unions to furnish them with statements of their gross and rateable values, and compared them with the Schedule A values, and ultimately arrived at the figures shown in my schedule, which amounted to 1,565,249*l.*

11,363. Was that a modification of the original figures issued by the unions?—That was a considerable increase on the union figures, but it was still 130,000*l.* below Schedule A.

11,364. (Mr. Elliott.) Do you know why they did not take Schedule A?—I could not tell you.

11,365. (Mr. Arthur O'Connor.) They appear to have split the difference?—I have the actual returns showing how it is made up for all the parishes, but I do not know how they arrive at the figure which appears here.

11,366. (Mr. Elliott.) Are you quite satisfied that the properties included in each are absolutely the same?—Yes, because they are the union totals. I have taken Axbridge, Bedminster, Bridgwater, Chard, Dulverton, Wellington, Wells, and Yeovil unions, and I have the gross poor and the Schedule A figures for each union, and they are shown in detail in my Schedule VI.

11,367. (Viscount Emlyn.) But if there is an inequality as to what the gross value ought to have been, and what it is in this schedule that you have handed in, that would not be remedied by getting Schedule A from the surveyor of taxes, because you got that schedule for the purposes of these figures?—The surveyor of taxes is not party to this gross poor value which the county rate committee adopted; I rather want to take it to that point, that the surveyor of taxes was right in his figures for Schedule A, namely, 1,686,775*l.*, but that the county rate committee were wrong in their taking the 1,565,249*l.*

11,368. But when they adopted those figures they had, had they not, at that time, the information given them by the surveyor of taxes from Schedule A?—They had not all the information which the surveyor of taxes had because he had the actual certified returns of all the different occupiers for all these parishes, making up in detail all these totals.

11,369. Would those details not be before the county council?—They would not have the details, the county council would only look at the totals. I have no knowledge of a county council going below the parish as a unit, excepting it was in the case of a railway company. I have known them do it there, but I have never known them touch other properties.

11,370. Then passing on to Schedule VII, what have you to say as to that?—With regard to Schedule VII, there I have taken something a little more in detail. That is a statement showing the comparison of 110 ratings in the Uxbridge Union as between Schedule A values and the gross poor's rate values for the year

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Valuation  
made  
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and for  
Schedule A  
in certain  
poor law  
unions in  
Somerset-  
shire.

Valuation  
made for  
Schedule  
A, and for  
purposes of  
poor rate  
in the  
Uxbridge  
Union

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 1895—not the county council values in this case, but the gross poor's rate values. Those 110 ratings give a gross poor's rate of 7,016*l.*, and a Schedule A value of 9,589*l.*

11,371. Those were gross poor's rate values of unions alone?—Yes.

11,372. Not of the county?—Not of the county. You see, there is a very large divergence there. Of course, whilst I have every regard for very many of the union assessment committees that one goes before, there are cases where one is not quite satisfied; because the property I represent always is a property which is open to common attack, and I may meet, from the chairman of an assessment committee, with this remark: "Oh, it is an unpleasant thing to hold your neighbour's nose to the grindstone and to put his assessment up." That shows a very strong feeling, and not, perhaps, an unnatural one amongst people who are living as neighbours together. That is a thing which would be very much met by the presence of the surveyor of taxes. He makes a scapegoat for the assessment committee; in fact, he is a whipping boy for them. They say: "Oh, we did not want to put your assessment up, but it is the surveyor of taxes, he will have it." We get, in that way, the benefit of all local knowledge, which is of immense moment, and we get the whipping boy, in the person of the surveyor of taxes, to bear the blame.

Surveyor of taxes should sit upon assessment committees.

Rates could not be levied upon gross values.

11,373. It has been suggested sometimes that the rates should be charged upon gross values, what do you say as to that?—It carries its own refutation with it. It could not be because a railway property is entitled to certain deductions of, perhaps, 30, 35, or 40 per cent., and land is entitled to 2½ per cent., 3 per cent. or 5 per cent. at the outside. That runs through all kinds of property but it varies. That is one great complaint I had at Plymouth on which I upset their ratings—that they allowed 30 per cent. even on a parish refuse heap to keep it in repair.

11,374. Do you think it necessary that these gross and rateable values should both appear in the valuation list?—Undoubtedly.

11,375. Would the same remark apply to the rate books?—Not of necessity. If it is felt to be a trouble to have the gross value in the rate book, I see no object in having it there, but we do want it in the valuation list, which is the first document.

Machinery, rating in respect of. Principles laid down by the courts.

11,376. Have you had your attention turned to the rating of machinery?—I have.

11,377. Have you anything you would like to state to the Commission as to that?—Yes, I should very much like indeed to refer to that. I would begin by saying that there I am only anxious for equality, because, in all our works the whole of our machinery is rated. We have buildings constructed for the purpose—railway works—where we repair machinery primarily, and perhaps, in spare time, construct certain machinery. Those are rated, and we have been advised by the very highest authorities that they must be rated, and we have submitted to it. But the same thing does not obtain in many cases with regard to other machinery.

11,378. Is there any difference in law as between the buildings of railway companies and other buildings?—There is no difference at all. Whatever enhances the value of the building must increase its rateable value. I do not say for a moment that machinery is rateable of itself, and by itself, and for itself, but as used in connection with a building it should be taken, certainly, as enhancing the value of that building.

Machinery, rating in respect of. The law wants carrying into effect.

11,379. Are there any alterations in the law which you consider necessary with a view to giving effect to what you suggest?—I do not think, myself, any alterations in the law are necessary. I think it merely wants the law to be carried into effect; it is not carried into effect now in certain parts of England for certain reasons, and those reasons are local reasons as a rule. I have not very much knowledge of the Lancashire and Yorkshire assessments, but I have heard it stated that in Lancashire and Yorkshire machinery is not very generally considered as enhancing the value of the buildings which contain it. I have heard it stated that it is the case that the assessment committees are largely composed of manufacturers, who do not understand the law: I should have drawn rather another inference—that they were not rated because those gentlemen on the assessment committees

would have been rating themselves, or the properties which they occupy.

11,380. But if the machinery is not properly rated in various buildings, I assume you would have the right to appeal against the rate, would you not?—We should have the right to appeal against the rate, which is a very cumbersome and troublesome thing; but we should not be allowed inside the property to see what machinery they have. We cannot inspect the machinery. We had a great difficulty in the Chard Union. That is a case which has led to a great deal of controversy. It was a case which I started myself, although I believe it has been stated that it was started by the farmers in the district. That is quite a mistake. The Great Western Railway Company were assessed in the Chard Union at what we felt to be a very improper sum. We appealed to the Court of Quarter Sessions, and ultimately our case got before Mr. Justice Field in the Queen's Bench. He immediately decided against them. Three years after that the Chard Union Assessment Committee raised the same question almost in the same form again, and I said I could not at all agree to what they proposed; they ultimately amended their valuation, but then I said: "I cannot agree to any increase at all unless the other properties in Chard are suitably valued." Then it was that Messrs. Castle, who had been engaged to value our property, were told to select certain simple cases, and to go through those properties containing machinery in the Chard Union, with the result that they were raised from sums varying from 150*l.* to 170*l.* a year up to sums ranging to 800*l.* or 900*l.* a year rateable value. That contention was supported by the Chard Assessment Committee; it was supported almost entirely by the Taunton Sessions, before whom the matter came: it went from Taunton Sessions to the Queen's Bench and the Court of Appeal. It would have gone to the House of Lords, but it was generally considered, I suppose—at least, I always thought so—that they preferred the chance of waiting for a Bill to remove machinery altogether from rating rather than to take the decision of the last appeal, namely, the House of Lords. That has been the history of the Chard case. The machinery which was rated by the Assessment Committee, by the Sessions, by the Queen's Bench, and by the Court of Appeal at Chard is just as rateable in Lancashire and in Yorkshire as there. We are all under one common law. Whatever enhances the value of the building should be considered in its assessment. Statements have been made that a lot of machinery did not pass with the buildings. Now in the Tync Boiler case (I have a report of it in a book here), the valuers acting in the matter, Messrs. Hedley thought it would support their case if they showed the actual practice of the trade by reference to the advertisements as they appeared in the current papers of the day, and in this book you will find, at the end of it, a great many pages of advertisements of buildings containing machinery, setting out the machinery which was, in the ordinary course of trade, being let with those buildings. Therefore, that being so, they were adjuncts to those buildings which enhanced their value, and should be considered in the rating.

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 Machinery rating in respect of. The appeals in the Chard Union, Somerset-shire.

11,381. That all practically resolves itself into a matter of practice?—Yes.

11,382. And not a matter showing the necessity for an alteration of the existing law?—Certainly not: only there is such a very strong feeling that the law is being held in abeyance in certain districts, whilst this machinery-rating Bill is hanging up, and in that way very gross injustice is being done to large interests.

Machinery, rating in respect of. Law wants carrying into effect.

11,383. You are acquainted, are you not, with the present system of paying professional valuers?—I am.

11,384. Would you tell us what it is?—Yes. The times are not quite as good now for the valuers as they used to be within my recollection. I remember when they used to get 5 per cent. on their estimated value—not on what was sustained. Now these things are fixed down, and they get a much lower percentage very often on the sustained value, or on the value they can increase an existing assessment by—that is by how much they can add on.

Professional valuers. System of remuneration by results is very unsatisfactory.

11,385. But in most cases they are paid by a percentage, are they not?—By a percentage on results.

11,386. Do you think that is a satisfactory system?—I think it a very unsatisfactory system. There is a large valuer in London, who is a very old friend of mine, who was discussing it with me one day, and he said: "Smith, it is enough to tempt a bishop;" and looking at it from one point of view it may be, perhaps;

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at all events, it makes every person occupying a property feel uncomfortable when the interest of the valuer is in the direction of an increase.

11,287. You would prefer that they should be paid some fixed fee?—Some fixed sum. In one or two bills which were proposed some few years ago dealing with rating law, clauses were inserted to the effect that valuers should be paid a lump sum, and that it should not be dependent on results.

11,388. (Mr. Elliott.) Are you referring now to the payment of valuers by local authorities?—Yes.

11,389. And not by private individuals?—No.

11,390. By public bodies?—Yes. As a matter of rule, and within my knowledge as having to do from time to time with employing valuers, I may say that appellants never pay a valuer on a percentage scale. It would be quite as convenient for the assessment committee, I take it, to pay a fixed sum as it is for an appellant to do so.

11,391. (Viscount Emllyn.) When you are before assessing authorities, has it been your practice to allow them to have access to the company's books?—Certainly, I invariably offer it.

11,392. Have they a right to it?—We have been advised to that effect. I know we had an opinion from Sir Richard Webster very many years ago, in his earlier days, and also from Mr. Cripps (the father of Mr. C. A. Cripps), and several others. They said there was, in their opinion, a distinct liability upon the company to submit their books, and that it was always advisable to do so, but they guarded themselves by saying: "We do not think a railway company or any other company are called upon to set their clerks to work preparing statements, at great expense, simply for the information of a parish. Show them your books, and let them take what information they want, but we do not think the companies can fairly be called upon to spend a lot of money in that direction themselves."

11,393. What has been your experience with regard to offering your books to a parish, what has been the result?—As a matter of fact they never accept the offer, and for the very reasons which I have stated further on in paragraph 14 of my memorandum, that the work involved is so very voluminous. It is such an enormous thing altogether, and it requires such very competent people to take out the work as a rule, that unless they can manage to get hold of a discharged clerk from the Clearing House, or some clerk from a railway company who has been used to doing the work, no ordinary clerk can deal with it. I had rather a curious case some years ago in the West of England. I had prepared, at an expense of 400*l.* or 500*l.* against my department, a return showing some earnings in a certain parish. I went before the assessment committee, the valuer who was engaged said: "Well, I cannot accept your returns. I think the company must be earning more money in this place." I said: "Well, I have had these figures taken out at very great expense by our audit office, they are not taken out by my own clerks, and the audit office has merely one object, and that is to prepare me a correct return; their clerks do not care one atom what the assessment works out to, they know nothing about it, it is their duty to prepare a correct return, and if they do not do so they would get into very great trouble." But they said: "Yes, we do not believe it, and we are not satisfied." I was ordered out of the room; that is a case which invariably happens—one is ordered out of the room. When I came back the chairman said—he was a man of the highest character, and I knew him well—"We daresay you think you have told us the truth, Mr. Smith, in fact, personally we are sure you have, but we think there must be some error after what our surveyor says, and we have arranged with him that he should take your books if you will give him permission to do so." I said, "Certainly, he shall have every convenience to examine the books." I said further: "I have not heard what has taken place in my absence, will you kindly tell me what you are going to pay him for doing this work?" They said: "Well, we do not think you are quite entitled to ask us that." I said: "We shall have to contribute to it, and I will tell you why I was asking for it—not to carp or quibble at your employing a man, but to know as to the possibilities of his doing work which would depend upon what you are going to pay him." They said: "We are going to pay him 70*l.*" "Very well," I

said, "with our experienced clerks, and with all the advantages at my command, it has cost me 450*l.*, and you are going to pay this gentleman 70*l.* for something which will be as valueless as if it had never been done."

11,394. Did they carry out the inquiry?—They carried out the inquiry. I looked at the work as the clerks were doing it. The district they had to deal with was, we will say, from A to B; their clerk, being an inexperienced person, took out a lot of traffic that was going from there to there.

11,395. Do you mean at an intermediate point between A and B?—The point in dispute was between A and B, and he took out a lot of traffic between B and C, and allocated it to the particular parish, although it never went near there. They had treated me in such a manner that I was not disposed to inform this man of the egregious blunder he was making, so I let him go on. He finished his work, and I went before the assessment committee. They said: "Now we have got a very different result, which shows us the necessity and the advantage of what we have done." I said: "Will you tell me what you have done?" They said: "We have got a proper report." I said: "May I call for all these books to be put upon the table?" They had not got them, and they said the books would fill a Pickford's van. I said: "I shall be happy to pay for the Pickford's van; we will have them up, if you please." They were brought, and they went into a very small compass eventually. I immediately pointed out to the committee the egregious blunder that had been made. I pointed out another blunder. We were in the habit of carrying a large quantity of butter from Ireland to London, and we used to charge the value of the butter and the steamboat charge as what we call a "paid-on," to be added to our railway fare to make up the total amount which the consignee had to pay. I do not know whether you follow me in that.

11,396. (Mr. Arthur O'Connor.) Do you mean terminals?—No, not terminals; it was really the value of the butter. We will suppose that the value of a ton of butter was 50*l.*: that the steamboat charge for bringing it to Bristol was 1*l.*, we will say,—that would be 51*l.*,—and that the railway charge from Bristol, we will say, would be another 1*l.*—that would make 52*l.*—that is, we added the cost of the butter and the cost of the steamboat journey to our railway charge, and so made 52*l.* for the London merchant to pay. Of course the only interest we had was the 1*l.* for the railway carriage from Bristol to London, if you follow me in that. Yet when these gentlemen were taking out the figures to check my Return they took out one month's traffic, multiplied it by twelve, and they took the 52*l.* as our earnings between Bristol and London.

11,397. (Viscount Emllyn.) They included the value of the article that was carried?—Yes, they did, and they not only did that, but inasmuch as they were working on estimates and took out actual figures for one month only, they multiplied that month by 12 to give them the value for a year. In this illustration I am speaking now of 50*l.* but it came to thousands of pounds.

11,398. What was the moral of that?—The moral of that was that this 70*l.* which they had paid was absolutely thrown away; the fallacy which had been raised with regard to my figures being wrong was swept away also, and then they accepted my figure and came to a settlement.

11,399. (Mr. Arthur O'Connor.) Was that valuer paid a lump sum, not a percentage?—He was paid by percentage.

11,400. I thought you said he was paid a lump sum of 70*l.*?—For doing that work and checking my books, but then that was a second payment for making the examination.

11,401. (Viscount Emllyn.) It was merely for that work of examining the books that he got the 70*l.*?—That 70*l.* was simply for examining the books.

11,402. In other respects was he paid the usual percentage?—Yes. On the other hand I must say in fairness that I have known gentlemen come to my office to examine books on behalf of the parish who have done their work most effectually, I mean to say they have done it well. They would not go through the whole thing, of course. I do not say they are all like that gentleman who was paid the 70*l.*, but you are open to such things as that and when we spend a lot of money and do a vast amount of work that is very

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Railway companies books. Assessment Committees do not accept offers to inspect books as the work would be too great an undertaking and would require specially trained knowledge.



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Areas for purposes of railway valuation. Union and not county areas desirable. Reasons for this view.

often the return we have. I never object to show the books.

11,403. To go through railway books with any effect you must have skilled persons; that is what it comes to?—Undoubtedly.

11,404. You have had it suggested, sometimes, I suppose, that it would be desirable to substitute county for union valuations; do you agree with that view?—I say it would be a matter of utter impossibility; so far as railways are concerned we simply could not do it.

11,405. Will you, shortly, tell us why?—I will, shortly, tell you why, if I may. Having a practical knowledge of the mode in which returns of parochial earnings are arrived at, I may say the amount of clerical work involved in preparing a rating return of earnings in the 32 counties through which the Great Western passes can hardly be appreciated by any one unacquainted with the course that has to be adopted. For the information of the Commission, I, therefore, venture to explain it. The Great Western Railway Company own about 900 stations, and each station sends to the audit office monthly, at least, three returns of passengers, goods, minerals, cattle and parcels traffic; these monthly returns for a year amount in number to about 32,400, of very many pages each. From those monthly returns, or abstracts, it would be necessary to extract item by item the almost countless sums, varying from 1d. upwards, which go to make up the receipts of about 9½ millions in order to ascertain the Company's earnings parochially. The different stations between which all these items were earned would have to be shown, the total receipts for the year as between each pair of stations put together, and cast up, the total distances over which the money was earned ascertained, then the money divided by rule of three sums to show the earnings per chain. The whole of the voluminous railway clearing-house returns of passenger, goods, and parcels receipts would have to be gone over in a similar manner and divided in the same way as the Great Western Company's own traffic. Then—and you gentlemen will appreciate this point because you will remember what I told you the man did when dividing the traffic between A and B—he put in traffic between B and C—then very experienced clerks would be required to allocate to each parish the actual earnings in respect of the traffic carried through it, then to cast up these earnings per chain, and to calculate the earnings in the parish according to the number of chains it contained. The value per chain would vary between each pair of stations, or stations and junctions.

11,406. Is not this going a little further than dealing with the county as compared with the union assessment? You are taking us back to the whole abstracts of the Great Western Railway, are you not?—The question which came to me was, what would be the effect of county valuations?

11,407. That is, substituting county valuations for union valuations?—Yes. I take it that if county valuations were ordered they would be more or less done with at one time, and that we should have to do all at once.

11,408. (Mr. Elliott.) What do you mean by a county valuation?—The valuation of the whole of a given railway within a county. We have such a diversity of lines. We go through 32 counties. If, say, at a given time an Act was passed that there were to be county valuations which would begin on a certain day, all this would have to be done to meet that requirement of the Act.

11,409. I gather that these observations of yours do not apply to the proposal that instead of having a valuation list for each union there should be a valuation list for the whole of the county, and that the valuation lists for the unions should be aggregated for one county?—Yes, only that the process at the moment is very different—in this way: the valuation of a union is ordered by the union assessment committee, with the sanction of the board of guardians, but the valuation of the county, which is now possible, is ordered by the county rate assessment committee. One great difficulty we have there is this: To the union assessment committee the individual ratepayer is the unit; to the county assessment committee the parish is the unit, and therefore if I want to object to a county valuation, say, for the Great Western Railway for their property, they will not hear me unless in a given parish, say Parish A., I am not only prepared to go into the Great

Western Railway Company's merits, but into the merits of every other assessment in that parish to show what the total for the parish should be. I do not know whether I make myself clear. Looking forward to any aggregation of assessments at a given time—say there were to be county valuations carried on—then I am pointing out the work we should have to do in the way of extracting our traffic to meet the requirements of the counties to show what the earnings were per mile over the several pieces of line passing through the respective counties.

11,410. (Viscount Emlyn.) Will you finish what you were saying just now?—Yes, if I may be allowed.

11,411. (Mr. Clare.) You are assuming that the existing system of county rating is to be accepted?—Yes; I want to point out the utter inapplicability and unfairness—

11,412. Of the existing system?—Of all systems under which the county is allowed to set up and to decide the value of a parish without allowing any ratepayer to go before them and to point out the injustice which may be done by this body.

11,413. That is under the existing system?—Yes. I was asked, I think, what the effect of the county valuations would be; that is why I am giving this at the moment; if I have exceeded the limits of the answer I am, of course, glad to be stopped.

11,414. (Viscount Emlyn.) No, I think we shall be glad to hear what you want to say about it?—It must also be remembered that a parish often contains main lines, and a converging branch or branches, perhaps one or two stations or junctions, all causing variations in the receipts per chain to be allocated to the parish. I may add that a recent return I prepared of parish earnings in one union cost my department in clerical work £20l., in addition to which I had 14 clerks working, in the locality affected, at the signalman's books, for three weeks extracting the train miles. The expense of that, you see, is enormous. The unions require information, they pay valuers large sums of money, and it always has appeared to me that these are gentlemen who ought to do all this work, but then they never do, and one does not press, because I feel really their practical inability to do it—it is too great a burden to put upon them. It may be said (and by an inexperienced person very naturally) that all this has to be done now.

11,415. Is it your objection that it would have to be done all at once?—It would have to be done all at once.

11,416. Instead of being done in detail?—Perhaps a good deal of it not done at all for reasons which I will explain. It may be said (and by an inexperienced person very naturally) that all this has to be done now. To an extent it is true: but it is done in detail, and the whole work is not rushed in at one moment—at set intervals of three or five years. It now often occurs when a valuer is engaged in a union and a rate per mile agreed, that the adjoining unions, hearing what has been done, accept a similar rate per mile, varied according to local circumstances; in this way they save the heavy expense of a valuer, and at the same time they get a valuation which is satisfactory to them and also to the railway. If county valuations be adopted, all such amicable arrangements would be done away with, and heavy expenses incurred, because it must be remembered in all these cases, after we have gone to very many hundreds of pounds' expense in taking out our figures, and preparing our cases and getting witnesses together, we, being usually the largest ratepayers in the parish, whatever the result may be, have to contribute largely to the costs. If we get our costs against the parish primarily, we have to help pay those costs. Often and often it does occur that, if it is not too large an increase, we submit to it and face an injustice, and rather than be put in such a predicament as that. I think our reasons must be very plain.

11,417. In going before the assessment committee you have stated just now that you always offer to show your books. Do objectors before assessment committees have to show their books?—Not in our presence. One very often applies for them though. What I say is this, when I go before an assessment committee I am, at all times, prepared to exchange my figures. If I am dealing with the overseers—men who have not a practical and technical knowledge—perhaps they are rather over-weighted in meeting me, and I may not with so much fairness ask them to give me the exact details on which they arrived at their valuation; but when I am meeting a competent professional valuer,

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Appeals against valuations. Production of books by objectors.

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who is paid a sufficient fee for his services, I think that we should be allowed to compare our figures in the hope of arriving at a settlement, and seeing where the differences are between us, or, at all events, after I have stated my figures before the committee, he also should state his figures before the committee in my presence.

11,418. In the event of any objector not showing his figures he might suffer for it, might he not?—He would certainly suffer for it at sessions, because if it was proved that he went before the committee in a perfunctory sort of manner, and said, simply: "I object, and I will not pay, and I do not think fit at the moment to give my details"—if that were brought forward, even supposing he won his case at the sessions, he would be sure to get the costs given against him, and he would have to pay for it.

11,419. That acts as an inducement for them to say what their figures are?—These are the words Justice Field used in the Fletton case. He said: "An objector cannot gain his costs if he does not state his case sufficiently, properly, and fully before the assessment committee, he will get thrown, with costs, at the sessions."

Compounding.  
Large allowances made.

11,420. Have you had much experience at compounding?—I have not. Of course one hears a great deal about it in different places where you are looking up the valuation of other properties, and it really makes one's mouth water to see the large allowances which they get sometimes; I have heard of allowances up to 50 per cent. Up to 30 per cent.—by 15, and 15 for paying when empty—one would not very much object to it; but after that I do think it gets very expensive.

11,421. You have no personal knowledge, I suppose, of how the compounding has worked?—No, I have not.

Country houses often inadequately valued.

11,422. I think you have something that you wish to say to us with regard to the assessing of country houses as compared with country stations?—Of course we find all over the country very nice and very large properties assessed on very small figures. I know there are difficulties connected with the assessment of country houses, but it does come before one, in looking up valuation lists, that they are very inadequately rated on many occasions, and that is also a thing that a surveyor of taxes on the assessment committee would help to put right.

Surveyor of taxes should sit on assessment committees.

11,423. Do you think his presence on the assessment committee would be a check upon what they did in that direction?—I think it would.

Government property. Contributions by Government in respect of, inadequate. Government property should be subject to valuation in the same way as other properties.

11,424. With regard to Government property, have you any experience of the rating of Government property?—I have to an extent; when I say experience of its rating, I mean I have had great experience of its not being rated at all. I have no experience of its being rated, but I have experience of the Government giving certain contributions.

11,425. What is your opinion of those contributions?—They are as a rule utterly inadequate.

11,426. Do you see any reason why Government property should not be rated in the same way as any other property?—Take our own places, Devonport, Plymouth, and Weymouth —

11,427. In each of those places there is a very large amount of Government property, is there not?—A very large amount. I should like to refer, if I may, to something which I cut out of the "Western Morning News" only yesterday, with regard to the valuation at Devonport, where we in common with other ratepayers have just been subject to the tender mercies of a valuation, and very large values have been put upon our property. This is what was said in regard to it; this is in the "Western Morning News" of Saturday last:—"The rating committee" of Devonport "reported they had received the new valuation list from Edward Ryde and Sons, showing the total rateable value without the Government properties to be 156,588*l*. "The Treasury has promised that the Government properties should be revalued, but up to the present they had been unable to give the valuers an opportunity of doing so. The committee recommended that the valuation list be delivered by the clerk to the overseers, and that a cheque for 587*l*. payable to Ryde and Sons be drawn on account of their fees. "They also suggested that the Treasury be communicated with, as suggested by Ryde and Sons, as to their paying increased rates until their properties had been revalued in the same proportion as the other properties in the borough had been increased."

The report was adopted. On that very point, two years ago, I wrote to the Plymouth assessment committee, and pointed out how we were suffering from the omission in getting a suitable allowance from Government. That letter was read, and the only notice taken in the paper was that the chairman of the guardians said he had received a very selfish letter from Mr. Smith, on behalf of the Great Western Railway, which he proposed should be put in the waste-paper basket. I did not see that it was at all a selfish letter.

11,428. I presume any assistance you would get from the Government by increasing their contributions would affect all persons rated?—Yes, it would. In certain towns, where the Government have these large properties, those towns have to pay for the whole of the country.

11,429. In your view, these Government properties should be rated the same as all other properties?—Certainly.

11,430. With regard to rating areas, do you suggest any improvement or alteration in the existing rating areas?—I do not, for the simple reason that I do not think we could get anything better than the amount of local knowledge possessed by the present assessment committees, if they have the benefit, as I said before, of the whipping boy in the person of the surveyor of taxes, with his certified returns from the several occupiers.

11,431. With regard to the appeal, are you satisfied with the present court of appeal?—I am not at all satisfied with the appeal. I say the appeal court should be one which is above and beyond suspicion. Wherever we go into a county, I do not say a word against the gentlemen comprising the bench, but there is always a suspicion of prejudice and favouritism. When the Railway Commission was first started, it was assumed that all our rating cases were to go there, but we could only go there by consent of the respondents; and it was very soon found that after about two cases had gone to the Railway Commission, and they had been thoroughly thrashed out and dealt with in the most impartial manner, that it was not good enough for these specialist and expert rating surveyors; they thought they could get more at the county sessions. Therefore, as we could only go by consent, we have never been able to get before the Railway Commission since. I think that that, or some such authority, is what we should like to have the power to go before.

11,432. You say you want a stronger court of appeal than you have now?—Certainly.

11,433. Would you put shortly the suggestions that you make?—To recapitulate, I venture to suggest that the union should continue to be the rating area; that the union assessment committee continue to be the rating authority, with the addition of the surveyor of taxes for the district; that rating appeals from the decision of the assessment committee should be heard by a legal authority, or that railway appeals should be heard by the Railway Commission.

11,434. Would you yourself think it necessary that railway appeals should be heard by the Railway Commission, or would you be satisfied with some strong tribunal other than the Railway Commission?—I should be satisfied with some strong tribunal other than the Railway Commission.

11,435. Which would then be able to hear not only railway appeals, but all appeals?—Yes, all appeals. I merely mention the Railway Commission because I have seen it suggested—I think at the time that they were constituted—that rating should come within their ken; that is why I simply mentioned them. We want a strong outside authority; there is no doubt about that.

11,436. What have you to say with regard to statutory deductions?—That they should be extended from the Public Health Act of 1875 and the Lighting Act, to the school board rate, the library rate, the fire-engine rate, the county police rate, the borough rates, the borough water rate, the general expenses of rural sanitary authorities, and county highway rates. I should like to point out, with regard to borough rates, and with regard to certain county rates, that the repairs of roads by urban authorities up to this time have been charged in the general district rate, to which we are liable to one-fourth only. Under recent legislation county councils have had power to take over these urban district roads, and in all cases where that has

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Areas for valuation purposes. Poor law unions the best areas.

Appeals. An appeal court for questions connected with rating desirable. Either the Railway Commission or some legal tribunal.

Exemptions (partial) under the Public Health Act and the Lighting Act should be extended to certain other rates. Railways get no benefit from the expenditure of rates upon certain purposes.

Mr. P. R. Smith. been done the agricultural interest and the railway interest have to pay in full on those rates, simply because they have been transferred from one authority to another.

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11,437. The services being exactly the same?—Yes, these properties deriving no benefit whatever from them. The services are the same, and the change simply arises from the transfer of the work from one authority to another. We have now to pay in full to the county councils, whereas before we paid on one-fourth only. That, I think, on the face of it, is a great injustice to the railways and to the land, and to all those interests which are entitled to differential rating. Then we come to the county police rate. We get no benefit from the county police rate in watching our lines of railway in the county, nor from the expenditure of the fire-engine rate. We get no benefit from the county fire engine rate as in so many of these parishes where they have the county fire-engine rate, there is nothing but the line.

11,438. That would not apply, I suppose, where you have got stations?—Of course, we have our own appliances at all stations, but there may be something in that; I am speaking as against the line of railway all through. It does not affect the stations. I wish to guard myself particularly against that, because it would be unjust and unfair. Where we have stations I say they are buildings, and following out general feeling on the subject a station is a building, and a building is a house, and we must be on a par with our neighbours in that respect.

11,439. As regards these deductions you are speaking of now and proposing now, you do not propose to apply them to station buildings but simply to lines of railway?—Simply to lines of railway and to agricultural land. Those slight alterations in the existing law with statutory deductions, or for railways, a scale of deductions fixed for each company by the Railway Commissioners, would in my opinion without making great changes, afford an amount of relief and general satisfaction to the ratepayers without involving the risk attending the making of new authorities and of dislocating existing arrangements.

Land-tax.  
Powers of  
the Local  
Commissioners of  
land-tax.

11,440. Is there anything you would like to add before the other Commissioners ask you questions?—I should like to say one thing if I might, which is not included in my memorandum, with regard to our awkward position at the moment under the new land-tax arrangements. They have always been rather unsatisfactory, but until the Finance Act of 1896 they have not been quite so bad. The jurisdiction of the Local Commissioners of land-tax has been very much widened, and their powers are almost undefined. The great trouble is this; their decisions are final, and they have more power than has the Court of Appeal. You can take a decision of the Court of Appeal to the House of Lords, but these local gentlemen can give you their decision and accompanying the decision they very often remind you "Our decision is final, and you have no appeal from it." That is a very startling thing, I have just had a case crop up on a branch line of ours, on the Woodstock Railway. The Woodstock Railway was a scheme of the late Duke of Marlborough, and certainly is not a profitable or a very useful property, but, however, there it is; it is assessed at a very nominal sum, but really more than it is worth, and that nominal sum was 72*l.* No charge for land-tax ought ever to have been made upon this property, but in March of this year to my great astonishment I received a demand based on an assessment of 960*l.* at 5½*d.* in the £ for land-tax. We naturally objected to that, and my assistant went before them. The parish is called the parish of Shipton-on-Cherwell, and if I might be allowed to read you a very short statement on the subject which gives the facts, I think it will take up less time. The length of the Woodstock branch in this parish is 1 mile and 71 chains. The poor-rate assessment is 72*l.* rateable and 75*l.* gross. This figure for the gross is no doubt wrong, and the company could not successfully contend that the gross valuation of the property should be less than 400*l.* or thereabouts, that is adding enough on to the present rateable value to keep the tenement in repair to command a certain rent. This portion of the line has this year for the first time been assessed to land-tax, and the annual value was fixed by the Commissioners as 937*l.* at 5½*d.* in the £, amounting to 21*l.* 9*s.* 5*d.* If I redeem this land-tax I should have to pay 30 times 21*l.* 9*s.* 5*d.* which is really more than the whole thing is worth or very nearly so. In reply to inquiries as to the meaning of this figure—

11,441. This that you are taking us through, is it a complaint against the injustice of the action of the Commissioners?—They are within their powers. I want to point out the unfairness of their having such powers as now belong to them.

11,442. Without the power of appeal?—We have no remedy.

11,443. (Mr. Clare.) Your remedy was to redeem the land tax before you developed the property, otherwise you have to pay upon the full value?—It was. I do not object to pay upon the full value, for the full value of this property is 72*l.*, plus the repairs which would make 450*l.* On that I am prepared to agree, but the Commissioners say they will not consider that. We pressed them to know how they arrived at this value. They used to have to take the common basis of the gross value, which was often a great hardship, but still we knew where we were. These gentlemen say: No, we do not mind telling you that we have assessed this Woodstock railway at a certain figure because we find another branch of the Great Western line, the Witney Branch, is assessed at a certain sum, and we think you ought to be so charged. What is the result? We are about to move the courts above by mandamus to try to get this settled. These people do not show any basis for it, because the whole of the rest of the property throughout the parish is assessed at gross values. Parliament says all should be assessed according to the fair value on an equal poundage receipt. They used to act upon this course, but, unfortunately, the Chancellor of the Exchequer, in making a speech in the House of Commons this year on February 11 said that the Land Tax Commissioners were not bound to take into consideration the Income Tax Assessment or the rateable value or any other particular valuation as the basis of distribution. That has landed us in this difficulty that these gentlemen took 937*l.* without any explainable basis whatever, that they ultimately put it at 490*l.*, and leave us without a remedy unless we go to the expense of hundreds of pounds in applying to the superior courts in London to proceed by mandamus to make them alter it.

11,444. In your view there ought to be some appeal of an ordinary kind from the decisions of these Commissioners?—Certainly.

11,445. (Mr. Arthur O'Connor.) They did not ask you to pay arrears?—They are not entitled to. They thought they would take it out of us in one year.

11,446. (Mr. Elliott.) I gather from the evidence you have given as representing the railway companies, that at the present moment you consider that you contribute unduly to local taxation as compared with banks, manufactories, shops, and I think you mentioned large country houses?—Yes. I should not like to say we contribute very unduly, because we have to do the best we can in looking after ourselves, and in that way we protect ourselves, but the appliances and modes which we have of protecting ourselves are certainly very difficult. They are very expensive and cumbersome. There is the question of profit always in our case of course; that is we state our profits, and then we have to exhaust that figure; as it were we put all our money on the table and then we have to take away as much as we can show a reason for, and I think that always puts one in a very difficult position.

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Railway companies pay rates on their lines for purposes from which they receive no benefit. Their valuations are also increased to a greater extent than those of other properties.

11,447. I rather gather from the suggestions you have made in the concluding part of your evidence that you think the railway companies should pay less?—Yes. I think we should be protected in every possible way, and that other people should pay enough. You see our property is constantly passing through the examination of these professional valuers, but other people's property is not, and the main result of that must be, I think, that we are constantly being put, I do not say beyond our full legal value, because if we were, that to an extent would be my fault as far as I can prevent it, but we are constantly being put up to a very high and full value, whereas other properties are not.

11,448. Of course, we here are considering this question, not only in connection with the law as it stands, but from the point of view of possible amendments of the law. What I want to get from you quite clearly is this: Do you, as representing railway companies, consider that at the present moment you are unduly burdened, and that you have a grievance as regards the amount which you contribute to local taxation?—I certainly say we have a grievance, not so much with

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regard to the assessment at the moment, but I say we have a grievance against the pressure of these differential rates from which we receive no benefit.

11,449. In other words, you consider that you pay too much, having regard to the benefits that you receive?—Certainly.

11,450. Now let us leave out any question of the rates which may be said to confer a benefit upon the person by whom they are paid; take such a rate as the poor rate, or the police rate, or the education rate; do you consider that railway companies at the present moment pay too much to those rates which we are in the habit of calling rates of burden?—I think I have complained of the education rate as one that I thought we did not get benefit from to the full extent of the amount paid.

11,451. Take the first of the other properties that you mentioned; take the case of a bank; do you think that, comparing a railway company with a bank, a railway company pays too little?—Will you allow me to define? In speaking of the railway company I am speaking of the line of railway, and I am not speaking so far as the assessments on our buildings are concerned; I wish particularly to draw the line there.

11,452. I want to get a little more clearly from you what is the grievance which you now present to the Commission as seeking for remedy; is it that the contribution by the railway company to such rates as those which I have mentioned, whether in respect of its stations or in respect of its lines, is too much at the present time or not?—I feel the amount we have to pay is very oppressive indeed.

11,453. You think you have a claim for relief as regards the amount you contribute to those rates?—I do think so to the extent I have indicated, particularly with regard to our not receiving benefit in any way from the amounts we pay for our lines of railway more than agricultural land would. We are quite in the same boat with the agriculturist there—as against our position as owners of stations or of buildings, which I say are more of the nature of house property, and should pay.

11,454. I should like to refer to the figure which you give in Schedule II., from which it appears that the rates paid by the Great Western Railway Company amount to practically 3½ per cent. of the gross receipts; that would amount, would it not, speaking very roughly, to about 7 per cent. of the net receipts?—Yes, you may put it very roughly like that.

11,455. It would be somewhat under 7 per cent.?—We are working now at over 55 per cent.

11,456. Speaking very generally, do you consider that that contribution of 7 per cent. of the net receipts, in other words of the profits of your company, to the purposes for which local taxation is levied, is an excessive contribution or not?—I have not quite applied my mind to that point, but I should say, for so much of that as represents payment on lines of railway as separate from our station properties, it would be excessive; I think it is very excessive for that, but for the stations I should not say so.

11,457. Supposing that I could show you that the agriculturists in the district which your Company serves pay very much more than 7 per cent. on their net receipts to the purposes for which local taxation is levied, which would you say would have the grievance, the agriculturists or the railway company?—I say the agriculturists should have the same extension of these differential ratings that I claim. Of course, if the agriculturist pays more than 7 per cent.—I do not know what he does pay—but, whatever the figure may be, if he pays on land as separate from his buildings more than seven per cent., it naturally presents itself that that is a hardship.

11,458. Do you think that the net receipts, in other words the profits, constitute a fair and reasonable measure of the ability of the ratepayer to pay to such a rate, say, as the poor rate?—It is not, of course, the basis which is acceptable to one's mind at all, because there you are charging a rate on profits—that is, more on the ability to pay—rather than for the hereditament occupied, as I understand it.

11,459. Arising out of that, I was very much impressed by a phrase which you used, which appears to sum up the present position of the rating system; you

stated that the rates are now contributed by the ratepayer according to the value of the bricks and the mortar and the land which may be occupied?—Yes.

11,460. Do you consider that the value of the bricks and the mortar and the land which may be occupied is a satisfactory measure of the contribution which each ratepayer should pay—that, of course, is the law as it stands; but do you consider that that is a satisfactory provision of the law?—As far as it goes, and if everyone can be put on an equality in proportion; but if you employ the bricks and the mortar and the land as the basis in one case, I can see it would work great unfairness in the case of properties where you take their gross receipts as your basis.

11,461. For the purposes of some industries you want more bricks and mortar and land than you want for the purposes of others, do you not?—Certainly.

11,462. Supposing, by the occupation of more bricks and mortar and land in one case, you only get the same amount of profit do you think there should be a greater contribution to the rates?—No, it should be such a contribution as would ensure equality of proportions as between the several interests. It may be a difficult nut to crack but that is what we want to arrive at, I think.

11,463. You would suggest that the present basis of the bricks and the mortar and the land is not altogether satisfactory?—It is not altogether satisfactory.

11,464. You have given us some very interesting evidence in favour of the view that assessments should be made not according to the county but according to the union; I want you to direct your mind to the county of Somerset, in regard to which you have given us some figures in Schedule VI. I gather from that table that there are eight unions in the county of Somerset?—I have not taken them all; I have selected eight because I had returns from eight, but there are more than eight.

11,465. At any rate there is a number exceeding eight poor law unions in that county?—Yes.

11,466. Consequently, there is a corresponding number of assessment committees?—Certainly.

11,467. Your suggestion rather was, was it not, that it was easier for the railway company to deal with these individual unions, than with a powerful assessment committee representing the whole of the county?—Yes.

11,468. Is there not something to be said from the other side of the question. Is not the railway company, especially such a railway company as yours, an extremely powerful body, and do you not think that with the trained advice you have you are sometimes able to deal very efficiently with the smaller union, and perhaps you might find a more formidable antagonist in the shape of the county?—As I pointed out with regard to the county, the county rate committee, as at present constituted and working as they do under their existing legislation, have given an objecting ratepayer no chance whatever, the process, as I said, being that the unit for the county is the parish, whereas for the union the different parishioners are the several units. If I am assessed too much, say, in the first parish in the table, in the parish of Axbridge, the county assessment committee fix the value of the parish of Axbridge at 20,000£., and out of that the railway company is assessed at 2,000£., we will say; or I may know that there are, say, ten parishes, in each of which we are assessed at 200£.; I get one of those parishes with 200£. worth of our property, and supposing there are 20 or 30 farms and all sorts of property in that parish, I have no power to go before the county rate committee to explain the injustice that I am suffering from without, at the same time I submit to them the whole of the facts of each individual property in the parish, to show that their total is wrong. Before the assessment committee for the union it is sufficient for me to go and say that my property in parish A is assessed at too much money.

11,469. That is according to the law as it stands, is it not?—Yes, it is.

11,470. What do you say to the suggestion that the assessment committee of the county should do exactly the same work as the eight or ten assessment committees now do, and that the individual ratepayer should have precisely the same powers of appeal to the county assessment committee as he has at present to the union assessment committees?—I think the great want you

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Rates now contributed by ratepayers according to value of bricks and mortar and land, which is an unsatisfactory system.

Areas for purposes of railway valuation. Union not county areas desirable. Reasons for this view.

Rates paid by Great Western Railway Company amount to 3½ per cent. of the gross receipts. This is an excessive contribution in respect of railway lines, and would also be so in case of agricultural land.

Areas for purposes of valuation. Union not county areas desirable.

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would have there would be local knowledge. I think one or two members attending a central committee from a district would have their influence measured by their voting power, and the power of two from a union we will say, would be very small, and their local knowledge, if they had any, would be very difficult to be heard, or to make itself felt.

11,471. Is that the only objection you see?—I see one great objection certainly with regard to that.

11,472. Would you not say that the larger the area from which the assessment committee is gathered the smaller is the effect of local and personal influences?—I should not quite like to say that; that is not my opinion. I think the means by which we are going to get over the local influence is the surveyor of taxes. I do not see that any other element put into the committee is going to do for us what the assessor of taxes can do, because, as I said before, his back is a broad one, and what neighbours do not like to do for one another they can lay upon the surveyor of taxes.

11,473. Would you not say, generally, that the larger and the more important the local authority the less likely personal and local influences would be to prevail?—I cannot see that; I do not see why it should be.

11,474. Has that not been your experience?—That has not been my experience.

11,475. I will take the parish council that you mentioned; do you not think that if it had rested, not with the parish council, but with the district council, or with the county council, to consider this question of the lighting, and the area over which the lighting rate should be levied, there would have been less disposition to do you injustice?—That is not my experience (and I have had some experience), and I will tell you what my experience has been. I have before now attended meetings under the County Council Act, where there have been questions of adding areas to certain existing areas, and I have found quite as much feeling and desire to add the whole area, including an extended boundary, of our property, instead of taking the near boundary, exercised by these gentlemen from the county councils, as I have from the parish councils.

11,476. You find that, whether the local authority be large or small, there is still the same disposition to shoot at a railway company?—Yes, they want all the money they can get.

11,477. Let me take you, then, to this suggestion that you have made as regards Government property. Do you not think there would be the same disposition on the part of local authorities to shoot at the Government in the same way that they shoot at you?—Possibly, and therefore I say that some tribunal should be arranged by which it should be done, but up to this time, you see, the Government have very carefully avoided putting themselves in that position. Three or four years ago, Mr. Vincent, who acts for the Government, came to see me, and said: "What do you think it would cost us to start a Government department?" I hoped they were going to do it, I had been stirring the matter up all I could, but I have never heard any more about it since. They should have a department to deal with this, and they should let their property be valued as currs is valued, and that would satisfy everybody. They should go to the expense of a department, if it is necessary. Let it be fairly done, and satisfy the whole country.

11,478. Have you any objection to the Government keeping their valuation under their own control?—I should always object to that, and I think there would be the very greatest suspicion whilst the present system was followed. If they get their assessment under their control, it would simply amount to their giving a contribution, as they now give, of what they like, outside of appeal and outside of objection—"We shall give you 1,500%," and if you do not like it you will get no more."

11,479. On the other hand do you not feel that supposing Government property were valued by a local tribunal, even with the assent of the surveyor of taxes, something like the same result would be obtained as that of which you complain in the case of railway companies?—I daresay there would be improper valuations made, but one would be quite content if the Government gave comprehensive instructions to an official to value their property, and that his valuation when made should be to an extent open to inspection

or criticism. I should have every faith that the Government would do what was right. But they have never gone so far as that, I can understand it may be objectionable to have all sorts of people coming into certain Government properties.

11,480. (*Mr. Arthur O'Connor.*) I suppose you consider the presence of a railway in or near a place adds to the general value of the property in that place?—Yes, undoubtedly.

11,481. Similarly the works at Devonport carried on by the Government probably add to the value as they add to the population of the town?—I look at it from one point of view, they occupy the most valuable sites, take a railway—

11,482. Would you mind addressing yourself to the exact point I put before you?—I beg your pardon.

11,483. Do you think that the employment given by the Government in Devonport increases the general value of the property of the neighbourhood, the value of land and of other property?—No, I do not see why it does, certainly not to the extent of the valuable land that it occupies.

11,484. I am not concerned with the extent, do you think the presence of a large place like Devonport Dockyard, and the works adjacent to and connected with it, and the necessity of providing habitation for the men employed there adds or does not add to the value of the property in the town generally?—I think it would very much depend upon the district.

11,485. In that particular place in Devonport?—I do not think it does, because Devonport is very much prejudiced for all residential building on account of the enormous number of small houses which are necessary to accommodate the dockyard officials.

11,486. Then you would say that not only the Government works at Devonport are inadequately rated?—They are not rated at all, if I might venture to say so.

11,487. That is certainly inadequately?—Yes.

11,488. But that they actually detract from the value of property generally in the neighbourhood?—Yes, you very much press me upon that point, I should not wish to bring it forward, but I think it will be evident that in a beautiful seaside district, such as Devonport is, naturally the building of a large number of small houses does not increase, but rather deteriorates the value for certain other purposes.

11,489. I only wanted to see how far you go in that direction?—That is how I feel about it.

11,490. You say that machinery is sometimes rated fully and sometimes inadequately rated?—Yes, I think I guarded myself by saying rather in my opinion an enhanced value should be added to the building, and not that the machinery should be directly rated itself, which is against the decisions that have been given.

11,491. That is to say, any machinery which is necessary for the utilisation of a building should be taken into consideration in rating it?—I would rather say machinery used in connection with a building as it is going.

11,492. If, without certain machinery, buildings or works would be useless, you would consider that that machinery ought to be included in the estimate, or taken into account?—If the buildings were useless without the machinery, did you say?

11,493. Yes?—Of course we can only take the thing as it stands. We find the buildings with machinery in them, and they have to be rated upon the enhanced value from what they contain. What the condition of things would be if the machinery was not in the building I do not know; it may be used for some other purpose.

11,494. At any rate, you do not disapprove of the rating of machinery in itself?—Certainly not. I mean to say we want an equality of rating. We cannot for a moment say that our sheds and shops are not properly constructed for doing the work we carry on in them; but if a man, on the other hand, has taken over a shed which was built for a grain shed, and he thinks proper to carry on a business, and put looms or other machinery into that building, I say that, if they would pass with the building, if it could be proved, as a trade custom, that such machinery would pass with the building, it should be considered as enhancing its rateable value in

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Government property contributes inadequately to local taxation. This property sometimes decreases the value of surrounding property.

Machinery should be assessed to local rates.

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27 July '97 11,495. What would you consider your railway lines would be without your engines?—We must have engines to pull, unless we let it out to the public, and merely provide a road and let them act as carriers by providing their own stock.

11,496. Your railway lines would not be of much use without your engines and your trains?—I should think not.

11,497. Why should you not rate that machinery?—It would be such a new departure that it is difficult to contemplate.

11,498. Yes, but we are here because the existing system is not supposed to be satisfactory?—Yes, that is so.

11,499. We must not be afraid of looking at things or else we shall not be of much use?—That is so. You rate now parochially what is in a parish; our engines are in every parish; they are in a thousand parishes. You must do away with the parochial system altogether before you can begin a thing of that sort. No implements or stock or chattels are assessed: it has been found impossible to do so. I mean to say it opens a common question, not only for engines, but for every cart and cab in use in the street, and all other kinds of chattels and property which came before us.

11,500. I am very glad; that is what I want to bring out?—I thought it was.

11,501. When you proceed to tax chattels you are confronted with all sorts of difficulties and anomalies?—No doubt.

11,502. Now let us look at the other side. Railways, at any rate, are monopolists in regard to the occupation of certain lands; they have compulsory power of purchase and exclusive use. have they not, of certain lands?—So have other people who purchase them, a monopoly of lands.

11,503. We are not talking about other people; I am talking about railways for the moment. Is it, or is it not, the fact that railway companies have the exclusive occupation of certain land under Acts of Parliament?—Yes, subject to certain users for which they have liabilities.

11,504. Such as lands would always be subject to more or less?—Yes.

11,505. I suppose you do not object to being rated in respect of the land which you so occupy?—No.

11,506. Railways themselves, as you have told us, often help to enhance the value of adjoining land?—Yes.

11,507. And land generally is improved in value by the multiplication of the population and the multiplication of the means of locomotion?—Yes, as a general proposition that is so.

11,508. Now, disregarding altogether the existing system, which we know is full of anomalies, do you see any objection in reason and common sense to a simple system of rating the land according to its actual value as land, disregarding all chattel property?—I think I must ask you to define your question a little more. When you speak of the value of land, what do you mean? Do you mean the value of land as improved by existing circumstances, or the value of land as shown by taking three, or four, or five hundred yards on either side of a property, to arrive at an average value, as was done sometimes in the old canal ratings? I do not quite follow you in the answer you wish me to give you.

11,509. I suppose that it would be possible, in any particular district of the country, to ascertain what was the value of land per acre?—One of the schedules that I have put in, Schedule IV.—taking the parish of Basildon for instance—shows the total assessment and the acreage, and the assessment divided by the acreage gives 3*l.* 6*s.* per acre as the general average of the parish; but for the Great Western Company, on the land they take, they have to pay at the rate of 28*4*l.** an acre as compared with that 3*l.* 6*s.* I do not know whether that enables me to answer you.

11,510. Supposing you take any particular acre in any part of the country, is it possible, or impossible, to ascertain what the value of that acre is as land? You have to buy land sometimes under compulsory powers?—We do occasionally; and it is very difficult to arrive at its value, because the seller is of opinion that it is

so much more valuable than we think it is. He finds fifty advantages that we cannot conceive.

11,511. But it is not past the wit of man to arrive at some means of deciding?—Values have been arrived at, but if I knew with what object you were asking the question I could give you an answer, perhaps without giving you so much trouble. I wish to give you a very full and sufficient answer, but there are so many difficulties surrounding the question of what is the value of a given piece of land, and whilst I am anxious to give you the information you want I do not want to mislead you in any way.

11,512. You will not mislead me. If you have to acquire an acre of land, whether by agreement or under your compulsory powers how do you arrive at the certain sum of money which you have to pay the former owner?—Then you see we take that land under compulsory powers, the owner knows we must have it, we are bound to have that particular acre of land, because we must go there, but then, am I to import into my estimated value of that acre of land the value of our necessity plus the value of so many wheelbarrows full of mold? That is my difficulty in answering your question—how far must I take in the surrounding circumstances, and the would-be purchaser.

11,513. At any rate, under arbitration or whatever means a definite sum is ascertained at last?—In that way possibly, but the arbitrator does not tell us how he arrives at it.

11,514. No, but it is arrived at?—A sum is arrived at which—pardon me saying one word—very often I think both parties are very dissatisfied with.

11,515. As it is ascertained in that particular acre, I suppose it can be similarly ascertained with regard to every acre in the country?—Yes, perhaps so, considering all the varying circumstances, of course. All acres would not be subject to the compulsory powers of the would-be purchaser; they might be subject to varying influences. There might be water near or water might be distant; it might be at the top of a hill where there was a heavy draught and which required two horses to take a load instead of one. I can conceive of a thousand and one difficulties arising when you are trying to arrive at the value of an acre of land, so that each acre would be practically different in value.

11,516. That is to say in different places, and according to circumstances, the value of land may vary, and the difficulty of ascertaining its precise value will vary also?—Certainly.

11,517. But making all due allowance for all that, I suppose it is possible to value land as land, acre per acre throughout the country?—Yes. Of course we know it is done every day.

11,518. Very well, the answer is "Yes." Let us suppose we have arrived at that stage, can you see any objection from the point of view of principle, or common sense or justice, why the rating should not be based upon the value of land apart from the mere productions of human industry?—In answering that question am I answering the question as to the unimproved value of the land?

11,519. Let me put it to you from your railway point of view; would you think it fair that you should be assessed on the land which you occupy and on that only, taking its value in common with the land adjacent and dealing with it merely as land, that the railway company should be rated merely upon the land which they occupy as land, and should not be rated upon their works or improvements, their permanent way, their buildings, or anything else?—No, I do not say that. In taking the land by itself would you say the land as occupied by a bank, for instance, without any regard to their profits much or little? The bank at the present time is valued as land and bricks and mortar.

11,520. I am asking you to eliminate the bricks and the mortar from your consideration. What I suggest to you is that the proper and rational and reasonable and just basis of all rating is the value of the land which is occupied by the person rated, and that his industry, and the works of his industry, and the result of his enterprise and intelligence, should be out of the rating altogether?—Then you take the virgin land?

11,521. If you like to phrase it so, yes?—I mean to say it is the unimproved value?

11,522. Yes?—The prairie value of the land?

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Valuation of land, means of ascertaining. How far the value of the land alone should be the basis for assessment to local rates.

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Assessment committees have different ideas of the value of properties.

Areas for purposes of valuation. Union, not county, areas desirable.

Valuation of railways. English, Scottish, and Irish systems discussed.

Railway companies complain more of the system of valuation than of the result.

Rates paid by Great Western Railway Company are increasing.

11,523. Yes?—Of course, that is rather a novel suggestion.

11,524. Would you have any objection to it from the railway point of view?—I should very much like to consider it, because it would be no good endeavour to formulate something which could not possibly work. I do not know how the parishes with heavy liabilities which must be met, loans and what not, would stand in a case of that sort.

11,525. (Chairman.) Would it not be better to say you would like time to consider the suggestion?—Perhaps it would be, without going into reasons. You might take virgin land in Paddington, for instance.

11,526. (Mr. Arthur O'Connor.) With regard to the valuation of Government property, I suppose you would no more trust the Government where it was judge in its own case than you would trust an individual, would you?—I do not know; if the Government of the day was acting under an instruction of Parliament I should feel so much more confidence in what they did than in what the boy in the street would do, for he would be simply playing off his own bat.

11,527. You would be content, then, to accept the Government valuation for rating its own property?—That is rather going wide of the other question.

11,528. With regard to the appeals, you object to quarter sessions, as I understand, where the interests concerned are not merely the competing interests of individuals, both of whom live within the area, but one is a local interest and the other is an external interest, like a railway which has property elsewhere?—Yes, of course there is that feeling, but primarily and above all is what must be, and is often too manifest, namely, that the assessment of railways and very many other special properties is really so difficult that unless a man has given a large portion of time to the legal bearing and to the matters of fact, it is difficult for him to arrive at a satisfactory solution on an appeal question. Therefore, I think it should go to a special authority.

11,529. You consider that quarter sessions are simply incapable of dealing with the matter?—I should not like to use so strong a word as that.

11,530. You consider that quarter sessions are not qualified to deal with that matter?—All quarter sessions are not qualified, in my opinion.

11,531. But if there were some superior tribunal established, composed of better-informed and better-equipped men, you would be better satisfied, would you not?—I think that follows.

11,532. What would be the requirements of that tribunal?—Some such authority as one would have in the Railway Commission, where there is a legal element, a railway element, and a business element, as far as I understand the constitution of the Railway Commission.

11,533. What do you say to the suggestion of one central valuation department for the whole country?—For trying appeals, do you mean?

11,534. No, for valuing the whole country?—If it could be arrived at I have no doubt it would be an advantage.

11,535. It is arrived at in Ireland because that is the system which exists now?—I do not know whether it is with satisfaction; subject to that, if it can be done satisfactorily, no doubt it would be an advantage.

11,536. Supposing there was a valuation department of the Government here in London, with officers whose duty it was to assess impartially in every union in the country by the aid of such local information and knowledge as they can gather for that purpose from time to time?—Of course one would have no suspicion as to the absolute desire of fairness on the part of such a Government office as that.

11,537. Would it not satisfy the railways?—I daresay it would. One would perfectly feel that if they made any mistakes it would be inadvertently.

11,538. Do you know the system of valuing railways in Scotland?—Yes.

11,539. Does that appear to you satisfactory?—Yes, to an extent, I must say, because I believe in practice it does not give great satisfaction in Scotland itself.

11,540. To the railways, or to the other parties?—I believe, generally, neither party being quite satisfied; I have heard so. I do not know how far it is the fact, and I daresay there are gentlemen here who know a

great deal more about Scotch rating than I do; I know little about it.

11,541. (Mr. Wharton.) With regard to the present system of rating in different areas, do you find great variety in the ideas of the different assessment committees with regard to the value of the land?—With regard to the value of our property occupying land?

11,542. With regard to the rateable value of the property they have to value. Do you find different assessment committees have very various ideas as to the value of the property that they have to assess?—Yes, very.

11,543. Would it not be an improvement in the direction of fairness and uniformity if you had larger areas than the present small areas which now value property?—I cannot see that that would make any difference.

11,544. If at present, owing to the small areas, you have a greater variety, if you had those areas enlarged, would you not have greater uniformity?—I do not know at all. If you have one or two men from each assessment committee they will go there imbued with their own views, and I suppose they will try to talk the others over.

11,545. At present are you aware of the system in Lancashire, where they have uniformity of assessment for the whole county, which works well?—I did not know there was any separate rating law for Lancashire as distinct from the whole of England, and I did not know there was a varying practice in Lancashire.

11,546. You are not aware of the system, so I need not ask you any more about it. I will only now ask you about the three systems in England, Scotland, and Ireland, with regard to the rating of railways; which do you think is the best? Of course you are aware of the English system, which is that each area rates the railway according to its idea of fairness; in Scotland the value of the whole railway is ascertained, then it is divided up according to lineal mileage; and in Ireland the whole value of the railway is ascertained, and then it is divided up according to the train mileage in the district. What have you to say with regard to those three systems?—I say that the two latter, the Scotch and the Irish, are quite inconsistent with our parochial basis in England.

11,547. Quite so; but as a matter of fairness, what do you say?—Simply in the matter of valuing a railway on its accounts, it is a matter of an hour's work to arrive at one side of the account, but when you come to allocate that to the varying parochial interests then you get into difficulties.

11,548. Take the system in Scotland; there you take the lineal mileage of the railway in the parish and you divide the value —?—I know the system perfectly.

11,549. That is the Scotch system; in the Irish system you take the train mileage?—Both may be very incorrect in result.

11,550. Are they more or are they less satisfactory in your judgment than the English system?—I should think they were less satisfactory, I can conceive this; I can conceive a town with a large debt; when you come to lineal division instead of keeping the security on which they raised their debt, their security would be swept away into small places where there is no such debt, and there would be no security left. How is that money to be met; how is that expense to be met? The same thing applies to the train mileage.

11,551. (Mr. Clare.) I understand that the general point of your evidence is to the effect, that the railway companies have more to complain about as regards the system of arriving at the rateable value, than as to the total result?—Yes.

11,552. That if some uniform system of arriving at the assessable value, which could be easily followed, can be devised by this Commission, in your opinion it would be a satisfactory thing to the railway companies?—Yes.

11,553. You give us in Schedule II. the total rates paid by the Great Western Company, and following that schedule, it appears that the rates keep increasing every year?—Yes.

11,554. Does not the capital of the Company also increase year by year?—Certainly; but then you see in this table which I have given the figures, are based upon a percentage of the gross receipts, and whereas the gross receipts percentage in 1882 was 2·478, the

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Government property, valuation of.

Appeals. A specially constituted appeal court to hear rating appeals instead of quarter sessions desirable.

Government department for making valuations for the whole country discussed.

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gross receipts percentage now is 3.492. It is not as if I was charging the present rates on the old receipts.

11,555. Can you tell me what percentage on your capital expenditure the rates paid by the Company amount to?—No, I could not tell you.

11,556. Can you tell me what the capital expenditure of the Company and the assessable value amount to?—I do not quite follow you.

11,557. What is the total assessment of the Great Western Company on the whole of their undertaking?—That I really could not tell you; it is a figure I never have to use, and I have never taken out such a figure.

11,558. Have you never taken it out at all?—No, never; I do not have to use such a figure at all.

11,559. Supposing the total assessable value of the whole undertaking of the Great Western Railway Company amounted to 3 per cent. upon their capital—just for the sake of illustration—and assuming that very much the same figure is worked out with regard to other railway companies, would it not be rather a simple method of assessing to put a certain percentage on their capital value as representing their rateable value?—Their capital value is a very broad question, and one to which I have not addressed my mind, because the difficulties involved in that arise from amalgamations and all sorts of conditions outside. The expenditure of bygone years may have been wise or unwise, and it is making the present value depend upon the want of wisdom possibly of our ancestors, which is not the way in which to find to-day's value. That would be my objection to going on capital values in that way.

11,560. I see you recognise the importance of not reducing the railway assessment so as to interfere with the security on which different local authorities may have borrowed money?—Certainly, that is very important.

11,561. How do you propose consistently with that principal, to give the railway companies the three-fourths exemption with regard to the several rates you enumerated which they now have with regard to the sanitary rate?—That difference would be comparatively but small, and I do not think it would affect a large question.

11,562. It is altogether a small matter?—I would not say a small matter, but it is not so large a matter as a

The witness withdrew.

Mr. WILLIAM PERCY PAYNE, called and examined.

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11,569. (Chairman.) You are a Professional Associate of the Surveyors' Institution, Chairman of the Railway Rating Surveyors' Association, and you have been Rating Surveyor to the Midland Railway for more than 25 years?—Yes.

11,570. We have had the advantage of reading this memorandum\* which you have been good enough to prepare for us, and you, on the other hand, have had the advantage of hearing what Mr. Smith has said in the course of his examination. I should like to put this general question to you first: you, of course, have read Mr. Smith's memorandum?—No, I have not seen it. I have not seen any paper but my own.

11,571. I am sorry for that, because our object has been all the time to endeavour to get the railway case consolidated, except where special circumstances supervene, and we have expressed that in more than one letter, and if you have not done that I am sorry for it. In that case I will put this question to you. You have heard all Mr. Smith's examination-in-chief?—Yes.

11,572. So far as his examination-in-chief is concerned, do you concur with the answers which Mr. Smith gave?—To a certain extent, but there are points I should like to touch upon.

11,573. I will give you an opportunity of saying on what points you differ, or on what points you wish to add anything. Do I understand that so far, speaking generally, without going to verbal accuracy, you agree with the tenor of Mr. Smith's evidence?—Yes, with a difference in some of the details.

11,574. Would you kindly state to me, taking your memorandum as the basis, on which of the points you desire to qualify anything which Mr. Smith has said?

general departure from the parochial system, or anything of that sort would be. It is simply a rectification, I look upon it more in that light.

11,563. You think, I think you said, that the companies ought to have given back to them the right to have representation at parish meetings?—Certainly.

11,564. Do you think that a railway company ought to be able to nominate a member of the parish council?—I never went so far as that, I merely pleaded that we ought to have what we used to have, a right of representation at parish meetings.

11,565. That is to say that you may nominate some person who shall be in the position of a voter?—That is so, our Board had power to nominate under the Poor Law Amendment Act, some officer to act as representing their parochial interests, he had to be appointed under seal. I was that person so far as the Great Western Railway was concerned, and I used to go about where necessary and attend parish meetings, and vote, and with what little knowledge I have, endeavoured to influence people in what I supposed at the time to be the right direction.

11,566. I think you said that the present system of arriving at the rateable value was very unsatisfactory, that the method in which the assessment committees conduct their business is objectionable, and that the appeal to Quarter Sessions is not to a tribunal in which you have the greatest confidence?—I have no recollection of saying what you attribute to me in the first part of your question, that the assessment committees arrived at their decisions improperly or unfairly.

11,567. Not improperly, but I think you suggest that the valuer who advises the assessment committee has the opportunity of private conferences with them without you, representing the railway company, being present?—Quite so.

11,568. (Chairman.) I should like to say before you go that I am sorry I was not in at first; I intended to be here to-day, but a meeting of the Cabinet was summoned for 11.30, and I could not come earlier than I did. I do not think I have any question to ask you because I think you have been fully taken through the points on which you come to speak, but I should just like to ask whether you have any other point you would like to add or to explain before you leave?—Nothing occurs to me.

Of course, it is quite obvious that three great railway companies, the Great Western, the Midland, and the North-Western (which Mr. Howard is to represent) must have an immense amount in common as between them and the rating authorities?—Yes.

11,575. Then you will not expect us to take you laboriously through three different memoranda largely bearing the same contents?—No.

11,576. Having heard Mr. Smith's examination-in-chief, kindly tell me any points which you would like to comment upon. I think it is a great misfortune you did not see his memorandum?—It is rather difficult to carry in my mind all that Mr. Smith said, because I have not taken notes with regard to all the points.

11,577. I cannot understand why you did not compare beforehand, for we begged the Railway Association most earnestly six months ago to make preparations for it. You cannot expect us to sit here hearing the same thing over and over again, you know?—It is not my fault.

11,578. I am obliged to put it on record as a reason for not taking you through the whole of your memorandum in the way in which it is presented to me?—May I then say, as shortly as I possibly can, that I consider the present system of valuing railways is one of the best systems that exists. I do not agree with the Scotch system, because I think that is a most inequitable one as between one parish and another, that is to say, that having found the total rateable value of the whole of the line, the division of that rateable value between the different parishes throughout the system is an inequitable one as between one parish and another, and I think that condemns it. With regard to the Irish system, I think that also to be an inequitable one,

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Railway companies should have some representation at parish meetings.

Assessment committees. Their procedure not always satisfactory.

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Payne.

Valuation of railways. English, Scottish, and Irish systems discussed.

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 371 to 375.

Railways, valuation of. Whether capital value should be basis of valuation discussed.

Exemptions, partial, should be allowed to railway companies in respect of rates expended on certain purposes.



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because the allocation of the total rateable value of the whole system is divided according to the train miles. The difference in the earning power of the different trains throughout the system is very large. Whereas you would have a train near London earning 6s., 8s., or 10s. per train mile, on a branch line in the country a train would only earn something like 1s. 6d. or 2s.; and if you attribute the same rateable value to every train, you would be taking from the parish near London and putting part of the rateable value attributable to that parish upon some parish far away in the country upon some branch line. That is why I consider the Irish system inequitable.

11,579. Leaving the Scottish and the Irish systems for a moment, do I understand you to put before us that the English system is so perfect that you can suggest no alteration or improvement upon it at all?—I do not say that it is perfect, or else I do not think I should be here to-day.

11,580. We have got the existing system before us pretty thoroughly; I should like to know what criticism you have to make upon it?—It is rather difficult in a few words to go into it.

11,581. I will give you reasonable time; we will take your criticisms in detail, or your suggestions one after the other?—Then, if you please, I will try and follow my memorandum to some extent. I consider that the present system, as it were, is an inequitable one because it taxes profits, a system which does not exist with regard to any class of property except railways, waterworks, and gasworks. I find from some statistics I have taken out with regard to the Midland system that whereas we pay upon a rateable value per acre of from 23l. to 345l., the adjoining land is only assessed at from 9s. 6d. to 8l. 8s. per acre. I have details of all those parishes with me which I will hand in. (*Handing in Tables*).

11,582. You are handing them in for examination; I do not think we can undertake to print them, that must be a matter for consideration?—I hand them in to you so that you may look at them, if you so desire. Testing the inequity in another way, I have taken out the proportion of the rateable value of the Midland Railway in 183 parishes, and the proportion of the Company's acreage to the whole parish. I find that with regard to that we pay, taking in the first instance the parish of Matlock, 16 per cent. of the whole of the rates in the parish, whereas we occupy only 0.67 per cent. of the total acreage. That goes on till we get to the highest proportions, and those are in two rural parishes, one of which is Souldrop in Bedfordshire, where we pay 83 per cent. of the whole of the rates in the parish, and occupy 4 per cent. of the acreage of the whole of the parish; and the other is Wympington, which is in Northamptonshire, where we pay 83 per cent., and occupy 2½ per cent. of the acreage of the whole of the parish.

11,583. If you are going to lean upon that case at all, the second one that you mentioned, you must make it much more distinct. There must be some special reason for that, now what is the reason?—None whatever, except that both of them are agricultural parishes, and that the railway pays, as I say, 83 per cent. of the whole of the rates of the parish, there is nothing exceptional in it. It is a plain line of railway, in both cases, without station or anything of the kind.

11,584. I should like to see the whole figures of the parish?—I can show you this statement which I should like to hand in, which gives the details of all the parishes, from Matlock, with its 16 per cent., upwards. [*Handing in statement.*]

11,585. Have you any other criticisms upon the present system?—As to the amount allowed for tenant's capital, that varies in different parts of the country, and according to the caprice of the persons who are employed to make the valuation. I should like, with regard to the tenant's capital, to have that fixed, as far as it possibly could be, by some impartial tribunal.

11,586. That is a suggestion; I rather wanted a criticism, have you exhausted the criticisms that you have to make?—There is the question also of the valuers in the different parishes, and the way in which they are paid. The railway companies object very much to the system upon which these gentlemen are paid, that is upon a percentage of the rateable value which they find.

11,587. You think it makes it too much a matter of personal interest on the part of the valuer, to get a higher valuation?—Certainly.

11,588. What suggestions do you wish to make to us, you made one a moment ago?—With regard to that, I would suggest that valuers—they are necessary gentlemen—be paid by a lump sum which would cover every duty they have to perform.

11,589. Have you any other suggestion for reform?—Of course, with regard to the valuers, a great many of them, where they are paid upon a percentage, are paid an extra fee for contesting a valuation at quarter-sessions, and it very often happens that the fee which they are paid for making the valuations, and for which they go before the assessment committee, is infinitesimal in comparison with the amount they pile up for fighting a case. I know of a case where a valuer was paid something like 120l. for a valuation, which was contested at the quarter-sessions, and he took something like 800l. extra for fighting it. That sort of thing, I think, should not be continued, because it offers a premium to a man to fight, and puts the companies to large expense.

11,590. Is there any other matter you want to suggest to us as an amendment of the law?—There is one with regard to the statutable deductions, that is to say, the difference between the gross and the rateable. A railway company is only allowed a sum for repairs and renewals, equal to what it can prove. With regard to other classes of property they have an arbitrary deduction, which differs in different parishes, of something like, on house property, 16½ per cent., that is from my own experience, because I have had occasion to go into it. That is a great deal too much. If a man occupying a house were only allowed exactly as much as he could prove, that 16½ per cent. would be, from my experience, whittled down to 10 or 12½ per cent.

11,591. Have you any other suggestion that you wish to make to us?—With regard to the assessment committee, my 25 years' experience of assessment committees tells me that for several reasons they are totally unqualified to act in the position of judges in the matter of the assessment of railways. I should myself think that they should have some Government official or some assessor to sit with them.

11,592. I think Mr. Smith also said that?—Mr. Smith said the surveyor of taxes, but I go further than Mr. Smith. I say that the surveyor of taxes will be very well for governing the assessment of properties other than railways, and putting them up to the property tax assessment; but with regard to the properties of railway companies I would have some gentleman who was competent to deal with the matter, who would bring an unbiassed mind to bear upon the question. I do not want to frame an indictment against assessment committees, but my experience tells me that they very often, a great many of them, look upon a railway company, or a water company, or a gas company as their natural prey, and they endeavour to get as much from a public company as they possibly can. With regard to the proceedings before an assessment committee railway companies have a very great grievance I consider. The assessment committee employ a valuer, and he at the hearing sits in the room, the representative of the railway company goes before the assessment committee and states all his facts and figures, and he is then turned out of the room while the valuer privately confers with the assessment committee, and it is upon the statements made by this valuer behind the back of the railway company's representative that the assessment committee forms its decision. I have had a great many tussles with assessment committees in my time with regard to this matter, and I have told them how unfair and un-English it is to proceed in that way. I consider that the proceedings before an assessment committee should be an open court so far as the appellant and respondent are concerned, but there is only one instance I know of in England where that sort of thing is done, and that is at Poplar.

11,593. What I should like to get from you is what we have really to consider, namely, what is the system which you would like to see brought into force? You have criticised the existing system, and have made some suggestions for its amendment, what I understand from the tenour of your evidence is that you want to see a complete change?—I do want to see a complete change as far as that goes, but I do not think a complete change would be possible considering that we have gone on for so many years under the present

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Deductions allowed on house property are excessive.

Assessment committees not qualified to value railways.

Assessment committees, their procedure not always satisfactory.

Valuation of railways. Present system a tax on profits, which is undesirable.

Valuation per acre of land occupied by Midland Railway Company, and of land adjoining occupied by other persons in certain parishes.

Deductions for tenant's capital should be a fixed sum.

Professional valuers, system of remuneration by results unsatisfactory.

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system. If the present system is to obtain I should like to have the alterations made which I have suggested. I should like, as I said before, the amount of tenant's capital to be found by some independent tribunal, and also the amount to be allowed to the tenant upon that tenant's capital.

Railway companies should be able to appoint an ex-officio member on assessment committees and parish councils.

11,594. Is there any other point upon which you wish to speak?—There is the question of representation.

11,595. We had that from Mr. Smith?—What I would suggest with regard to the representation would be that an officer to be appointed by the railway company should be *ex officio* a member of each assessment committee and of each parish council.

11,596. Do you mean of every assessment committee and of every parish council?—So that he might have the opportunity if he chose of attending those meetings.

11,597. Do I clearly understand you. I want to know what you really mean? Take a parish council first; they are elected by electors on a register under an Act of Parliament; I can understand the suggestion that corporations like railway companies should have a right to vote. Do I understand you seriously to propose that in every parish a railway company should have a representative on the parish council?—If they chose, yes I do.

11,598. I take your suggestion; is that all?—I know it is, to use an expression, a very large order; but I consider that railway companies should have an equal right of seeing what is being done.

11,599. Then supposing there are three railway companies in a parish, they are each to have a representative?—Yes.

Surveyor of taxes should sit on assessment committees.

11,600. Is there any other point on which you would like to speak?—I agree with Mr. Smith that the surveyor of taxes should sit with the assessment committee with regard to the adjustment of those properties which are let. Then I think there should be a valuation list for all purposes—for poor, county, Imperial, &c.

Deductions. Railway companies. Fixed deductions for structural value of buildings desirable.

11,601. I think we will not go into that, because we have had that very suggestion made very fully by many other witnesses?—Then I think the percentage to be applied to the structural value of all buildings should be fixed. You had that, I believe, when Mr. Munro, the Assessor of Railways and Canals in Scotland, was before you. In Scotland it is 5 per cent., and the opinion is that 5 per cent. is too much. I quite agree that 3 per cent. would be quite sufficient. If that could be fixed that would remove a bone of contention.

11,602. Is there any matter special to the Midland Company on which you would like to speak?—No, I do not think there is anything peculiar to the Midland Railway that does not apply to other railway companies.

Valuation of railways. Present system a tax on profits which is undesirable.

11,603. (Mr. Clave.) Do you agree that in principle railway companies like other companies that act under statutory authority are properly assessable according to their profits?—No, I do not agree with it at all, but I say that the system having been established it would be very difficult to upset it, but if it were possible to upset it, I think that such a system as this might be adopted, that the value of the land should be taken, with the value of the rails and sleepers added to it, not the embankments or the tunnels, or anything of that kind.

Exemptions, partial. Railway companies in respect of their lines should have exemption of three-fourths extended to every rate except poor rate.

11,604. Do you agree with Mr. Smith that railway companies ought to have the three-fourths exemption extended to every rate?—To every rate but the poor rate, practically, yes.

11,605. Do you find there is any variation in the amount of deductions allowed in different localities?—I find that with some general district rates upon which the three-fourths is allowed they include charges for things which are not included in other places. There is not a uniform system.

11,606. Why should not the railway companies pay upon the whole, on all the rates instead of having these three-fourths deductions?—Because the line of railway itself does not get any benefit at all from the education rate or the highway rate, or the borough rate, or any of those rates.

11,607. Then why should you pay upon one-fourth?—Because we ought to have that advantage, because we do not get, as it were, our pennyworth out of it.

11,608. Why should you pay on a fourth if you get no advantage at all?—If you ask me my view, I do not know that we should pay even one-fourth.

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11,609. Then, really, railway companies ought not to be rated at all in your opinion as regards their lines?—No, I do not go so far as to say that. I would be governed entirely by the principle that you apply to properties *ejusdem generis* with a line of railway.

11,610. You agree with Mr. Smith, do you not, that the present system of arriving at rateable value, and the present system of settling it by means of appeal to quarter-sessions is unsatisfactory?—Yes, quite unsatisfactory.

Appeals. Present system unsatisfactory.

11,611. (Mr. Arthur O'Connor.) I understand that you had not seen Mr. Smith's memorandum and therefore, you were scarcely prepared to do justice to your own way of looking at things by reference merely to the hearing of his evidence?—That is so. I understood that I was to be called this morning as the first witness.

11,612. However, you do not run upon his lines?—No. It is rather difficult to follow every point of a two-hours examination.

11,613. I will take you very quickly through your memorandum. The first paragraph refers to the system of rating a railway on the theory of a hypothetical tenant, I put it in my own words and you need not adopt them if you do not think they are apt and just; the theory of the hypothetical tenant as applied to a railway is simply absurd?—Yes, I have heard him called not the hypothetical tenant but a hypothetical bugbear.

Valuation of railways. Present system not satisfactory.

11,614. The idea is not really applicable to a railway?—I should say not.

11,615. Therefore all the details with regard to the deductions are things that are inapt in the case of a railway?—Yes, I should say so.

11,616. Then with regard to the present system, generally, you are not prepared to suggest a complete alteration, though you admit, I suppose, that the present system is not perfect—it may be, I suppose, as a whole anything but that—not the best laws that the Athenians could have, but the best the Athenians will bear; is that it?—Yes, I suppose so.

11,617. We have to have regard, unfortunately, to established prejudices and ideas. Now, with regard to valuers and their valuations, I understand your suggestion is that sometimes the interest of the valuers jumps with the amount of their valuation?—Nearly always, in 99 cases out of 100.

Professional valuers. System of remuneration by results unsatisfactory.

11,618. And sometimes it may be that their personal pecuniary interest is not always in accord with their duty but may conflict with their duty?—Yes, it may.

11,619. And therefore the system of remuneration is vicious in principle?—Very vicious.

11,620. Now with regard to the train mileage valuation, I suppose that if you have a system of merely train mileage valuation you may be attributing to a certain section of the railway a value which is very much higher than its real value, and to a similar length section elsewhere a value very much less than its real value, having regard to the other circumstances?—That would be so if you adopt the train mileage system.

Valuation of railways. Train mileage valuation discussed.

11,621. I suppose that a section of 20 miles running through common land and a section of 20 miles running through the City of London and its suburbs would give very different results as regards valuation?—Certainly.

11,622. But a system of train mileage would attribute much the same result to the two different sections?—Yes, it would; perhaps not in such a great degree as in the other way but still there would be a great discrepancy.

11,623. Still it is conceivable?—It is.

11,624. And that is an illustration which is admissible?—Certainly.

11,625. We find that in consequence of the system which is adopted in certain parts of the country where the valuation, as at Wymington, is 10,700*l.*, and the rateable value for the Railway is 8,900*l.*, that is to say the Railway is put down at 83 per cent. of the full value of the entire township?—Yes.

Total valuation of property of railway company compared with that of all other properties in the same area.

11,626. Whereas, in fact, it occupies only 2.50 per cent., or one-fortieth of the whole area?—Yes.

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11,627. A railway occupying one-fortieth of the area is taxed 83 per cent. of the whole?—Yes, and pays 83 per cent. upon every rate which is levied in that township.

11,628. What is the rest of the land in the township of Wymington?—It is agricultural.

11,629. Is any portion of it common land?—No, I do not think there is any common land. I have not walked the parish over, but I know it pretty well. It is agricultural land.

11,630. It is almost incredible—arable land?—Arable.

11,631. Yet one-fortieth part of the area is paying 83 per cent.?—That is so; you can take it from me. I have handed in the Return of the Parish Officer, it is not my return.

11,632. With regard to the area and the gross estimated rental value, no doubt, but what I want to ascertain is, what is the character of the rest of the parish, because if it is purely common land, like a great deal of the land of North Hampshire, for instance, in the neighbourhood of Selborne, where there is a great deal of common it is intelligible, but if it is arable land in the possession of agriculturists, you do not want any further thought—the thing is indefensible?—It is so; it is agricultural land—I mean to say land which is tilled and upon which cattle feed, and that sort of thing.

11,633. Within that township of Wymington what works have you?—Simply a main line of railway.

11,634. Simply the running way?—Simply the running way; no buildings, there are some signal-boxes, however.

11,635. That, is of course, appurtenant to the running way?—That is all.

11,636. Who was it decided upon this valuation?—One of these gentlemen—one of these valuers. He was called in by the union to re-value.

11,637. Do you know how he is paid? Perhaps you do not know, therefore you would not like to say?—I do not know, I have no doubt he was paid a percentage upon the value put on.

11,638. But you cannot say for a certainty?—No, but I feel pretty well certain of it.

11,639. Now with regard to representation of railway companies upon Assessment Committees, I suppose, from what you have already said, you object to taxation without representation?—Certainly it is most un-British and unfair.

11,640. And unconstitutional?—Unconstitutional. We have no representation whatever now, no chance of voting, no chance of knowing anything.

11,641. I have endeavoured to go through your memorandum; I have not been able to do it sufficiently quickly, and possibly I may not be doing justice to it, but would you indicate any points upon which you desire to dwell specially that I have omitted, or that have not yet been touched upon?—I am afraid I have lost my notes.

11,642. I suppose you admit that the railway companies are monopolists with regard to a certain extent of land?—Yes.

11,643. Would you have any objection to be classed as ratepayers among the other occupiers of land in respect to land which you occupy?—No; I think we ought to be. We ought to have the same advantages as other ratepayers have, although we are non-resident.

11,644. Now, assuming that every portion of land, acre for acre, or area for area, was assessed and valued upon some system which was reasonably just and equitable, would the railway companies have any objection to being assessed upon the land which they occupy, apart, I mean, altogether, from their capital sunk in it, or their improvements, or their buildings, or anything else, but merely as occupiers and exclusive occupiers of land?—At the same rate as adjoining land, do you mean?

11,645. Yes?—Certainly.

11,646. They would have objections, do you mean?—No, certainly not; they would agree to it, of course.

11,647. Can you see any objection in principle to a system of rating or assessment which has regard only

to the occupation of land or of the surface of the earth on which all mankind are?—Without reference to what is upon it?

11,648. Yes?—I am afraid not.

11,649. You cannot see any objection, do you mean?—No. I cannot see my way to looking at it in that way.

11,650. Tell me why; what objection is there?—Of course a piece of land with a house upon it is obviously more valuable than a piece of land without anything on it.

11,651. As land, or by reason of what man has done to it?—By reason of what man has done to it.

11,652. Then you are taxing the efforts of man, not land?—That is just what we complain of with regard to the assessment of a railway.

11,653. Then we are at one, only I am afraid you do not see it. I do not want to lead you, but I am putting this suggestion before you, that, apart altogether from the productions of human industry or the result of human effort, mere occupation of land by the human race gives it value, and land should be rated, or might be rated according to its value, apart from all improvements?—Yes.

11,654. As a railway authority, you do not object to that?—No.

11,655. You see no objection in principle to the rating of occupiers of land according to the value of the land, as land which they occupy?—Yes. It would be a great revolution, of course.

11,656. That is not the question?—No. I quite admit that.

11,657. The present system is admittedly bad, or you and I would not be here. Can you suggest any objection in principle to the system of valuation which should be based on land as occupied, apart from improvements?—It is a very difficult question, and I have never addressed myself to the theory.

11,658. Is there any other point? I am afraid, from the point of view from which I have interrogated you, that all the paragraphs in your memorandum are mere matters of detail?—I should like to say this, which I have not touched upon before, that I think that notices of meetings of assessment committees should be inserted in the local papers, so that we who are non-resident might have some chance of knowing when they meet; and also I should like an alteration in the law (the Union Assessment Committee Act, 27 and 28 Victoria, cap. 39, section 5), which says that notice shall be given of an alteration of an assessment to a railway company only where they have no office in the parish. Now I think it is only fair that they should in all cases have a notice of an alteration of the assessment, because they may have, as we have, little roadside stations in a parish, where, of course, the station-master may not take any interest in the matter; and then, if the assessment is put up, it is confirmed before we know where we are. I think that non-resident ratepayers, be they railway companies, or gas, or water companies, should have notice, as they do in London, of every alteration of assessment.

11,659. That is because the headquarters are in London?—No; that is according to the Valuation (Metropolis) Act. Every one has a notice in the Metropolis; but in the country it is only where they have no office in the parish that notice is sent to headquarters, and I think that that might easily be altered, and that in every case we should have notice of alterations of assessment.

11,660. Is not your station an address for service within the meaning of the Acts?—They take it so, of course, but then it is only a comparatively ignorant official who is in charge of these small stations.

11,661. Under the Act it is so, and notice at your station within a parish would be notification to your Company?—No.

11,662. Is that so?—All summonses and that sort of thing are only to be served at the head office.

11,663. For the parish purposes?—Yes. For parish purposes they are always sent to the headquarters of the Company.

11,664. (*Viscount Emlyn.*) Is there anything else you want to say?—No.

Mr. W. P.  
Payne.  
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Notices served by assessment committees on railway companies, suggested alteration in procedure.

Railway companies should have representation on assessment committees.

Valuation of land. How far the value of the land alone should be the basis for assessment to local rates.

Mr. SAMUEL MOWBRAY HOWARD, called and examined.

Mr. S. M.  
Howard.  
27 July '97

11,665. (*Viscount Emllyn.*) You are the Rating Agent of the London and North-Western Railway Company, are you not?—Yes.

11,666. You have held that office, have you not, for the last nine years?—That is so.

11,667. During that time your attention, of course, has been called to all these questions we have to discuss with regard to rating?—Very largely indeed over the immense system of the London and North-Western Railway Company.

11,668. I do not want to take you in too much detail over the points we have already discussed to-day; you, of course, have heard the evidence that has been given to-day?—Yes, I have.

11,669. And your evidence, naturally, would have covered a great deal of the same ground that has already been touched upon?—Yes.

Valuation  
of railways.  
Present  
system a  
tax on pro-  
fits which  
is undesir-  
able.

11,670. Would you tell the Commission any particular points that you would like to lay before us with regard to your own views on the different subjects we have to consider, without going too much into detail over the same ground we have already been over to-day. I mean, unless, of course, there is anything you wish to correct, or to express your own opinions upon as differing from others?—With regard to the system of arriving at the assessment of a railway generally, I think it is altogether wrong, as fully explained by Mr. Smith and Mr. Payne, that profit enters too largely into the consideration. First of all, we put down our gross receipts, and deduct only limited working expenses, in many cases the smallest expenses that the parish valuer can justify, or can, with any conscience, I was going to say, put before his clients. Then again, in dealing with the allowance for tenants' capital, the object, as I have explained in my memorandum,\* of the parish surveyor is to minimise the amount of capital that we use in the conduct of our business; although, at the present time we are laying out additional sums in the improvement of our stock, yet they consider that the old allowance of 25 or 30 years ago, which was then recognised generally as 100 per cent. of the gross earnings, should now obtain.

London  
and North  
Western  
Railway  
Company  
have im-  
proved  
their stock  
in greater  
ratio than  
the gross  
receipts  
have in-  
creased.

11,671. (*Mr. Arthur O'Connor.*) One hundred per cent. of the gross earnings?—Yes.

11,672. What does that mean?—Twenty-five or 30 years ago it was generally understood and accepted, that for every £ of gross receipts, a railway company wanted 11. of stock in value; that is to say, for every 100l. you must have 100l. worth of engines, carriages, waggons, and so on, to earn that gross receipt of 100l.

11,673. (*Viscount Emllyn.*) Is not this the case: that in order to earn 100l. in gross receipts, you would have to expend 100l. in rolling stock and other things?—That is so, but that is the old suggestion. During the last 25 or 30 years we have so improved our stock—improved it in greater ratio than the gross receipts have increased—that the value of the stock to 100l. of the gross receipts is now about 120l. or 130l.

11,674. (*Mr. Arthur O'Connor.*) You mean to say, not that you have improved your stock, but that you have augmented it?—We have improved it, principally. For instance, in the place of the four-wheeled carriages we have now got eight and twelve-wheeled carriages, and the accommodation in those carriages, that is, the earning power of those carriages, is no greater to-day than it was 25 years ago; our customers were more closely packed in those days than they are to-day. I think that that additional allowance should be properly dealt with by the Union assessors, but their effort is constantly in the direction of keeping alive the old idea of 100l. of stock to 100l. of earnings as the maximum allowance.

11,675. And that no longer corresponds with the fact?—It does not in any way.

11,676. (*Viscount Emllyn.*) You would put it as high as 120l. or 130l. for each 100l. of gross earnings?—I would. That applies to the North-Western Company. Assuming, for the moment, that the North-Western Company were to act as the Midland Company have done, and to take over the waggons of the coal-owners, then the gross capital would be further augmented.

11,677. Your practice in the London and North-Western is not to take over the coal waggons, is it?—It is not.

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11,678. But the Midland Company have taken them over, and they are part of their own stock?—That is so.

11,679. (*Mr. Arthur O'Connor.*) So that the practice of the railway companies varies?—It does. I think the Midland and the North-Eastern are the only two large companies owning the coal waggons; on the other lines they belong to the private traders.

11,680. (*Viscount Emllyn.*) That would show to anyone that you cannot deal with an absolute and hard-and-fast figure for the tenants' capital, and apply it to all companies?—Certainly not.

11,681. (*Mr. Arthur O'Connor.*) The terms do not mean the same thing?—They do not; you must take into consideration the facts as they apply to each company. The next item for consideration for the parish valuation is the allowance to be made to the tenant on this large sum of money which he invests in his occupation. In old times 25 per cent. was allowed.

Valuation  
of railways.  
Deduction  
of 17½ per  
cent. for  
tenant's  
capital not  
sufficient.  
At least  
20 per cent.  
should be  
given.  
Reasons  
for this  
view.

11,682. (*Viscount Emllyn.*) That is a deduction made upon the tenants' capital?—That is so. The 25 per cent. allowance is mentioned in several of the old cases which came before the Court of Queen's Bench, the Grand Junction case, about 1850, for instance, and other cases; and the 25 per cent. appears to have been accepted as a fair and reasonable thing. When they got to the position of having exhausted all the cases that could be dealt with by the 25 per cent. allowance, the valuers went from 25 to 20 per cent. Having valued all railway properties, and exhausted that basis, they have gone down to 17½ per cent.: and, indeed, to-day certain valuers are putting before the courts the suggestion that, in consequence of the cheapness of money, 10 per cent. is a sufficient allowance to any tenant.

11,683. Will you tell us what your views are as to the adequacy of the 17½ per cent.?—I think 20 per cent. at the least is the fair and reasonable allowance to be made to a railway company.

11,684. Have you any figures that you can put before us to bear out that statement?—The division of that 20 per cent. I would suggest should be made up in this way—10 per cent. for tenants' profit, which is only a reasonable allowance; 5 per cent. interest on the money invested in the concern; and a further 5 per cent. for risks and casualties, and the many considerations which ought to have weight in dealing with the undertaking of a railway carrier. It is stated in the case of a railway company, on the other side, that as they can borrow money at 2½ or 3 per cent., no greater allowance than that should be made to them, but the object of a valuation list is to make an equal assessment, and if you apply 3 per cent. or 2½ per cent. to the case of a railway company, you go to the credit of the ratepayer at once; you find that a railway company has a good credit, and that they can borrow the money at that rate; but if you deal with the next-door occupier, a cottager, or an agriculturist, who has to pay 5 per cent. for his money, then the allowance is willingly made. I do not think such a distinction should be made in dealing with the rateable value of any property.

11,685. With regard to the deduction that is to be made, do you think that it is desirable that it should be fixed by statute, or by some authority all round, bearing in mind, of course, the different position of each company, or would you like it to be left as it is now to be decided by the present authorities?—I think that the allowance to be made to the tenant on his capital might be fixed by statute, but the amount of capital necessary for the conduct of any railway business must be left to the particular circumstances of each company.

Valuation  
of railways.  
Statutory  
deduction  
for tenant's  
capital  
desirable.

11,686. As far as your own Company is concerned have you any figures that you would like to put in showing us the increase that has taken place in the amount paid by your company to the local rates?—I have a statement which has lately been prepared which shows the very large payments we make and the percentage which those payments bear to the gross receipts.

Increase in  
amount of  
rates paid  
by London  
and North  
Western  
Railway  
Company.  
Statistics.

11,687. Will you put that paper in, calling attention to anything you would deduce from it?—Yes (*handing in statement*). The object of the paper is to show the very large increase which has taken place in the payments during the last 10 years, and if we go back for a further period of 10 years the increase is quite as

\* Pt. II. of Appendix to Vol. I. of Minutes of Evidence, pp. 376 to 381.

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striking as this. In 1857 we paid 274,000*l.* for local rates, in 1896 that amount jumped up to 368,424*l.*, or from 2.728 per cent. to 3.101 per cent. of the gross earnings, or from 5.666 per cent. to 6.933 per cent. of the net earnings. I think that is on all fours with the large increases which have been spoken to by the previous witnesses.

11,688. You have another paper that you want to hand in, I think?—There is another paper which I should like to hand in, which shows the rateable value of the Company's property in 148 parishes, compared with the total rateable value of each parish, also the area of land occupied for railway purposes in each of those parishes compared with the total acreage of each parish. (*Handing in statement.*)

11,689. Is there any particular thing with regard to this you would like to call our attention to?—It shows, as has been done by the other witnesses, the very large proportion of rates which we pay, and the very small area of land which we occupy in the parishes. For instance the first group consists of five parishes, and the North-Western Company's assessment equals 21,637*l.* out of 25,897*l.* or 83.6 per cent. on the average of the five. The total area of the Company's property in the five parishes—this being taken from a Parliamentary Blue Book published in 1887, which gives the latest information as to the extent of the parishes throughout the Kingdom—is 150 acres, and the total area of the five parishes is 4,395 acres, showing that only 3.4 per cent. of the total area is occupied by the Company, whereas they are paying 83.6 per cent. of the rates in those parishes.

11,690. Do you concur in the view that you ought under those circumstances, being large ratepayers, to have some opportunity of being present at parish meetings and other meetings?—I do.

11,691. Have you found it yourself in your own experience of any value to be able to be present as you were before the passing of the Act of 1896, did you find that of much practical value?—I have found it of very great value indeed. I can give you one very striking instance of it which has lately occurred. In the parish of Linslade in Buckinghamshire they proposed, through the parish council, and actually accepted tenders and plans for a water and sewerage scheme to cost 12,000*l.*; the North-Western Company's interest in that parish is over 11,000*l.* out of 21,000*l.* We showed them that the proposal was altogether extravagant and unnecessary for such a place. They heard me as a matter of grace simply; they told me I had no business at their meeting, and so on, but they had committed themselves to this expensive scheme. I then went to the district council and pointed out to them what the parish council had done; they allowed the Company to be represented at their next meeting by engineers, myself, and other people.

11,692. (*Mr. Arthur O'Connor.*) Who were "they" who did?—The Leighton Buzzard Rural District Council. The plans had to go from the parish council to the district council.

11,693. By "they" you meant the district council?—Yes. The district council saw at once that the scheme was altogether out of reason, and they abandoned it, and adopted a much smaller scheme put forward by another engineer, with the result that they are to-day carrying out a scheme which will cost between 6,000*l.* and 7,000*l.*, instead of double the amount. It was only the action of the railway company, and they appeared there simply as a matter of grace, that prevented the saddling of that parish with a very heavy debt indeed.

11,694. (*Viscount Emlyn.*) You do not suggest that you should get voting power proportionate to the amount of rates you pay, but merely that you should have, as a ratepayer, a right to be present?—That is so; simply that right, and the right to vote as a single individual. Then, with regard to the adoption of the Watching and Lighting Act, I have many instances I could bring before the Commission where the outside boundary of the railway has been adopted as the boundary of the lighting district simply for the purpose of getting the railway company's money to pay for the scheme. We have no voice in the matter, and we have no appeal; if that is carried by the majority it becomes law, and it often is carried, even by our own workmen, against us. We have no voice in it.

11,695. There again you claim, I suppose, that you should have a voice, and that you should also have an appeal, do you not?—That is so.

11,696. (*Mr. Arthur O'Connor.*) I do not quite understand that. What is carried by your own workmen?—In some rural parishes we may have a number of our own workmen living in the place. They live in cottages, and they think, as members of the parish council, that the Lighting and Watching Act will be of great advantage to the parish, and they have openly stated on more than one occasion that it will not add to their rent: "There is no fear of the landlord increasing the rent to pay for this privilege and luxury; the railway company have property in the parish, and we will take their outside boundary as the boundary of the district, and they will then pay, perhaps, three-fourths of the cost of this lighting."

11,697. You get their labour for wages?—We get their labour, and we pay them wages for it.

11,698. You get their labour for wages, and you charge them rent as landlords?—That is as it may be.

11,699. Is that so as a fact?—It is not so always. In some cases it is so, but in many cases they live in the houses of other landlords, and pay rents to other individuals altogether.

11,700. (*Viscount Emlyn.*) I suppose some men live in your houses, and others find houses and lodging for themselves?—Yes.

11,701. Have you thought out how far the reductions you are allowed for certain rates are satisfactory, or whether those deductions ought, in your mind, to be spread to any other rates than they are applied to now?—I quite agree with the previous witnesses in that respect, that the allowances should not be confined as they are at present to the general district rates and the sanitary rates. I think they should apply to the borough rates, the highway rates, the county rates, the general expenses of the rural district council, the school board rates, the burial rates, and the public libraries rates. Those are the principal rates which, as it seems to me, do not confer the least benefit upon railway property, particularly in parishes which are purely of a rural character, and in which we have no station. I ask for the abatement of three-fourths on the line of railway simply, not on the station buildings.

11,702. There have been suggestions made with regard to the rating of railways as a whole; have you considered that subject?—I have considered it, but I see very grave difficulty indeed in following the suggestion. Take, for instance, the proposed re-valuation of a county; we have the greatest difficulty to-day in making up the valuation of even a union. Take the one parish of St. John, Hampstead, which we recently tried at quarter-sessions. The cost of getting out the traffic was upwards of 900*l.* in that one parish alone, and the time it took was three months.

11,703. (*Mr. Arthur O'Connor.*) And even then the result was speculative, more or less?—It was, quite.

11,704. (*Viscount Emlyn.*) You think there are very strong objections, then, to making any endeavour to rate railways as a whole?—I think it is impossible. The greatest difficulty is in regard to the allocation of the total amount which you find. Many of the large towns, and populous villages have, on the strength of the large amount of railway companies' rates, borrowed money and contracted debts in many directions. To make a valuation of even a county, and to apportion that according to train mileage would be to entirely dislocate the existing state of things. The parishes which have incurred the debts would no longer be able to meet their obligations.

11,705. Have you had any experience of the Scottish system yourself?—Yes. I have had a little experience of it, and of late years I have enquired more or less into it.

11,706. You are pretty familiar with what its procedure is?—I am; and I think it is altogether incapable of being applied to England.

11,707. Will you tell us why?—The principal objection is the method of apportionment. That could not obtain in England at all. Then, again, assume for a moment that the North-Western Company were to take over the North London Railway; the North London at the present time is paying a rateable value of something like 3,000*l.* or 4,000*l.* a mile: if that rateable value were to come in as an integral part of the North-Western system—

11,708. Assuming it to be divided on the same basis as the Scotch system?—Assuming it to be so divided,

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Exemptions, partial, should be allowed to railway companies in respect of their lines for rates expended on certain purposes.

Areas for purposes of railway valuation. Union, not county, areas desirable. Reasons for this view.

Valuation of railways. Scottish system would not be applicable in England.

Mr. S. M.  
Howard.

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that rateable value would be lost to London; a portion of it would go to the far ends of Anglesey or South Wales, or somewhere else where, perhaps, the liabilities of the parish are next to nothing.

11,709. You think your friends about North London would not like it?—I am quite sure the parishes would not. The effect would be that, owing to the large addition to the rateable value in the rural districts in South Wales, Anglesey, and other places, they would be tempted to increase their debts, and so increase the amount in the £, and the effect of the abstraction of the rateable value from the parishes in the London district would be to increase abnormally the amount in the £ of the rates to meet their present liabilities.

Valuation per mile of London and North Western Railway. Highest and lowest valuation per mile.

11,710. You could give us, I think, could you not, the highest and lowest assessments per mile of the London and North-Western which will bear on that point?—We have several places where the total rateable value is 7,000£. per mile. I may say that the area of land for that 7,000£. is something like 8 or 10 acres. In one case the actual occupation will not be one acre, on account of the railway being on a viaduct; it is simply the piers of the viaduct which rest on the land.

11,711. (Mr. Arthur O'Connor.) Do you not count the arches?—The arches are let off, and separately assessed to the tenants.

11,712. By whom—by the railway?—By the railway, but there is a separate assessment, and the land under the arch is separately assessed at its value.

11,713. (Viscount Emllyn.) And the arch itself is separately assessed?—Yes.

11,714. You have given us the highest amount per mile; can you give us what is the lowest on the London and North-Western?—The lowest is from 25£. to 30£.; we have one or two isolated pieces.

11,715. That, in your view, would be a great objection to any attempt at allocating the rateable value of the line over the whole of this system?—I go so far as to say, from my experience, that it would be impossible, with any degree of equity, to do it.

Valuation of rail-ways.

Irish system would not be applicable in England.

11,716. Are you acquainted also with the Irish system of rating railways?—Yes, I have a railway to attend to in Ireland.

11,717. Can you tell us how you think that system works, and whether you think it would be applicable to England, or not?—It would not. The objection is simply one of degree if you apply the Irish system to England. You would take a train mile, as Mr. Payne put it, I think, earning 10s. in the neighbourhood of London and equalise that with the train mile earning 1s. or 1s. 6d. in an outlying district. I would like to show that Parliament has already recognised as just and reasonable the partial exemption of the three-fourths which I have spoken to. We have tried to get it in many cases which have come before the Houses of Parliament during the last 10 or 15 years, and although we have been opposed by the local authorities over and over again, the allowance has been granted.

Surveyor of taxes should sit on assessment committees and then those tribunals would be satisfactory.

11,718. Are you satisfied with the present appeal that there is from the assessment committees?—First of all, with regard to the assessment committees, I would say that, with the presence of the surveyor of taxes, the objections which we have at the present time with regard to the rating of houses and other properties than railways, would be largely reduced. The surveyor of taxes should be present at the meeting of the assessment committee. I would also suggest as an amendment that ratepayers have access to the accounts of the surveyor of taxes, that is to say, that Schedule A should be open to all ratepayers. The only objection at the present time is that the form in which these accounts are made up, is that they include Schedules A B C D and E, and the fear of the surveyor of taxes, and also of the commissioners of taxes is that anyone inspecting Schedule A will also trouble himself with regard to his neighbour's income shown in Schedule D.

11,719. All you suggest is that they should have access to Schedule A?—That is all we want, and a very proper and reasonable proposal it is, seeing that Parliament already gives us the power to object to other ratepayers' assessments.

11,720. With that modification you would be satisfied to go on with your assessment committees, plus, of course, the assistance of the surveyor of taxes?—That is so.

11,721. Then to come to the next step: what is your view as to the present court of appeal?—The court of appeal, that is to say, the quarter-sessions is altogether unsatisfactory, and I cannot do better than give you the expression of the quarter-sessions themselves as to their own ability to deal with these matters. I have here a report of one of the last cases we fought at very great length at quarter-sessions; it was before the Northamptonshire Adjoined Quarter Sessions, and it is reported in the Northampton "Daily Chronicle" of Wednesday, March 18th, 1896. The Chairman, in giving the judgment of the Court upon this "intricate matter," said, "he might be allowed to express his regret that the Legislature had not constituted some permanent tribunal for the settlement of these cases."

11,722. (Mr. Arthur O'Connor.) Do you give us this as a competent or incompetent court?—This court is a most competent court.

11,723. Then why did not they give a decision?—They took four days to deal with the case, and heard both sides at full length; they did give their decision, but before giving the figures they expressed this opinion upon the matter generally.

11,724. (Viscount Emllyn.) Generally speaking, you do not, as I understand it, think the court of quarter-session is a satisfactory tribunal as an appeal court?—It is not as an appeal court.

11,725. What do you propose to set up in its place; have you anything in your mind?—I should propose a court constituted somewhat after the manner of the Railway Commissioners; I do not say absolutely the Railway Commissioners for the name at once prejudices them in the eyes of the parish officials, but if we had an impartial tribunal constituted as that court is, it would answer our purposes, and we should get a fair and impartial hearing.

11,726. Are there any other points you would like to bring before us besides those we have asked you about?—I should like to emphasise the effect of the Agricultural Rates Act on railways and on agricultural land. The contribution by the Government is made only in respect of certain spending bodies, but the Act of Parliament says that every rate shall be charged on only one-half the amount in the £ on agricultural land; the payments to be made by the authorities other than the spending bodies named in the Act of Parliament have to be made up entirely by the railway companies and the occupiers of hereditaments other than land.

Agricultural Rates Act. Effect on properties other than agricultural land.

11,727. (Mr. Arthur O'Connor.) You mean as to one-half?—That is as to the whole of the expenses of authorities other than the spending bodies named in the Act; the whole of those payments have to be made up by railways and hereditaments other than agricultural land.

11,728. (Viscount Emllyn.) Agricultural land not paying more than 50 per cent. of the whole of the original amount?—Of the whole of the amount paid by the Government. In many cases before the passing of that Act the expenses of the overseers were equal to 1d. in the £; now they have gone up in many cases to 4d. in the £, and there is no benefit at all conferred by that additional expenditure or additional payment made by the railway companies. Then there is the notice in the Act of 1864 which Mr. Payne spoke of; I have got a note here to speak to that. The Act says that in the case of every railway and canal company not having an office or place of business in the parish notice shall be sent to the head office of any alteration in the assessment of that railway or canal company. Now, where we have a small station the station-master has too much to do to attend to assessment business; the assessment committee have this re-valuation before them and they approve it, and the first we hear of the increase in our assessment is on the receipt of the demand note. As the appeal to the Quarter Sessions, that is, after dealing with the assessment committees is to the next practicable sessions, we have no time to have justice done to our case by the Assessment Committee. We want in every case where an alteration is made in the assessment of a railway company that notice should be served upon the company.

Notices served on railway companies by assessment committees. Suggested alteration in procedure.

11,729. Are there any other points which you would like to bring before us?—I do not think there is anything further.

Mr. S. M.  
Howard.

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Appeals. Quarter Sessions unsatisfactory tribunals. A specially constituted appeal court desirable.

Mr. S. M. Howard.

27 July '97

Agricultural Rates Act. Effect on properties other than agricultural land.

Exemptions, partial. Further extension in favour of railway companies. Effect on other properties. How far certain rates hereditary burdens.

11,730. (Mr. Clare.) You complain of the effect of the Agricultural Rates Act upon railway companies, I think?—Yes.

11,731. Showing that the effect of transferring a portion of the liability from the occupiers of agricultural land to the rest of the ratepayers in the parish has been naturally to increase your rates?—That is so.

11,732. And now you propose to further increase the rates of all the other people in the parish, except the railway companies, by transferring to their shoulders the amount which if you get the three-fourths with regard to all the rates the railway companies would be relieved of?—To that extent. I base the application on the fact that we do not derive any benefit from these charges, and I would also point out that in the case of an urban district the salaries of the establishment and all expenses are thrown on to the general district rate, when a railway company is charged one-fourth only, but if that urban district becomes a borough they have the power, simply by the transfer of the authority, to charge many of these expenses on to the borough rate, and the borough rate is payable in full by railways and all the other ratepayers.

11,733. Do you think it is practically possible to so arrange the taxation of the country that every man shall pay exactly in proportion to the benefit he receives?—It may not be possible to do it with any degree of strict accuracy. I think that the benefits which accrue from expenditure should be paid for by those who receive such benefits.

11,734. Can you suggest any more easy method of apportioning it than to say that the community which exists in a particular rating area shall contribute proportionately to the common expenditure?—Yes, I think so. I think it is very unfair to base it on that ground, and treat it in a general way in that respect. For instance, if part of a parish which lies a mile or two away from the railway requires drainage, or requires additional police supervision, that is not due in any way to the railway company, and the increased expenditure will not carry any benefit at all to the railway company.

11,735. You have referred to certain of the rates, the borough rate, the highway rate, the county rate, and others, for which a railway company have no three-fourths exemption?—Yes.

11,736. Those rates, the borough rate, the highway rate, and the county rate are collected with the poor rate?—That is so in rural districts.

11,737. The poor rate existed long before railway companies went with compulsory powers to divert agricultural land into railways?—Yes.

11,738. So you went there with the knowledge that the poor rate existed?—Yes, but in those days the highway rate was a separate charge, and it was not included with the poor rate; it was separately assessed as it is to-day in some places.

11,739. At any rate the railway companies started their works with the knowledge that they had no three-fourths exemption with regard to those rates?—They did originally, it is true; the Liverpool and Manchester line, for instance, was constructed before these exemptions were granted.

11,740. There were no exemptions granted to railway companies by general legislation before 1848?—1848 was the first time.

11,741. That was when the railway companies were strong enough in Parliament to get the three-fourths exemption in sanitary rates?—I do not think that was the cause, it became such a crying evil by 1848 that Parliament could not resist it.

11,742. Pardon me. General sanitary rates did not exist in 1848?—There were sanitary rates in existence.

11,743. Only under private acts?—That is so. When Parliament saw fit to make sanitary rates general all over the Kingdom, then they saw the expediency and the equity of giving this partial exemption.

11,744. Parliament gave way to the pressure and power of the Railway Companies, and gave them the three-fourths exemption when on all other rates in the country they were paying in full?—From my experience, —and I can only speak from experience—railway representation in Parliament, as far as matters

connected with railways are concerned, has been extremely small.

11,745. (Mr. Arthur O'Connor.) You spoke of a certain court of quarter-sessions declaring, apparently, its own incompetence and regretting that there was not something stronger and higher than itself, in Northampton was it not?—It was the Northamptonshire Court of Quarter Sessions.

11,746. You, yourself, say it was a competent court?—As quarter-sessions go it was one of the most competent I have been before.

11,747. Now with regard to the notice to the head office and the notice in the districts where you have a small station, does not the station-master get as much notice as any other inhabitants?—No.

11,748. Why not?—I am afraid, that, as the only notice of the intentions of the assessment committee—

11,749. Is on the church doors?—Is a notice on the church doors—

11,750. Does the station master never go to church?—I am afraid they do not go as often as other people, for they have Sunday duty to perform.

11,751. Surely it is to be assumed that one person living in a house, in a certain area, gets as much notice by a paper on the church door as anybody else?—The probability is that the station-master takes no interest in it at all, for this reason—

11,752. That it does not come out of his pocket?—Yes. He lives on the station premises, and he has no interest in it at all; and then it is a technical and difficult matter.

11,753. With regard to the deductions of three-fourths—that is the figure you mentioned, was it not?—Yes.

11,754. Will you tell me why it was not two-thirds?—I can only say that it was in the wisdom of Parliament that three-fourths was granted.

11,755. Can you tell me why it was not five-sixths?—I cannot.

11,756. Can you tell me any magic in three-fourths?—No.

11,757. Can you tell me any principle in it?—Except this, that they thought that the railway companies should pay something.

11,758. Will you tell me any principle which fixed three-fourths rather than two-thirds, or five-sixths?—No principle at all.

11,759. Absolutely none?—None at all; in fact, the only principle would be to charge them nothing at all for certain of these rates; where the benefit is absolutely nil, they should pay nothing, and there are cases where it is so.

11,760. Would you see any objection to the railway company paying rates upon the land which it is allowed to occupy exclusively for its own purposes?—Not the least objection.

11,761. Do you see any objection in equity or in principle upon rating generally being based upon the exclusive occupation of the surface of the earth?—Yes, I see this objection to it: where a man puts up a house on the surface of the earth, and that house has to be drained, and expensive works have to be carried out for the purpose of meeting that man's convenience, then I think that the value of the house should be added to the value of the land.

11,762. Is not the value of the land, as land, improved by the very drainage operations which you speak of?—Not to any appreciable extent, when you deal with it as land.

11,763. Is not a well-drained, well-built area, more valuable than the middle of a common?—Certainly it is.

11,764. By reason of what?—By reason, perhaps, of the surroundings simply.

11,765. Do you mean the surrounding common?—No, the surroundings of the well-built and well-drained land.

11,766. Not in itself?—Not in itself.

11,767. You think that in a well-built city, a well-drained city, and well-lighted city, is more valuable, not by reason of that which is within the area of the city itself, as by reason of that which lies round about

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it?—I mean by its surroundings, that which is in the middle of the city and surrounds the particular property with which you are dealing.

11,768. But that is the city; whether you take the city as a whole, or a certain square of the chess-board, is it not true that the building and the presence of men, and drainage, and lighting, and everything else, add to the value of the site?—Yes, certainly.

11,769. And it is not the surroundings; it is not the frame of the chess-board, but it is the chess-board itself within the city area that is of value?—That is so; but comparing a well-drained piece of land with a house

upon it with a common, then I say that the land upon which the house stands gets its increased value from the fact that it is in a position where building is required.

11,770. Where men are present?—Yes.

11,771. I suppose there would be no buildings without men?—I expect not.

11,772. And there are no men without buildings?—Not as a rule.

11,773. (*Viscount Emlyn.*) Is there anything else you wish to say?—No, I do not think there is.

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The witness withdrew.

Adjourned.



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\* This Bill received the Royal Assent on 6th July 1897 (60 & 61 Vict. c. 134.)

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\* This Bill received the Royal Assent on July 15th, 1897 (60 & 61 Vict. c. 134).

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**RATEABLE VALUE.** Distinction between rateable value and assessable value, 5908; 5909.

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**SPECIAL COMMISSION** as an appeal court from suggested County Assessment Committee with administrative and judicial functions, 6049-56. Should supervise county committees and prescribe regulations, 6010-2.

**SURVEYOR OF TAXES:**

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Lancashire. County Rate Committee has obliged union assessment committees to keep up the rateable value, and to make re-valuations of railways, mines, and mills, 5764. But there is still a difference in valuation for county rate and valuation of the several unions, 5780-4. Valuations vary very much from those for county rate basis in some rural unions, 5765-7.

**VALUATION OF SPECIAL CLASSES OF PROPERTY.** Railways, mines, mills, &c., should be valued by a special county valuer, 5820; 5821.

**VALUATION, UNIFORMITY IN, AND SUGGESTED AUTHORITIES:**

Uniform basis for the whole country could be secured by getting assistance of the surveyor of taxes, 5943-51.

One uniform valuation for all rates and taxes throughout the country desirable, 5809-12.

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Uniform valuation for all rates and taxes desirable. Could be secured by a joint rate committee in each geographical county, with assistance of Inland Revenue and surveyor of taxes, 6000-6.

Valuation of all properties in a geographical county could be finally settled by one authority, 5918.

Uniform valuation throughout the country secured by County Assessment Committee, and a special commission to supervise these committees and prescribe regulations, 6010-2.

Would be necessary to have a strong body to effect a uniform valuation of individual properties in a county, 5971-83.

32.—**Mr. FREDERIC MERRIFIELD**, Clerk of the Peace, and of the Councils of the Counties of East Sussex and West Sussex. Representative of the County Councils Association. (Questions 6060-6153.)

**BRIDGES.** County bridges charged upon separate rapes in West Sussex and upon hundreds in East Sussex, 6079.

**COUNTY ASSESSMENT COMMITTEE:**

Suggested constitution of County Assessment Committee, 6112-21. Surveyor of taxes should assist committee, 6078.

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**COUNTY RATE BASIS AND COMMITTEE:**

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No joint committee in Sussex as in Lancashire, between county and county boroughs. Difficulty in carrying out such a scheme. A compromise effected, 6069-71.

Sussex County Rate Committee disregard valuations of union assessment committees, 6075; 6076. County rate basis is on basis of income tax valuation, and is higher than poor rate valuation, 6104-11.

**DEDUCTIONS FOR REPAIRS, INSURANCE, &c., TO ARRIVE AT RATEABLE VALUE** Statutory scale of deductions throughout the country desirable, 6088; 6089.

**IMPERIAL CONTRIBUTIONS IN AID OF LOCAL TAXATION:**

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**LOCAL TAXATION (ENGLAND) ACCOUNT:** Relief obtained by ratepayers under Local Government Act, 1888, 6080.

**POLICE, COST OF.** Boroughs can increase number and pay of their police, and half cost falls on county rates. Counties cannot do so without leave of Home Office, 6153.

**POOR RATE, VALUATION FOR.** Sussex. County rate basis is higher than poor rate valuation, 6104-11.

**PROBATE DUTY GRANT.** Basis of distribution, 6138-41.

**RE-VALUATION.** Triennial or quinquennial revaluations sufficient with power of revision and addition, 6077.

**SPECIAL COMMISSION:**

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**SURVEYOR OF TAXES:**

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County bridges charged upon separate rates in West Sussex and upon hundreds in East Sussex, 6079.

**UNION ASSESSMENT COMMITTEE.** Surveyor of taxes should sit with Union Assessment Committee, 6078; 6090-7.

33.—Mr. **EDWARD WOLLASTON NADIR KNOCKER**, Town Clerk of the Borough of Dover, and representative of the Association of Municipal Corporations. (Questions 6154-6267.)

**AREAS FOR PURPOSES OF VALUATION OR RATING:**

Consolidation of parishes in boroughs. Has been beneficial in Dover, 6201-4.

Dover. Boundary of union and borough should be conterminous, 6215-20. Administrative difficulties connected with alteration of boundaries of union, 6238-44.

**COUNTY COUNCILS.** Kent. Council and borough interests. No friction now. Rural representatives greatly outnumber urban, 6166-77.

**DOVER.** Public undertakings and buildings, 6163-5.

**GENERAL DISTRICT RATE.** Cost of collection as compared with poor rate, 6255-7. Reasons for difference, 6211-4.

**GUARDIANS, BOARDS OF:**

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Dover. Representation of urban parishes on board of guardians. No complaints made to Local Government Board, 6235-7.

**LEVYING AND COLLECTION OF RATES:**

One authority in each area over which a rate is laid desirable, 6263-6.

Suggestion that Corporation should be the rating and collecting authority for borough, 6221-4.

**LOCAL GOVERNMENT ACT, 1888** (51 & 52 Vict. c. 41), Dover. Effect of Act, 6161; 6162.

**OVERSEERS AND ASSISTANT OVERSEERS.**

Power of Local Government Board to transfer to urban authorities, on application, the powers and duties of, under Local Government Act, 1894. Case of Dover. Power of Council to appoint overseers and assistant overseers. Action of Local Government Board, 6205-10; 6262-4.

**POOR RATE:**

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Cost of collection as compared with general district rate, 6255-7. Reason for difference, 6211-4.

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**VALUATION, UNIFORMITY IN, AND SUGGESTED AUTHORITIES:**

One valuation authority and one rate-collecting authority desirable in each area over which a rate is laid, 6263-6.

Corporation should be the valuation authority, or else corporation should be represented on Union Assessment Committee in proportion to rateable value of borough. Representation of urban and rural interests, 6225-34.

Suggestion that if borough was created a union it should take over duties of boards of guardians and of valuation and collection, 6245-51.

Suggestion that the corporation should be the rating and collecting authority for borough, 6221-4.

34.—Mr. **GEORGE SWAINSON, F.L.S.**, Treasurer of the County Borough of Bolton. (Questions 6268-6337.)

**AREAS FOR RATING.** Consolidation of parishes in Bolton, 6308; 6309.

**AUDITING OF ACCOUNTS:**

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**BARROW-IN-FURNESS.** Consolidation and collection of rates. Method, 6275-81.

**BOLTON:**

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Consolidation and collection of rates. Method, 6275-81.

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**BOLTON IMPROVEMENT ACT, 1877** (40 & 41 Vict. c. 188). Consolidation and collection of rates, 6284-6.

**BOLTON TEAMWAY AND IMPROVEMENT BILL,\* 1897:**

Proposed that corporation should collect poor rate for the guardians, which is an unprecedented proposal, 6366-70.

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\* This Bill received the Royal Assent on July 15th, 1897 (60 & 61 Vict. c. 184).

- CLASSIFICATION OF RATES:** Rates of burden or necessity, and rates of benefit or luxury. Return, 6319-25. Character of circular sent to certain towns with reference to, 6326-53. Classification in return discussed, 6354-63.
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- LEVYING AND COLLECTION OF RATES:**  
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- OVERSEERS AND ASSISTANT OVERSEERS.** Power of Local Government Board to transfer to urban authorities on application the powers and duties of, under Local Government Act, 1894. Application as regards overseers refused in the case of Bolton, 6300-7; 6364; 6365.
- OXFORD CORPORATION ACT, 1890 (53 & 54 Vict. c. 223):**  
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- VALUATION, UNIFORMITY IN.** One valuation and one rate-collecting authority for whole borough desirable, 6386; 6387.
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- 35.—Mr. **ARTHUR JOHN HARRIS**, Clerk to the Assessment Committee of Cardiff Union, Glamorgan. (Questions 6388-6421.)
- VALUATION AND COLLECTION, UNIFORMITY IN, AND SUGGESTED AUTHORITY.** Union Assessment Committee representing the chief spending authorities should be the sole local authority for making all assessments and collecting all rates. Assessment Committee should take the duties of overseers and should raise fixed rates in £, 6395-417.
- CARDIFF UNION.** Assessment of Union Assessment Committee and county rate basis nearly correspond, 6418; 6419.
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- VALUATION LISTS.** Deposit of lists and objections, 6394.
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- 36.—Mr. **GEORGE NORTON**, President of the Liverpool Land and House Owners' Association. (Questions 6422-6592.)
- COMPOUNDING:**  
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- DEDUCTIONS FOR REPAIRS, INSURANCE, &c., TO ARRIVE AT RATEABLE VALUE:**  
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- EDUCATION, COST OF.** Suggested that expenditure on education should be paid by Exchequer, 6475-85, 6569-79. But such expenditure should be in the form of subventions, 6586.
- INCIDENCE OF LOCAL TAXATION:**  
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- INCOME TAX IN AID OF LOCAL EXPENDITURE.** Suggested addition to income tax for local purposes, 6499-508.
- LEVYING AND COLLECTION OF RATES:**  
West Derby Union and City of Liverpool. Poor Law authorities collect poor rate, city rate, school board rate, and library rate, and charge municipality commission, 6449-51.  
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- LIVERPOOL LAND AND HOUSE OWNERS' ASSOCIATION.** Particulars of, 6424, 6425, 6509-26.
- PERSONAL PROPERTY:** Persons owning personal property should contribute in respect of it to local rates, 6471-3; 6561-8. Suggested method of carrying this out, 6474.
- POOR RELIEF (EXPENDITURE UPON).** Suggested that it should be met by Exchequer, 6475-85; 6569-79. Suggested that Poor Law should be administered by a Government Department, 6580-5.
- REAL PROPERTY.** Contributions in respect of different classes of real and personal property to rates desirable, 6471-3.
- SEWER RATE.** Liverpool. Owner pays half, 6428-30.
- VALUATION, UNIFORMITY IN:**  
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Liverpool. One body for valuation purposes desirable. This could be accomplished notwithstanding the city is in three unions, 6452-68.
- WATER RATE:** Liverpool. Owner pay half, 6428-30.
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- 37.—Mr. **CHARLES WATKINS**, Representative of the United Property Owners and Ratepayers' Association of Great Britain. (Questions 6593-6723.)
- EDUCATION, COST OF:** Suggested that expenditure on education should be paid by Exchequer, 6628. Effect of this on particular classes, 6704-6. Question of control discussed, 6599-622; 6641-68. Discussion as to what classes should bear this expenditure, and what administrative changes should take place, 6641-68.
- INCIDENCE OF LOCAL TAXATION** in respect of the burden borne by owners and tenants; the case of tenants belonging to different classes, 6707-22.
- INCREASE OF LOCAL TAXATION:** Greater objection taken to a rise in taxes than to a rise in rates, 6692-703.
- INHABITED HOUSE DUTY:** Tax should be abolished, 6623-7.
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- LOCAL GOVERNMENT.** Indifference of ratepayers, 6669-85.



**POLICE, COST OF:** Suggested that cost should be paid by Exchequer. Question of control discussed, 6599-622; 6641-68. Effect of this on particular classes, 6704-6. Discussion as to what classes should bear this expenditure, and what administrative changes should take place, 6641-68.

**POOR RELIEF (EXPENDITURE UPON):** Suggested that it should be met by Exchequer, 6628. Question of control discussed, 6599-622; 6641-68. Effect of this on particular classes, 6704-6. Discussion as to what classes should bear this expenditure, and what administrative changes should take place, 6641-68.

**UNITED PROPERTY OWNERS AND RATEPAYERS' ASSOCIATION OF GREAT BRITAIN:**  
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**VALUATION, UNIFORMITY IN, AND SUGGESTED AUTHORITIES:**  
Uniform valuation for all rates and taxes desirable in provinces as well as in Metropolis, 6631-6.  
County councils should be the valuation authorities for all purposes in counties, and also in Metropolis, 6637-40.  
Metropolis. Different assessing authorities and assessments. Uniformity desirable, 6629; 6630.

38.—Mr. **ROBERT ALFRED BELLWOOD**, General Secretary of the United Property Owners and Ratepayers' Association of Great Britain. (Questions 6724-6795.)

**EDUCATION, COST OF.** Suggested that expenditure on education should be paid by Exchequer, 6735-7.

**INCIDENCE OF LOCAL TAXATION:**  
Whether all classes of the community contribute to local taxation, 6763-78.  
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**LEVYING AND COLLECTION OF RATES.** One authority desirable, 6738-41. For both local and Imperial rates and taxes in a municipality, 6779-94.

**PERSONAL PROPERTY:**  
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**POOR RELIEF (EXPENDITURE UPON).** Suggested that it should be met by Exchequer, 6735-7.

39.—Mr. **WILLIAM KING**, Secretary of the Southport and District Property Owners and Ratepayers' Association. (Questions 6796-6838.)

**EDUCATION, COST OF,** should be borne by Exchequer. Question of control of expenditure and administration discussed, 6802-37.

**POOR RELIEF (EXPENDITURE UPON).** Suggested that it should be borne by Exchequer. Question of control of expenditure and of administration discussed, 6802-37.

**SOUTHPORT AND DISTRICT PROPERTY OWNERS AND RATEPAYERS' ASSOCIATION.** Constitution of, 6797-801.

40.—Mr. **JOSEPH STEVENSON HORN**, Clerk to the Board of Guardians of Burnley Union, Lancs. (Questions 6839-6983.)

**AREAS FOR PURPOSES OF VALUATION OR RATING.** Should be poor law unions, not the county, 6941-4.

**BURNLEY UNION.** Particulars of areas, rateable value, &c., 6842. In two administrative counties. No inconvenience 6885-7.

**COMPOUNDING:**

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Nelson. Amounts allowed are too high, 6926, 6927.  
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**CONSOLIDATION OF RATES.** There should only be one rate collected by overseers, 6880. And audited by district auditor, 6928.

**DEDUCTIONS FOR REPAIRS, INSURANCE, &c., TO ARRIVE AT RATEABLE VALUE (ENGLAND):**

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**GOVERNMENT PROPERTY:** Should be assessed to rates, 6930-5.

**LEVYING AND COLLECTION OF RATES:**

Burnley. Procedure in, 6867; 6868.  
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Desirable to have overseers constituted the authority for all purposes, 6879; 6880.

**LOCAL GOVERNMENT:** Economy on behalf of spending authorities if occupiers pay rates and know cost of local government, 6875-8.

**MACHINERY, RATING IN RESPECT OF:** Burnley Union. Movable machinery is not rated, 6960-3.

**RE-VALUATION:** Triennial re-valuations desirable, 6898-910.

**SURVEYOR OF TAXES:** Should sit with union assessment committees, 6884. And have power of appeal, 6888-97; 6947.

**UNION ASSESSMENT COMMITTEES:**

Burnley. Manufacturers, shopkeepers, and companies well represented on Union Assessment Committee. Case in London compared,\* 6964-72.  
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Surveyor of Taxes should sit with Union Assessment Committee, 6884. And have power of appeal, 6888-97; 6947.  
Municipalities should be represented upon union assessment committees, but should not be the assessing authority, 6929.

**VALUATION,** Basis should be gross value, 6911-7; 6953-8; 6973-82; Reasons for this view, 6911-7.

**VALUATION LISTS, REVISION OF:** Burnley. Overseers are required to send in supplemental lists at least twice a year and four times a year if they like, 6843-7.

**VALUATION OF SPECIAL CLASSES OF PROPERTY:** Burnley Union. Only one appeal to quarter sessions in 15 years, 6865; 6866.

**VALUATION, UNIFORMITY IN, AND SUGGESTED AUTHORITIES:**

One valuation for local and Imperial purposes. County authorities might follow the valuation of assessment committees if Surveyor of Taxes had a seat on them with power of appeal. But county authorities should have rights of appeal to quarter sessions, 6888-97.  
County rate basis unnecessary, but county council should have right of appeal, 6948-52.  
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Municipality should be represented on union assessment committees, but should not be the assessing authority, 6929.

\* Referred to by Mr. Humphreys-Davies. See 4174-6.

**INCOME TAX IN AID OF LOCAL EXPENDITURE.** Income and not rental value should be the basis for assessment in respect of rates, 7595-616. And also taxes, 7646-57. Difficulty of carrying out such a proposal, 7617-30. Suggested scheme for defraying all local rates by means of a national charge. Questions of local benefits received and local control discussed, 7595-616; 7658-62.

**SPORTING RIGHTS.** Rating in respect of, 7632-40.

47.—Mr. **WILLIAM EVE**, Fellow of the Surveyors' Institution, and Honorary Examiner at that Institution on the subject of Parochial Assessments. Representative of the London Farmers' Club. (Questions 7693-7893.)

**ACCOMMODATION LAND :**

Suggested definition of, 7771-4; 7822-31.  
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**AGRICULTURAL LAND.** Highways and school boards. Owners and occupiers of agricultural land contribute too much towards local rates in respect of expenditure upon, 7708-11; 7760; 7761.

**AGRICULTURAL RATES ACT, 1896 (59 & 60 Vict. c. 16) :**

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**AGRICULTURISTS.** Farmers used to take farms without considering rates, but they consider them now, 7867-73; 7892; 7893.

**APPEALS AGAINST VALUATION :**

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Overseers should have right of appeal against decision of union assessment committees in the country as they have in London, 7832-46.

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**DIVISION OF RATES BETWEEN OWNER AND OCCUPIER.** Would be inexpedient. Reasons for this view, 7789; 7790.

**GLASS HOUSES.** Should be the subject of valuation for rating purposes like farm buildings, 7718-22.

**INCIDENCE OF LOCAL TAXATION.** All persons interested in property pay a contribution to local rates. Evidence in support of this view, 7791-3.

**LAND.** If principle of remitting taxation on poor land exists the principle of raising it on land which has increased in value should also exist, 7803-6.

**MACHINERY, RATING IN RESPECT OF.** Principle said to be equitable, 7723-5; 7781-5.

**MARKET GARDENS.** Should have been excluded from operation of Agricultural Rates Act, 1896 7712-7; 7729-52.

**RENT :**

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**VALUATION :**

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Gross estimated rental should not be basis for valuation. Reasons why rateable value should be, 7699-701.

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**VALUATION LISTS :**

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**VALUE.** Suggested definition of, 7807-13.

48.—Mr. **ALBERT FELL**. Representative of the Local Taxation Committee. (Questions 7894-8037.)

**AGRICULTURAL LAND :**

Essex. Valuation of land above rental value, 7915-20. Valuation of certain land in hand above rental value, 7909; 7910. Action of union assessment committees and quarter sessions. Suggestion as to alteration of the tribunal of appeal, 7940-9. Certain union assessment committees do not deduct tithe from gross rental, 7911-4.

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**LOCAL AND IMPERIAL SERVICES, EXPENDITURE UPON :**

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**RAILWAYS :**

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- RE-VALUATION.** Periodical re-valuation desirable, 7900; 7901.
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- UNION ASSESSMENT COMMITTEES:**  
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53.—**MR. GEORGE LAURENCE GOMME**, Statistical Officer of the London County Council. (Questions 8658-9105.)

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69.—Mr. **SAMUEL MOWBRAY HOWARD**, Rating Agent to the London and North-Western Railway Company, and Representative of the Railway Companies' Association. (Questions 11,665-11,773.)

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ROYAL COMMISSION ON LOCAL TAXATION.

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MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION

ON

LOCAL TAXATION,

WITH

INDEX AND APPENDIX

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VOLUME II.

(30th to 36th and 43rd to 49th Days.)

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Presented to Parliament by Command of Her Majesty.

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# MINUTES OF EVIDENCE

TAKEN BEFORE THE

## ROYAL COMMISSION

ON

# LOCAL TAXATION.

VOL. II.

THIRTIETH DAY.

Thursday, 10th February 1898.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BUBLEIGH, *Chairman.*

The Right Hon. J. B. BALFOUR, Q.C., M.P.  
Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
C. N. DALTON, Esq., C.B.

H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq., C.B.  
E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. W. MALE called and examined.

11,774. (*Chairman.*) You are Inspector of Taxes; I think that is your official title, is it not?—Yes, I am.

11,775. How long have you been in that position?—I have been about two years as inspector.

11,776. Your services beginning in the department at what time?—39 years ago.

11,777. (*Mr. Murray.*) You were a surveyor before you were an inspector, were you not?—Yes.

11,778. What was your experience as surveyor, was it in London or in the country?—I was in the provinces for about 23 years and the remainder of the time I was in London.

11,779. Then you have seen a good deal of the two systems?—I have.

11,780. They are quite distinct, are they not?—Quite, in their direction and purpose.

11,781. Can you mention the principal points in which they differ?—In the provinces the valuation for the property tax is made by the local assessors of income tax under the supervision of the surveyor of taxes, on the principles of the Income Tax Act, 5th and 6th Victoria, chapter 35. Returns are made of the rack-rent payable at the time of making the return. The assessments are finally settled by the district commissioners of income tax after approval by the surveyors,

and objection by the different persons charged, against the assessments made by the surveyor. The Metropolitan Act is based upon a similar class of return being made by the occupiers of properties, but the basis of valuation is a lower standard than that of the property tax, and is almost entirely in the hands of the local authorities who administer the Poor Law.

11,781a. On the initiative of the overseers of the parish. The returns are practically the same?—Both in the metropolis and in the country, the returns being made of the rent that is paid whether under lease or under annual agreement, or, in case of ownership, as to the annual value estimated by the occupier as owner.

11,782. What is the difference in the basis upon which the gross value is arrived at in London and in the country?—Briefly it is this: the income tax (or property tax as it is popularly called) is on the full rental value at the time of making the return; whilst that in London is on the rent which a tenant might reasonably be expected to pay.

11,783. Perhaps it would make matters clearer if you were to state what you mean by the term rack rent?—It is simply the best annual value at which the property is worth to be let at the present time, as against the term "reasonable rent" given in the definition of the gross value in the Metropolitan Valuation Act. There is this distinction—one is the *best* rent in the provinces, and the other is the *reasonable* rent in the metropolis.

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11,784. On whom does the burden of repairs fall under what you call a rack rent?—The burden of repairs would fall upon the landlord.

11,785. Then the rack rent is the best rent, on the assumption that the landlord keeps the property in repair?—Yes.

11,786. Then, of course, there is that further difference between the two systems, that in London the full valuation is applicable to all purposes, both taxes and rates, and in the country it is only applicable to the property tax?—Yes, and to the house duty.

11,787. Can you tell the Commission what the advantages of the London system are as compared with the other?—The first I should take to be that you get, as regards the local rates, a re-valuation of the whole of the property every five years. As at present, in the country, the poor rate is simply revised at the pleasure of the assessment committee, or the parish, as circumstances arise; in some parishes, perhaps, they are not revised at all for a long period of years. It is an optional revision in the country.

11,788. The main difference is that it is optional in the country, and compulsory in London at intervals of five years?—Yes. Then another advantage is that by the surveyor of taxes being associated with the valuation, his opinion and experience are brought to bear in seeing that the properties are duly assessed according to the returns that are made, and the power of objection given him wherever the overseers fail to comply with the returns that are made, so that he can make a revised valuation, and the assessment committees can decide upon the objections he takes. Then, moreover, the Metropolitan Act gives an opportunity for each ratepayer to object to his co-ratepayer's valuation, or for one parish to object to the valuation of another parish, which the country poor rate arrangements do not admit of.

11,789. For the purposes of income tax in the country has the taxpayer any right to object to other people's valuations?—No, and he has no knowledge of them; he has no knowledge of his neighbour's valuation for income tax.

11,790. Then, on the whole, you think that the metropolitan system is a good one?—Most decidedly.

11,791. And it has worked well in practice?—Yes.

11,792. Supposing it was thought desirable to extend it or apply it to the country, what modifications do you think should be introduced into it?—I should consider, first of all, that the definition in respect of gross value as now existing in the Valuation (Metropolis) Act should be revised in respect of the fact that the term "reasonably be expected to pay" leaves too much to the opinion of committees, which, under most favourable circumstances, are more or less fluctuating and different in composition and capacity. I base that principle upon the fact that it has taken pretty well 25 years of the action of this Valuation Act in the metropolis to arrive at the satisfactory position which I now assert. In the earlier part of the time, when the Act was brought into force, a great deal of friction and contention arose between the assessment committees and the surveyor of taxes as to the use of this word "reasonable"; gradually that difference has passed away owing to the fact that the assessment committees and the other valuation authorities have become more taken with the idea of arriving at the full annual value as the basis of charge.

11,793. Where does that word "reasonable" occur?—In the definition of gross value in the Valuation (Metropolis) Act. The present condition of the Metropolitan valuation has mainly been brought about through the surveyors of taxes in the first instance, and through the action of the London County Council more recently, wherein at present there is more equality and uniformity in the metropolis than has ever existed before.

11,794. On what basis would you frame a substitute for what a man may "reasonably be expected to pay"?—Practically, I should substitute the basis as laid down in the Income Tax Act—the 5th and 6th Victoria, cap. 35 sec. 60.

11,795. The actual rent?—The actual rack-rent.

11,796. The actual rent mentioned in the lease, for instance?—No, provided there are contingent liabilities chargeable on the tenant which ordinarily fall on the owner.

11,797. Would you modify that according to the time when that rent was fixed?—Yes, taking the life

of the lease and the rent and the contingencies arising, whether the tenant does repairs or not, would be taken into consideration in arriving at the full rental value of the property.

11,798. Take a lease in London of 7, 14, or 21 years, the rent fixed at the beginning of that lease might not, of course, be the basis for the valuation in the last seven years?—Yes; the Income Tax provides that it shall be within seven years. If the Act were applied to the provinces and revised for the metropolis, I should say five years, instead of seven, as provided in the Income Tax Act of 1842, when the circumstances of the tenure of property differed from what they are at the present time. Circumstances change more quickly at the present time than in those days, and, therefore, instead of the seven-year limit, I should take five years.

11,799. How would you deal with the case of a tied public house, for instance, where the nominal rent is probably not the real rent at all?—Public houses vary so much in reference to the way in which they are taken. Take, for instance, a public house which is held upon a lease through the brewer, I presume that is the point you wish to deal with. We will say that in the lease there is a certain reserve rent. I should take that rent. If, in addition to that, the lease expressed that the tenant shall keep the place in repair, and if, also, he has undertaken any structural alterations or improvements, I should take that into consideration, and also the premium, where a premium is paid by the tenant for the lease. I should adopt the principle that is laid down by the London County Council in their recommendations to the vestries.\* It is generally the custom to take half the premium at 5 per cent. so that you have the rent reserved; you have half the premium at 5 per cent., also a percentage on the outlay for structural improvements; and then, having arrived at the total of the same, I should add 10 per cent. upon that sum for repairs, which the tenant undertakes annually.

11,800. In fact, the actual rent can be little more than a basis?—It is only one item in the calculation.

11,801. What is the practice in London with regard to a repairing lease?—I find from inquiry that out of some 30 assessing authorities in London, about 28 of them have adopted the principle of adding to the rent reserved in the lease 10 per cent. for repairs, &c., undertaken by the tenant; that is, with an ordinary repairing lease.

11,802. Is that uniform all over the metropolis?—So far as some 28 assessing authorities out of 30 are concerned, yes. One authority—I think it is the Strand Union—adds 5 per cent., and the City do not add anything at all. I was surveyor in the City for some years, and it was found there that the rent, as expressed in the lease, was taken as the gross estimated rental of the property, without any addition to the rent for repairs or other contingent liability undertaken by the tenant.

11,803. Then the City is very much under-valued compared with the rest of the metropolis?—Yes, upon the basis of the other parts of the metropolis.

11,804. How would you deal with an increase or decrease in the value during the currency of the valuation?—In the metropolis or in the country?

11,805. Supposing you extended the Metropolitan Act to the country with modifications?—At present there is a conflict of opinion and practice in regard to this provision in section 47. New valuations are made quinquennially, but this section gives directions how new properties and increases and decreases in value are to be dealt with by provisional lists in the intervening years. Originally the section was interpreted by most committees to mean that a mere reduction or increase of rent was not a sufficient ground for altering the valuation, and that structural alterations or some other clearly specific reason apart from rent had to be proved. Now most committees have been led by experience and the force of public opinion to accept a proved reduction of rent as a reason for lowering the valuation. Following upon this, some committees increase the valuation when rent is raised, but as a matter of practice, this is confined to cases of change of tenancy where the value of the property and the altered conditions of the new tenancy are of importance. The intention of the Act was probably to fix the valuation for five years, unless some strong reason for alteration was shown, but it is so difficult to refuse relief when the rent is shown to be

\* London County Council Return, Assessment Conference, 1893-4. Resolutions, &c. (No. 168). P. S. King and Son, Great Smith Street, Westminster, S.W.

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Valuation in metropolis:  
Quinquennial valuation compulsory.

Valuation in metropolis:  
Advantages of system compared with that in rest of country.

Valuation in metropolis:  
The term "actual rack rent" should be substituted for "reasonably rent."

Valuation in City of London:  
Properties under-valued<sup>†</sup>

Valuation in metropolis:  
Supplemental and provisional lists.

Valuation in metropolis:  
Leasehold property. Actual rent, and how arrived at.

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reduced, that the balance of argument seems to be in favour of what has grown to be the practice of most of the metropolitan committees. The power to raise the valuation upon an increase of rent should, it is thought, be more definitely given, otherwise the temptation would remain to postpone a contemplated increase in rent until immediately after the making of the lists, as has been not infrequently found. I might add that I experienced great difficulty in some unions to get them to increase any valuation in the union in cases where there has been a change of tenancy involving increase of rental value.

11,806. How would you get the information which is necessary to enable the authority to increase the valuation?—I should suggest that authority be given to overseers or the persons who are responsible for making the valuation lists, or the provisional valuation lists, to call upon the parties for returns in the same way as we do at the formation of a quinquennial valuation.

11,807. That the overseers should call upon anybody that they choose, to make an intermediate return?—Where there was cause to enter his name in the provisional valuation lists.

11,808. Then, as regards the position of the surveyor of taxes, do you think his position under the Metropolitan Act is satisfactory?—No.

11,809. What different position would you give him?—I should urge that the position and duties of the surveyor should be more fully defined and extended. At present his rights are very limited. He examines the occupiers' returns with the quinquennial lists after these are made; he has the power to insert a higher value in the list subject to the after decision of the assessment committee or the appeal to the assessment sessions; he has the right to require the overseers to make a provisional list in respect of any properties which should be included therein, and to be summoned by the clerk to the assessment committee to the meetings at which objections to the provisional lists are heard. He, however, does not seem to have any legal right to be summoned to, or to attend, any other meetings of the assessment committee, or any meetings of the overseers. Even when the assessment committees sit to hear the objections on the quinquennial valuation, there is nothing in the Act authorising the surveyor to be present at those meetings, although he may be at meetings when hearing objections against the provisional valuation lists. Evidently, to my mind, that is an inadvertence in the construction of the Act in the first instance.

11,810. But apart from being present he has a right to be heard, has he not?—There is nothing in the Act to prevent his being heard in any case other than what he has personally objected to, but he cannot claim to be heard.

11,811. Wherever he enters an objection he has a right to be heard?—Yes, and in no other so far as the construction of the Act is concerned. Hitherto, as a matter of courtesy on the part of these bodies, the surveyor is frequently invited to attend their meetings, but this is by no means universal. It is advised that he should have the right to be summoned to, and to attend, every meeting of the overseers and assessment committees held for valuation purposes.

11,812. Do you think that his position is stronger in the position he now occupies in the metropolis, than if he was a member of the valuing authority?—Most decidedly.

11,813. He exercises a better influence as a critic and as an adviser?—He acts more as an assessor than as a member of any valuing authority.

11,814. And you think it would not be desirable to alter that?—No, I do not. The time allowed to the surveyor in quinquennial years in which to compare the lists with the occupiers' returns and to decide upon the objections he proposes to make—28 days—has been found to be too short in some of the London districts as at present constituted, and in any application of the Act to the provinces this difficulty would be intensified, owing to the wide area and numerous properties in most of those surveys as now existing. This would be met, to some extent, if, as already suggested, the surveyor had the right to be present at the overseers' meetings when the lists were made. In Bills formerly before Parliament, proposing to apply the principle of the Metropolitan Act to the provinces, considerable jealousy was expressed of the interference of the surveyor, but the lapse of nearly a quarter of a century and

the experience gained in London, and the recent action of the surveyors in assisting to carry out the Agricultural Rating Act of 1896, have, it is thought, brought about a different state of feeling. It is significant that in the greater part of Scotland the surveyors have not only the sole responsibility of making the annual valuation lists but they are also, to a large extent, registrars of voters not only for local but for Parliamentary purposes, and this system has given general satisfaction.

11,815. Do you think it would be desirable to give the surveyor the power that the surveyors have in Scotland of being the valuers, so to speak?—Personally I have little knowledge of that. My colleague, who is a Scotchman, is better acquainted with the point than myself.

11,816. Are there any more suggestions that you have to make?—Not on that point, with reference to the surveyor.

11,817. Have you any with regard to the Act generally?—Yes. As regards the notice to occupiers, these notices are required to be delivered only in cases of properties which have not previously appeared in the valuation list, or where the gross or rateable value has been increased. It is considered that every ratepayer should have a notice. At present the surveyor has to send notices of his objections in respect to any property affected, and also a list of his objections to the assessment committee, unless his figures have been formally adopted by the committee. It is considered that as the overseers have to give notice on the re-deposit of the list of any increases made by the assessment committee, they should also be required to give notice of the surveyor's proposed increases; and as regards notices from occupiers of objection to valuation lists, I suggest that the ratepayer should give such notice to the surveyor as well as the other authorities.

11,818. As regards the constitution of the valuing authority, would you give the district commissioners of taxes any representation on it?—I think so for this reason, that hitherto the District Commissioners of Income Tax, who have to do the valuation under Schedule A, are fully conversant with the rateable character of the property in their different areas and divisions; their presence would be a great strengthening of the assessment committees.

11,819. They do their work well on the whole you find?—They do, very efficiently. I would suggest also that the county council's representatives of each division should also be *ex officio* members of the assessment committee.

11,820. Then, as regards appeals from the valuing authority, have you anything to say on that point?—As at present provided there are two courts of appeal, the special sessions and the assessment sessions. We consider that the former might be dispensed with, and that the only appeal should be to the court of assessment sessions.

11,821. Do you think that the quarter sessions is a good body for valuing appeals?—The assessment sessions of course would have more to do with questions of law than questions of value; and in connexion with the assessment sessions (or quarter sessions) there would have to be a legal element which would be necessary to dispose of cases brought from the union assessment committees.

11,822. Is there an appeal on questions of fact now to the assessment sessions?—Yes. If the decision of an assessment committee is considered by a ratepayer, or by a surveyor, or by a parochial authority to be unfair, they could carry the point to the assessment sessions for value.

11,823. (Mr. Smith.) I think the examples you have given us have been all taken from the Property Tax Act, not from the Poor Law Assessment?—That is so.

11,824. (Mr. Stuart.) You mentioned the case of the valuation of leases. I understand that in 28 out of the 30 metropolitan districts these valuations are made with an addition of 10 per cent.?—Yes, in 28 out of 30.

11,825. The principal district where that addition is not made is the City?—Yes.

11,826. Have you formed any idea of the extent of the undervaluation of the City from that cause?—It is but a rough estimate that I have made; in fact, I am not fully acquainted with what the total valuation of the City is, but I should estimate it somewhere about four millions.

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Valuation in metropolis: Notice of objections by surveyor of taxes to occupiers and by occupiers to surveyors.

Assessment committees in metropolis: Desirable for District Commissioners of Income Tax and county councillors to be members.

Appeals in metropolis.

Valuation in City of London: Undervaluation of properties.

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11,827. Roughly P—Roughly about four millions; I should take it, therefore, it would be 10 per cent. undervalued.

11,828. And in the Strand there would be a considerable sum also?—That I have not got, as I have not brought my mind to it. The only point I know of the Strand is, that at the time I was surveyor of one of the parishes of the Strand Union, I knew that they only added 5 per cent.

11,829. Then, roughly speaking, would you say that probably the City is undervalued by 400,000, owing to this particular point?—In respect of this particular property, but a large proportion of the City property is in the occupation of the owners, and that, of course, would not apply.

11,830. Is there any other point with respect to the City where you conceive it is undervalued?—From my standpoint as an income tax assessor, I consider that the mode of valuation in the City is considerably below what we, as an income tax authority, would put it at, under the provisions of the Income Tax Act; for instance, we should take into consideration cost in the City, especially as the cost of land is considered almost out of proportion with what you have outside the City. Knowing something of the cost of land in Cornhill, Lombard Street, the Mansion House and that part of the City (for which I was surveyor), in making the quinquennial valuation of 1895, I found that some very large figures were brought under notice, which were not entertained by the valuation committee in arriving at the full annual value on the basis that we should have adopted if outside the City. As everyone knows, ground value in Cornhill, Lombard Street and that neighbourhood is enormous; it fetches almost fabulous prices, and to take anything like a percentage of the value would make an enormous amount of annual value.

11,831. Owing to what difficulty has it been that the surveyor of taxes has been unable to raise the City valuation in respect of these matters?—Simply because the union assessment committee have adopted a rule of dealing with these cases of leases and values under the guidance of experts, who come before them from time to time, of the highest standing in the metropolis. They, therefore, have had to take a view of the matter which has certainly been of a minimum character.

11,832. Is it your opinion that it is advisable that the difference of practice in the various matters you have spoken of should continue to exist between the City and other unions of London?—Taking the principle of the Valuation (Metropolis) Act, I should say no.

11,833. Let me take one other point with respect to this valuation in the City. Are there not one or two parishes in the City in a very peculiar position? Take the Bank of England, how is the valuation of the Bank of England, as a matter of fact, conducted just now. Can you explain that to the Commission?—That did not come under my official notice, as it was not within my district. I have heard by way of rumour, that there are peculiar privileges associated with the rating of the Bank of England, but what they are I am not able to say.

11,834. Is it not part of your knowledge in what parish the Bank of England was situated?—No; it was not in any of the parishes with which I was officially associated.

11,835. Another point with respect to the valuation; you have not touched at all the question of the rateable value; you have been speaking on the question of the gross valuation?—Yes.

11,836. Now, is the rateable value got from the gross rental?—Of course; you are aware that in the Valuation (Metropolis) Act there is a maximum scale of deduction.

11,837. (Chairman.) Generally one-sixth I think P—As a part of our duty we have never interested ourselves on that point; it does not come within the purview of the surveyor to deal with the rateable value; he has simply to deal with the gross value.

11,838. (Mr. Stuart.) Would you prefer not to say anything with respect to how we arrive at the rateable value from the gross rental, or shall I put to you a question about it?—I have in my mind at the moment a definition of rateable value as laid down in the 6th and 7th of William IV. cap. 96, in which the rules laid down are too indefinite for me to lay down a scale by way of giving you any conclusion as to what should be allowed from the gross for the rateable.

I believe that Act provides that, not only shall there be an allowance for repairs, but there shall be also an allowance for expenses, whereby a reserve shall be accumulated to keep the property intact owing to the wear and tear, and the influences of climate and of age; and that a reserve shall be also considered whereby that property can be renewed or rebuilt. That is a feature, of course, which covers a very large area of deduction.

11,839. I shall ask this question, and then you will see whether it is within the limits of what you have considered; as I understand, when you arrive at rateable value from the gross annual rental which you have spoken of, you do so by making a deduction, and that deduction, am I right, is made as a certain percentage of the total?—Yes.

11,840. That total includes very different items in different parts of London; suppose you to be in the City, a property has an equal ground valuation to its building valuation, and suppose you take out here, or somewhere else, one that has one-fifth part of ground value to its building value, would you make the same deduction in both of those cases; I will not press you upon this matter, but have you any remark to offer upon it from your experience?—I could not advise the Commission upon that point, because it has never come under my special observation.

11,841. I will go to another point with respect to the valuation in London to which you have referred. You said that you thought that members of the county council here, and elsewhere, I presume, should be *ex officio* members of assessment committees?—Yes.

11,842. I suppose you would give them the same rights of making objections as you would give to the surveyor of taxes practically, or would you not?—The county council, as an authority, most decidedly; but not its individual members.

11,843. Then I take it that you would like to see the principles of the Valuation (Metropolis) Act extended to the rest of the country, with certain amendments?—Yes.

11,844. And then you would also desire to see those amendments made in the London district itself?—Most decidedly.

11,845-6. Another point, about the valuation of railways and other matters of that kind, which I need not more exactly describe; are you satisfied with the way that is done at present in London?—Well, so far as our department is concerned, we are not interested in the rating of railways, canals, gasworks, and so on, inasmuch as they come under another schedule of the Income Tax Act; and therefore this point does not interest the department in that respect. All those concerns come under Schedule D, and therefore we have not interfered in any way with such valuations.

11,847. Then, in dealing with the assessment committee, are these committees formed on any uniform basis all over London, or does the character of their appointment vary from parish to parish?—I believe that the custom is out of the board of guardians of each union to elect a certain number to act on the assessment committee; I believe the number varies, that is, the size of the committee, according to the number that constitutes the guardians of the union.

11,848. Have you found any difference in dealing with assessment committees in different parts of London, or have you found them equally amenable?—I found some more amenable to reason and to argument than others in earlier times; I am not speaking now of more recent times. I have found in my recent experience in the last two quinquennials a very great deal of help and of assistance; in fact, my experiences were very different in the last two, from what it had been before. I attribute that, in a great measure, to the influence of the London County Council working in connexion with the local authorities with a view of arriving at a uniform basis of valuation. I may say that in 1885 I was interested in calling a conference and we tried to arrive at a common basis of valuation for all the unions in the Metropolis at that conference, which I attended, and it was partially successful. But on the following quinquennial in 1890 there was a greater desire on the part of the rating authorities to come to a general principle, and I believe that at the last quinquennial in 1895 the bases of the valuations upon which the London County Council issued sugges-

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London  
County  
Council  
should be  
represented on  
assessment com-  
mittees.

Valuation  
(Metropolis) Act:  
Should be  
extended to  
rest of  
country.

Assess-  
ment com-  
mittees in  
metropolis:  
Influence  
of London  
County  
Council.

Valuation  
in metro-  
polis:  
Scale of  
deductions.

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tions\* to the local bodies were generally followed and led to greater uniformity in assessments.

11,849. That influence, you think, of the London County Council has been valuable in tending to secure greater uniformity?—Yes, by getting a consensus of opinion and in that way ensuring co-operation.

11,850. I presume if you go to the other counties your idea would be that the county councils of other counties also should have representatives on the various assessment committees?—Yes.

11,851. Have you formed any idea in your own experience in the country whether those assessment committees should be over the whole county area or over union areas?—I should prefer taking them according to union areas.

11,852. Why?—Simply for this reason, that the more you are brought into touch with the properties which you have to value the more definitely and the more equably your properties are likely to be valued.

11,853. (Mr. Clare.) Following that up, I understand that if the present union areas were accepted as the areas for the formation of the committee for valuing, or whatever it may be, you are of opinion that it would be advisable for the county council or some supervising body of the council to have supervision over their work?—My observation as regards the influence of the London County Council was as to their securing the co-operation and educating the opinion of different rating bodies, and thus securing a greater uniformity of practice. It was not made with the idea of giving the London County Council any official authority or status in advising what has to be done by the assessment committee. What I would suggest in having the County Council represented on the assessment committee, would be that it should have power in that way, but not constituting the county council any superior authority over the assessment committee. The superior authority which is suggested should be in the assessment sessions; the assessment sessions should have the revising power over the assessment committee by way of objection taken.

11,854. Do you think it would be an advantage if the London County Council had the right of giving directions to the assessment committee to the extent to which they now do it, that is, by merely suggesting?—I would not give to any authority any orders outside what are prescribed by Act of Parliament. Whatever the rating authority or assessment committee had to do by way of valuation should be in accordance with the Act, and no other authority should give directions except the Local Government Board, in the way that they dealt with the Agricultural Rating Act.

11,855. The Valuation (Metropolis) Act lays down certain maximum deductions to be allowed in arriving at the rateable value of property, does it not?—Yes.

11,856. Would it not be an advantage if the county council could give directions with regard to these deductions not exceeding the maximum named in the Act, to be followed by every union throughout the whole county?—On the question of rating deductions, I must say, as I have already said to Mr. Stuart, that I am not experienced as to the deductions from gross value to rateable value; but on the general principle I prefer that such directions should be given by the Local Government Board.

11,857. With regard to the provinces, what is the ordinary district of a surveyor of taxes?—What is its ordinary size?

11,858. Yes; possibly to go with the parish or the union, or what area?—It is according to the tax divisions. Every county is divided into what are called tax divisions, parliamentary divisions for which commissioners of taxes—Income Tax commissioners—are appointed. A certain number of these divisions are united under the Board of Inland Revenue, and form what is called a Survey, over which a surveyor of taxes is placed. It varies according to the importance of each locality.

11,859. Would there be any difficulty in making the surveyor of taxes an *ex officio* member of each assessment committee, as they are now constituted?—It would be undesirable from an official point of view.

11,860. In your memorandum you suggest that the district commissioners of taxes should be made *ex officio*

members of the assessment committees; I do not understand the distinction between district commissioners and surveyors?—The commissioners are resident. They are constantly associated with the tenure of land, being, for the most part, themselves owners and occupiers of properties; and being constantly associated with the properties of the neighbourhood, they have that intimate knowledge which the surveyor cannot have.

11,861. Would there be any object in the surveyor of taxes attending the meetings of the assessment committees in his union?—We should desire them to do it; we consider it most desirable that they should attend all meetings.

11,862. That the surveyors of taxes should?—Yes.

11,863. But they should not be *ex officio* members of the committee?—The surveyor should not be a member of the committee.

11,864. (Mr. Dalton.) Would the proposals which you have made for amending the Valuation Act in London remedy this under-valuation of land and property in the City?—I think so.

11,865. In what way?—The London County Council would have a representative upon the Assessment Committee of the City of London.

11,866. But I suppose he would be completely outvoted by the other members of the committee, would he not?—As far as my experience goes, he would; but still the matter would thus be brought from the inside of the committee itself to public notice.

11,867. You have no further remedy to suggest by which the property of the Strand Union and of the City could be brought up to the same level as that of the rest of London?—Except that you should put into the Act the definition that I spoke of, and which I ask for, namely, that, instead of having it a "reasonable rent," you should adopt the terms of the Income Tax Act, and say it should be the "rack rent." You would have then a legal power which could be enforced.

11,868. Do you propose to take, then, exactly the definition of gross value that you have in the rest of the country for valuation purposes; leaving the income tax alone for a moment, there is a definition, of course, in the Union Assessment Acts; is that the same as the London one, or is it different?—It is the same. The definition in the Act of 1862 is the same as that in the Act of 1869.

11,869. Then you simply propose to substitute the income tax definition for the present local taxation definition?—Yes.

11,870. I think you said you considered the Poor Law area a satisfactory area for valuation purposes, as a general rule?—I do.

11,871. I think, from what you have said, it is clear that, however accurate the gross value may be, the rates will not be levied evenly upon any area unless you get the rateable value right?—Exactly.

11,872. But that is a matter you do not concern yourself with?—I have not hitherto.

11,873. But you would agree that it is necessary to take some step in order to get it uniform?—Yes, most decidedly.

11,874. Not only in London, but in the rest of the country?—Yes.

11,875. You have no suggestions to make as to the manner of doing it?—No.

11,876. In adding a certain percentage, say, 10 per cent., for repairs to get at the gross value, would that not work very unevenly as between different properties?—I believe that it has been found, on investigation, that it is as equitable an addition as can be found, taking one property with another, so far as house property is concerned. Taking it on the whole, I think it is a minimum.

11,877. But in a new house, for example, the repairs would not be anything like so expensive as in an old house?—That would be so.

11,878. With one class of property the repairs may be very much more expensive than with another?—Yes; but before you add the 10 per cent. there is also the question of the life of the lease, which is also an ingredient. Take it for the sake of argument, that you have a house which has been held under lease for 21 years; if the lease is 21 years old, you would naturally consider that the amount to be added to the rent by

of assessment committees. Surveyors should attend all meetings.  
  
Valuation in City of London and the Strand Union: Property would be adequately valued if London County Council had representation on assessment committees and "rack rent" was basis for valuation.

Area of Poor Law Union: A satisfactory one for purposes of valuation.

Rateable value: Desirable to obtain uniformity in a rating area. How to ascertain rateable value.

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Valuation: Union areas preferable to county areas.

London County Council: Should be represented on assessment committees in metropolis, but should have no authority over committees.

Surveyor of taxes: Size of district outside metropolis.

District commissioners of taxes, but not surveyors of taxes, should be *ex officio* members

\* London County Council Return, Assessment Conference, 1893-4, Resolutions, &c. (No. 166). P. S. King and Son, Great Smith Street, Westminster, S.W.



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way of bringing it up to the present annual value would be less than if you had had it for only four or five years.

11,879. Take two houses, a small house of the labouring class of property, and a large well-built house in the West End. Supposing they are both of them let, say, from year to year, and for the same period, is it right to take the addition for repairs the same in both cases, the same percentage of the rent?—No; in the first place, a letting from year to year would not be on lease. No repairs would be done by the tenant, and you would not get a place at a low rent let on a lease. You would never meet with a case, I venture to say, in the metropolis with a house under 20% taken on lease.

11,880. No, but the repairs of 20% houses would bear a larger proportion to the rent, would they not, than they would in the case of a large, well-built, valuable house?—Yes.

11,881. An inferior house would wear out quicker?—Yes.

Under-valuation in City of London is due to interpretation by assessment committee of a reasonable rent. Rack rent should be taken as basis.

11,882. (Mr. Elliott.) I am not quite sure whether I understood you to say that the low valuation at present existing, in your opinion, in the City, is due to the difference between the definition of gross value in the Income Tax Acts and in the Valuation (Metropolis) Act of 1869. Is it simply a question of definition?—It is a question of standard. The standard of the Income Tax Act is much higher than that of the Valuation (Metropolis) Act. The Income Tax Act says it is the full annual value. The Valuation (Metropolis) Act says it is the reasonable rent at which it is worth to let, and, because of the open manner in which that definition leaves it, the assessment committee take their own view of what is a reasonable rent, and thus ignore the question in the case of leaseholds as to what is the outlay for repairs in connexion with the rent.

11,883. And you think there would be no such loophole if the income tax definition were adopted?—Certainly, because the income tax full annual value is the letting year by year, and in such a letting the landlord would do the repairs.

11,884. It becomes a question of fact, and not a question of opinion in the minds of the assessment committee?—Yes.

11,885. I think you said that you estimated that the adoption of this income tax definition in the City would make a difference of some 10 per cent. of the value?—I should estimate it at about 10 per cent.

11,886. Do you think that a corresponding difference would occur elsewhere than in the metropolis?—No.

11,887. Do you think, judging from your experience in the country, which I know is very considerable, that a similar difference would arise if the alteration of this definition were to apply to districts outside of London?—Well, outside of London is a very large area. I have taken some pains to ascertain what the leading towns in the provinces have done; and to show you how varied it is, I have taken, for instance, a town where they have taken, in the case of a leasehold, the rent reserved as the rateable value, and put upon that rateable value, that is, the rent reserved, such an amount as they consider to be the cost of repairs, thus making it the gross value. That is in the provinces. In another large town in the provinces they have no rule at all, they take all rents as gross value. It is a happy-go-lucky state of things, just as it suits them, and that is in a very large town in the north of England. And so on, all round you have a variety, and, therefore, I could not form any estimate from the variety of the methods in the provinces.

11,888. I gather that your contention is, that the present definitions in the Valuation (Metropolis) Act and the Union Assessment Acts do rather lend themselves to a happy-go-lucky system, to use your own words?—They do, owing to the open character of the definition of gross value.

11,889. Should you think that the adoption of the definition in the Income Tax Act would result in a very substantial alteration, whether a diminution or increase, in the present valuation?—Yes, and to a greater uniformity.

11,890. It would be a more strict definition?—Exactly.

11,891. I have one or two questions to put to you about the existing powers of appeal. I suppose the appeal ordinarily made is by a ratepayer in respect of his own property?—Yes.

11,892. Would you mind telling me very shortly what those powers of appeal are at the present moment in the country?—Do you mean similar in the country to the metropolis as against the poor rate valuation.

11,893. In the metropolis the ratepayer has first the power of appeal to the assessment committee?—Yes.

11,894. And then to the special sessions?—Yes.

11,895. And then to quarter sessions?—Yes.

11,896. And then an appeal to the High Court on questions of law?—Yes.

11,897. But not an appeal to the High Court on questions of fact?—No.

11,898. You propose that the long series of appeals should be restricted, as I understand, and that the power of appeal to the assessment committee should be substituted for the power of appeal to the assessment sessions, and then on to quarter sessions?—I would make the assessment sessions to be the representative of quarter sessions.\*

11,899. Quite so, for one appeal court?—Yes.

11,900. For one appeal sessions?—Yes.

11,901. And you would substitute one appeal sessions for the two, and get rid of one of the stages which a ratepayer may take?—Yes.

11,902. To what extent is that power of appeal to quarter sessions and to assessment sessions adopted; are there many appeals from the assessment sessions to quarter sessions?—The appeal for revising the decision of the assessment committee would go to the assessment sessions as respects questions of fact. There should be no further appeal in respect of the valuation, except on a point of law, to the High Court.

11,903. But at the present time there is a further appeal to quarter sessions?—In the provinces there is an appeal. There is no assessment sessions in the provinces.

11,904. I am speaking now of London?—Yes, in the metropolis there is no appeal from the assessment sessions.

11,905. There is only an appeal to the High Court on questions of law?—Yes.

11,906. Then you would propose no reduction there; you would propose to maintain that?—The only reduction would be, to do away with the special sessions, which is an appeal to the local magistrates, which I consider a superfluity.

11,907. Is there an appeal to special sessions from the assessment committee?—Yes.

11,908. And then to the assessment sessions?—If the ratepayer chooses to do so.

11,909. To what extent are those various appeals exercised; take appeals to special sessions for instance?—There are very few.

11,910. And I suppose still fewer appeals to the special sessions than to the assessment sessions?—There are more to the assessment sessions than there would be to special sessions, because a great many ratepayers ignore the special sessions altogether and go direct to the assessment sessions.

11,911. And comparatively few go to the special sessions?—Yes.

11,912. Are there many appeals in the metropolis by ratepayers in respect of the valuation of the property of other ratepayers?—I have heard of very few.

11,913. Have you ever heard of any?—Only one case which was some 10 years ago; but I do not know how it ended, because officially I took no interest in the matter, it was more a question of personal feeling than anything else.

11,914. That was the object of my question; I wanted to know whether you thought that it gave an opportunity of an unnecessary and harsh expression of personal opinion, and that it rather fostered personal difficulties?—It might do, but it is not frequent.

11,915. It was a mere paper provision then?—Quite so.

11,916. What are the existing powers of the London County Council under the Valuation (Metropolis) Act?—There are none as far as I know except as regards the

Appeals in metropolis, power of: Proposals for curtailing number of appeals.

\* As by the Local Government Act, 1888, the London Quarter Sessions was substituted for the "Assessment Sessions," it must be understood that the latter term is now merged into "Quarter Sessions."—W. M.

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matter that I have referred to, that, preparatory to the making of the quinquennial valuation in 1890 or 1895 the London County Council held a conference of all the various representatives of the assessment committees in the metropolis, and the result of that conference was the adoption of a series of resolutions\* whereby certain rules were followed by these various assessment committees in the making of the quinquennial valuation which was practically the essence of the income tax law which I have mentioned as the basis.

11,917. Strictly speaking, as I understand from your answer, the London County Council have no statutory powers with regard to the valuation under the Act?—None that I am aware of.

11,918. But of course they are ratepayers, are they not?—Yes.

11,919. And they use their position as ratepayers?—They could do so.

11,920. Now, one question with regard to your suggestion about the District Commissioners of Taxes being represented on the assessment committee, or on the valuation board of the county, if such were constituted; would not the District Commissioners of Taxes very often be members of those assessment committees now?—Well, not generally. I am looking at the county of Kent, where I was surveyor for many years. Several of the members of the quarter sessions were members of the County Rate Basis Committee, but they had no connexion with the assessment committees.

11,921. Would many of them be members of a county council?—I do not think they would be.

11,922. I rather wanted to get your opinion as to whether they were such a distinct class as to make it desirable that they should be specially represented?—The Commissioners of Taxes as a body are generally county magistrates, and as county magistrates they are members of quarter sessions.

11,923. Quite so. And they would be of that class, and that class would be very largely represented on the county council?—Yes.

11,924. (Mr. Stuart.) I have one or two questions to ask that arise rather out of what has occurred since I questioned you last. You have spoken of the duty of the surveyor of taxes in London, and, as I understand, he sits upon the committee as an assessor?—No.

11,925. Well, he does as a matter of fact sit upon the committee?—No.

11,926. What are his exact powers—those of appeal?—His exact powers, as affecting the valuation, are, making objections on examination of the returns with the valuation list prepared by the overseers.

11,927. Would you wish to give him the further power of sitting as an assessor?—I wish in the first place that he should have the opportunity of being present with the overseer in preparing the valuation. Of course, my theory is that prevention is better than correction.

11,928. That is an addition to his duties that you wish him to have?—Yes.

11,929. As a matter of fact, is he never present on such occasions now?—I have already said he is present by courtesy.

11,930. That is all that I meant—that he was present practically by courtesy in many instances, and you would wish to render it obligatory?—Yes.

11,931. Is not there another very important power in section 53 of the Metropolitan Valuation Act—when a surveyor of taxes gives notice of objection or of appeal the amount specified in the notice as being in his judgment the gross value of any hereditament referred to in the notice shall be inserted in the valuation list by the assessment committees, special sessions, or assessment sessions, unless it is proved to the satisfaction of the assessment committee, special sessions, or assessment sessions, that such amount ought not to be so inserted? That is a very important power, is it not?—It is subject, of course, to the objection of the ratepayer, and subject to the objection of the assessment committee.

11,932. Yes, but is it not the case that it is taken as the value until it is proved not to be the value—it is inserted, is it not, as the value?—As by way of

procedure, I may say, I put into my column of the valuation list the amount which I consider shall be the annual value of the property. If the amount that I have put in is not, in the opinion of the Assessment Committee, consistent with their rules of valuing, they cut it down. I put in, say, 100*l.*; they say it should be 80*l.*; which amount they insert in the valuation list. Upon re-deposit of the list I have the power of objection before the assessment committee to that revised amount.

11,933. Yes. It starts, then, with your making the suggestion of a higher sum?—Yes.

11,934. They inserting the lower sum, and you then raising the objection before them again?—Yes.

11,935. Then supposing there is a disagreement in that second instance, what is the procedure?—If they decline to accept my view, and keep it at their own figure, of course, it is then within my power to take it to the assessment sessions.

11,936. Then unless that assessment sessions objects that such amount ought not to be so inserted that amount is inserted?—Yes.

11,937. So that you have the pull, so to speak: you get your figure in?—Yes.

11,938. Unless there is an objection to it?—Yes.

11,939. Is not that a considerable power, that you get your figure in?—Well, of course, the point would be met by the valuation in the first instance; if the surveyor was present with the valuation list he would have the amount of the valuation in the first instance without taking it to the assessment committee. The surveyor would not be there by way of objection at all.

11,940. You made a statement that came in two rather different forms. I suppose you do not attach much importance to the form of it, but you stated that the members of the county council should be *ex officio* members of the assessment committee; and then again at another period I think it was stated that it was desirable that they should stand in the same position as the surveyor of taxes. I suppose you would not put any weight upon the claim that they should be *ex officio* members with a vote; it would be sufficient if they were present as members of the county council at the assessment committee, or would you wish them to have a vote?—I was looking at the question more in the direction of the provinces, and I should consider their *ex officio* position to entitle them to a vote. I do not consider they should be on the same footing as the surveyor of taxes whose position would be more for the sake of securing uniformity of principle in valuation. There is a peculiarity in the work of the London County Council so far as its responsibilities are concerned. The number of areas comprised in the provinces, and the constitution of the county council in the provinces, would be of a different character from London.

11,941. Where do you say that they should be *ex officio* members, and where do you say that they should be assessors?—I am speaking generally of their being *ex officio* members of the assessment committee in the divisions with which they are residentially associated.

11,942. (Chairman.) You mentioned earlier in your examination that in the case of a repairing lease you were in the habit of adding 10 per cent. to get at the value?—I said the authorities were in the habit of doing so. I am only speaking of what I found is the custom in the metropolitan area.

11,943. Is there any statutory authority for that, or is it quite arbitrary?—It is quite arbitrary.

11,944. Is it the result of long experience, or what is the basis for it?—It is by the experience of those who have had to do with making valuation lists in a long series of years.

11,945. Have you had experience yourself to warrant you in saying that it is the proper figure or not?—Yes; when I was acting in the provinces as surveyor of taxes I used to advise the commissioners that the 10 per cent. was a fair valuation in respect of the repairs done by the tenant.

11,946. And you agree with that still?—Yes.

11,947. How long was your country experience?—I was 25 years in the provinces. I was not quite certain when I mentioned it, that I had been 25 years in the provinces and 12 in London.

11,948. What parts of the provinces were you in during those 25 years?—I was in Suffolk, Kent,

London County Council should be represented on assessment committees in metropolis.

District Commissioners of Taxes should be *ex officio* members of Assessment Committees.

Surveyor of taxes in metropolis should be present with overseers in preparing valuation.

Surveyor of taxes in metropolis: Power to insert gross value in valuation list.

Valuation. Leasehold property: Addition of 10 per cent. for repairs a fair proportion.

\* London County Council Return, Assessment Conference, 1889-4, Resolutions, &c. (No. 168.) P. S. King and Son, Great Smith Street, Westminster, S.W.

*Mr. W. Male.* Brighton, Oldham in Lancashire; those are my country places.

10 Feb. '98 11,949. How long were you at Oldham?—I was two years in Oldham.

Area of Poor Law Union : A satisfactory one for purposes of valuation. Area of administrative county not a practicable one for purposes of valuation. Question of areas discussed.

11,950. You expressed, as I understood it, a strong preference for the union area as the area of valuation?—Yes.

11,951. On the ground that being compared to some others which have been suggested, it is comparatively speaking small, and you get the local familiarity with each other's property?—Yes.

11,952. Have you any other reasons for advocating the union?—No, I am not aware of any other.

11,953. You would go with me this length, I suppose, that the fewer the different authorities there are and the larger the area over which they hold control the more likely you are to secure uniformity over the country?—Well, my experience does not go to that extent.

11,954. You think it is easier to get uniformity if there are a hundred authorities than if you have ten authorities?—If you have one authority working that number of areas—I am speaking from the surveyor's point of view—the surveyor has a certain number of divisions which he would have to supervise, and he would have a definite rule laid down to follow.

11,955. Uniformity of valuation as between property and property and man and man is in itself, you will agree with me, a good thing?—Yes.

11,956. It is worth a considerable amount of consideration on account of abstract justice, is it not?—Yes.

11,957. Do you not think that, taking such an area as an administrative county as the valuation authority, you would be more likely in the long run to secure that uniformity?—I say it would be difficult to do it, and because of dealing with specific properties, it is impossible for anyone to deal with it. I take Lincolnshire, for instance; supposing you have a county authority for Lincolnshire, it would be impossible for a member of a county council in Lincolnshire to know the peculiarities of the fens in the south if he was resident in the north.

11,958. No doubt, but to a certain extent it would be impossible for any one individual to know the whole of a union, would it not?—The initial valuation of a union, or a parish, would be more definite than that of a county.

11,959. Yes, but would it not be impossible for any one individual to go over the whole of a union even?—Certainly.

11,960. Therefore to that extent it is only a question of degree, the personal knowledge?—Certainly it is.

11,961. If it could be attained would you, or would you not, think it in the abstract a desirable thing to aim at, and to go for a larger area than a union in matters of valuation?—Am I clear as regards the preserving the parish valuation in the first instance? Perhaps I do not quite follow your idea. Is it this: Having the parish area at the starting point of the valuation—

11,962. I will take you upon that. Perhaps I was wrong in thinking that the parish was given up by most people. Do I understand you to advocate the parish as the area?—The parish area and then the union; the assessment committee as it stands now.

11,963. Are you satisfied with the present system?—I am satisfied with the present system of making the valuation and completing it.

11,964. Have you never heard it suggested that the present system leads to those in authority, first in the parish and then in the union, trying to keep down their valuation as compared with others in the same county?—Of course I have, but I contend that it would be an impossibility for the work of valuation to be done thoroughly if you take the initial area larger than the parish.

11,965. Why?—It is a physical impossibility to do it within the period. I know it has been attempted for county rate; I have had practical experience of the point as regards the county rate of Kent. When I was surveyor there it was found, on the adoption of this Metropolitan Act, that Lewisham protested against their contribution to the county rate of Kent and it was found necessary to take a county rate made upon the lines of the Schedule A. Income Tax assessment to bring it up

to a level with Lewisham, which was in the metropolitan area because the local areas were so undervalued and so irregularly valued. It took us two years to get that county rate valuation settled.

11,966. I see your difficulty that you put to me just now is one of carrying it out; it is not an abstract objection?—No, I should certainly prefer it. It is an impracticable thing to get uniform valuation done by one authority for such a very large area as a county within the time prescribed according to the Metropolitan Act.

11,967. But you put two or three limitations within the time; you have no experience of Scotland, have you?—No, I have not; my colleague, Mr. Clark, has.

11,968. In a large county, such as Lanarkshire, which, even in comparison with English counties, is a considerable size, the thing is done every year; should you still say that, once started, it would be an impossibility to do it?—Certainly not, but this Act prescribes a quinquennial valuation.

11,969. Do I understand that you have really no objection to attempting to take such an area as the administrative county except the difficulty of carrying it into practice?—No, I should prefer it if it were practicable.

11,970. In that case what would you do as regards appeals, I make you a present of the difficulties, the appeals would be a difficulty, the larger the area the more difficult it would be to get a proper appealing body in the first instance?—Yes.

11,971. I understand that you think there are too many appeals at the present time?—Yes.

11,972. And you would like to see them diminished?—Yes.

11,973. Do I understand that you mean to put it as broadly as this: that there should be one court of appeal and probably the Court of Quarter Sessions would be the best?—Yes.

11,974. Did I understand you to say that there should be no appeal from quarter sessions, even on points of law?—No, on the point of law there should be power of appeal, but, on points of fact, quarter sessions should be final.

11,975. Do you think a court of quarter sessions is itself a good body to which to appeal?—Yes, assisted by someone in the position of a Recorder; it would be a Recorder in a borough who acts in that capacity at the present time; a Recorder is the authority in settling those matters where the union is comprised within the borough.

11,976. Some people have suggested in matters of valuation the line of demarcation between fact and law is sometimes so narrow that it is impossible really to say upon which side a particular issue really lies?—Yes, there I would urge a legal assessor or barrister, or someone analogous to a Recorder, to be associated with the body.

11,977. What would you think of a proposal that instead of maintaining the present system of having only an appeal on a point of law to the High Court, that you should have a central authority for the whole country, to set up a body somewhat analogous to the Railway Commission, which should be composed partly of the legal element and partly of the lay administrative experience, which should take the place of the High Court as a court of final appeal, and be a permanent body with proper equipment?—It would command, in my opinion, public confidence; it would be an association of expert opinion with legal opinion, and I think it would be an advantage.

11,978. I have only one other point. Have you considered the abstract possibility of carrying out a suggestion which has sometimes been made, that in valuations a distinction should be made between what I call the site value and the structural value of any premises?—I have always associated, in my own mind, that a lower percentage should be taken for a site value than for a structural value in arriving at the valuation, for the reason of the permanency of the one as against—well, I would say, the uncertainty of the other.

11,979. Perhaps what you say is beyond your province, but it arises on the point of the deduction for repairs in getting at the rateable value. The contention, I understand, is this: that it is not fair to take the same maximum deduction from a building

*Mr. W. Male.*

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Area of an administrative county not a practicable one for purposes of valuation, but preferable if it were practicable.

Appeal There too many Appeal Courts. Quarter sessions should be the only Appeal Court.

Appeal Court analogous in its constitution to Railway Commission would be advantageous.

Site value and structural value: It is possible to make a separate valuation, but it would provoke litigation, and is not a system upon which the Legislature should insist.

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which is put on a site with a high value, as from a building which is put on a site with a low value; do you feel inclined to express any opinion upon that contention?—I should say this: that there should be differential rates of deduction in comparison with the site value and the structural value; that is in proportion to the land value being more or less, so the rateable value should be more or less.

11,980. When you go about the country making valuations, or when you used to go about the country making valuations for Imperial purposes, did you, in your own mind, differentiate between the site and the structural value of the hereditament that you had to value?—No, I never took that into consideration at that time.

11,981. Do you think it an easy thing to do?—Well, it is a difficult thing to do; it would not be so much in the provinces where I was. Of those districts I would say that Brighton was the only place where such a difficulty could arise, and there the poor rate authorities adopted the view which I considered was a fair one from the income tax point of view, and I did not go into the matter.

11,982. It is only a pressing question in urban districts, then?—Yes.

11,983. Do you think that it is a duty which skilled men could reasonably be asked to undertake?—Yes.

11,984. Separating the site from the structural value?—Yes, certainly.

11,985. You think so?—Yes.

11,986. If adopted it would be necessary to give an appeal upon each of the sides—the structural and the site valuation—because the owner of the hereditament might think that the one was expanded at the expense of the other?—He might think so.

11,987. Do you think it would, or would not, add to the difficulty of making up the quinquennial lists if that had to be taken into consideration?—Certainly it would, it would considerably increase the difficulty of arriving at rateable values if that distinction was to be drawn.

11,988. Would it increase the cost materially?—Yes, it would provoke a great deal more litigation, too.

11,989. Is it, speaking generally, an undertaking which you would recommend the Legislature to insist upon?—Certainly not.

11,990. (Sir Edward Hamilton.) I daresay you know this Commission was originally appointed mainly in connexion with the Agricultural Rates Act of 1896, and I think that the surveyors had a great deal to do with bringing that Act into operation?—They had.

11,991. Have you, from your experience in assisting to bring that Act into operation, formed any views as to how it is actually operating at the present moment?—From the reports I have had from my surveyors they give me to understand that it is very greatly appreciated by the agricultural interest, in so far as the relieving of lands of contributions to local rates is concerned; and it has, moreover, developed the fact, which was practically unknown to a large portion of the assessment committees, of the inequality of the ratings that existed.

11,992. It has brought those inequalities out, you think?—Yes, very definitely, and expressions have gone round very generally of the desirability of having some such officer as a surveyor to develop those inconsistencies and to show where the failure has been in the past in getting proper valuations. So that, I am told, that a very large number of representations have been made to the Local Government Board by those

The witness withdrew.

Mr. R. CLARK called and examined.

Mr. R. Clark.

12,001. (Chairman.) You are a Surveyor of Taxes in the Metropolitan area are you not?—Yes.

12,002. What district is under you at the present moment?—My present district is the Finsbury district, but I have been 21 years in London, and I have had four districts in London.

12,003. Have you had districts in the country too?—Yes.

12,004. Where?—I have been in Lancashire, Cambridgeshire, Norfolk, Somerset, Dorset, and Wilts.

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assessment committees asking for the powers for the surveyor of taxes to attend and to help them in making the valuation.

11,993. (Mr. Balfour.) Can you tell us wherein those inequalities and differences arise; was it between one property and another, or between one kind of property and another?—It was more especially between the properties held on lease and those in occupation of owners; for instance, I might mention that I have a letter here from a friend, in which he says, "I found the greatest discrepancy between our Schedule A assessments and the poor rate valuations to be in a union where the valuation (except on new properties) had not been made for, I think, 20 or 25 years. The result was that all old properties were rated, in many cases, at half the rental, while new ones were rated up to the full rent."

11,994. That is not quite the point?—I am coming to the inequalities.

11,995. But that is inequalities between the old and new. I thought you said that it had developed inequalities between properties in the hands of their owners and properties let; did you say that?—I was going on to read, "the valuation was kept so, I understood, on account of the county rate, which for many years was based on the totals of the rateable value in each union, but latterly the clerk to the commissioners supplied the county authorities with the total of our Schedule A for each parish, but this, of course, did not include railways, gasworks, &c." And then it went on to show that the assessments on the old properties had been continued where there had been no change of tenancy for a long period.

11,996. Was the rate higher in the case of property in the hands of its owners or property in the hands of tenants?—The rating was higher upon the new properties and recent lettings than upon the old tenancies and those in the owner's occupation.

11,997. I must have misunderstood what you said at the beginning, that the inequality was between property occupied by its owners and property occupied by tenants; did you say that?—The lowest standard of valuation was on the property occupied by owners and leaseholders and higher on more recent lettings.

May I make one addition to my answer to the question addressed to me by Mr. Murray as to the provisional list? There is one point I should like to be brought before the Commission, and that is, there is no power in the Valuation (Metropolis) Act to bring into a valuation list any omitted properties. Supposing, in making up a quinquennial list, one side of a street is omitted inadvertently, in that case there is no power in the Act for five years to put that into the valuation list, and the rates will be lost on such property for that period.

11,998. (Chairman.) Have you ever known it happen?—I know cases of individual properties where it has happened, and where they have been, so omitted.

11,999. (Mr. Stuart.) You have been in London and the provinces; is it to your belief or knowledge that the valuation in London is screwed up higher than in the provinces, or is it not the case?—In London, from an income tax point of view, no; but for the provinces I could not give it to you. As I have already mentioned to Mr. Elliott, there are higher valuations in some localities in the provinces than in others—it is so varied. To take the large towns in the provinces as a class, they are quite up to the standard I should say, of London.

12,000. And in the country districts, what do you say?—In the agricultural districts, and in the country districts, I should say no.

Mr. W. Male.  
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Metropolis Valuation List in. No power to include in Provisional or Supplemental List properties inadvertently omitted from Quinquennial List.

Valuation in metropolis and rest of country compared.

Mr. R. Clark.

12,005. (Mr. Murray.) Have you heard Mr. Male's evidence?—I have.

12,006. Do you agree with it generally?—Yes, generally. I dare say I could supplement it on some points, but generally speaking I agree with it.

12,007. Would you mention any points on which you wish to add to anything that he said?—I took a few notes with regard to country valuations; I wish to emphasise the loss that accrues to both revenue and local rates from the present system of valuation. My

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Valuation  
of property  
in hands of  
owners  
compared  
with valuation  
of property  
in hands of  
tenants.

experience is that it is almost impossible to increase the property tax beyond the gross value in the poor rate, and that may be very insufficient. I have found in my experience in the west of England, that between 1867 and 1876—it would be triennial assessments then—rents were going up in a very striking manner. I noticed in three years an increase of 10 per cent. and 15 per cent.; but whilst the tenants' gross valuations were put up to the rent the owners' were left as they were. In that way that was not only affecting the Imperial revenue, but was affecting the incidence of local taxation very materially.

12,008. How do you account for that discrepancy?—No fresh valuations were made. That is one of the points I am very strong upon, that it would be a great point gained if there was a periodical re-valuation.

12,009. But you have that in the income tax?—No. We used to have a triennial re-assessment, but the basis of Schedule A is to a very large extent the poor rate basis.

12,010. But there is no reason why it should be?—The Act says so. The income tax valuation is based upon the primary principle of rack rent; if a rack rent has been fixed within seven years, that is, the tenant paying the usual tenants' rates and the landlord doing the repairs, that is the value; but after seven years that does not apply, and the surveyor by the Act of Parliament is bound to fall back upon the poor rate as his basis for properties not let at rack rent.

12,011. Is there anything to prevent him, upon the occasion of triennial or quinquennial re-assessments, putting the property up?—There is nothing to prevent him, but my experience is that the Commissioners are unwilling to go above the gross value.

12,012. The poor rate gross value?—The poor rate gross value, and besides it is very difficult to find a basis. I have known parishes where a proprietor had put up all his rents, and the assessment committee got a copy of the Schedule A. assessments. They immediately brought up the tenants gross value to the rents, but the property in occupation of the owners that had risen equivalently was not touched at all, therefore the surveyor had no basis. If he attempted to increase a farm occupied by an owner, he was met by the reply; where is your basis? The gross value is as a rule up to the rents.

12,013. And the difficulty arises where it is in the occupation of the owner?—Yes.

12,014. Is there any other point you wish to mention?—Well, rent is not always taken even in London. Mr. Male, of course, is quite right—I quite agree with him, that it is usual, and since I took part in the first quinquennial valuation of 1880, there has been a very great improvement in that way. But even now rent is not always taken, and I think it would be a great point gained if the basis of actual rack rent was taken. If assessment committees and parish overseers were confronted with a legal enactment that the rack rent fixed within seven years—or I am disposed to favour five years, as things march quicker than when the Income Tax Act was passed in 1842—if they were met with this stern fact, that the minimum gross value must be the actual rack rent fixed within five years—that is the recommendation of the county council, and I quite agree with it—that would remove a great many difficulties and remove the question of the value, which is so largely now a matter of opinion, to one of fact.

12,015. But there would be an enormous number of cases in London in which the rent had been fixed at an earlier date than five years?—Yes.

12,016. It would not help these cases at all?—Well it would help to this extent, that you would have the basis of comparison with other properties. In many parts of London nine out of ten houses are let at rack rent. In all the suburban districts, practically speaking, property is let at rack rents, and you would have the basis of actual rent. If in any road, take for instance the road I live in, there are plenty of houses let at 50% and 60% a year, and if you have a corresponding house occupied by the owner, you would have this test to go upon.

12,017. Are not 7, 14, or 21 years' leases more common do you not think?—There are few 7, 14, or 21 years' leases in the suburbs of London in my experience. But very frequently in the centre of London (and my district, before I was in my present position, was Holborn, and the region of Gray's Inn Road and

Tottenham Court Road) there were many 7, 14, and 21 years' leases there.

12,018. I should like to ask one question which I did not put to Mr. Male. The valuation in the Metropolis Valuation Act does not apply to land tax, does it?—No, it does not.

12,019. Do you think it would be advisable to make it apply to land tax?—Yes, I think so. I am inclined to think that is an omission in the Act.

12,020. And if it was extended to the provinces would you make it cover land tax?—Of course that raises the wide question of having one basis for more than the land tax. I see no reason why it should not be applied to land tax.

12,021. Have you had any Scotch experience?—I have not had practical Scotch experience, but I am a Scotchman myself, and, of course, I have heard a good deal of the working of the Valuation Act; I have taken a little interest in the question, and with some friends who are assessors under the Lands Valuation Acts in Scotland, I have discussed the matter, and we have sometimes drawn comparisons between the English and Scotch systems.

12,022. Do you think it possible to extend that system to England?—Well, it would be a great revolution, and it would be a difficult matter to introduce. It was a very difficult matter in Scotland when it was introduced—matters were in a state of chaos; but since then it has worked very smoothly, and I have no hesitation in saying that if it were possible to get such an Act passed for England, in 10 or 20 years we should all be very much delighted. As you are aware, they have an annual valuation. That sounds rather formidable, but it is not so formidable as it looks, because it is simply the revision. Once you get a valuation list and you find a proper basis, it is not a very difficult matter to revise it every year.

12,023. (Chairman.) In other words, it is a big thing to make a Bradshaw's Guide, but it is not a very difficult thing to alter it month by month?—That is so. I have a very decided opinion that it would be a blessed social change if you had the Scotch system introduced into England, but it is such a big change.

12,024. (Mr. Murray.) From the point of view of the Imperial revenue, do you think we should be better off under that system?—I do not think it would make a very great difference in the Imperial revenue—it would affect it, I believe; but it would tend to very much greater equality in the incidence of local taxation. I believe in England there has been a great deal of inequality in the incidence of local taxation, and especially in regard to rateable value. I think there are great inequalities perpetrated in arriving at the rateable value.

12,025. And the Imperial taxation too, I suppose?—Of course, for Imperial taxation we take the gross as our basis.

12,026. Is the gross value for Imperial taxation more uniform than the gross value for rateable purposes?—Fewer inequalities arise by taking the gross value than by taking the rateable.

12,027. What I meant was this: Do you think that Schedule A, as assessed in the county of Lincoln, for instance, is on about the same basis as it is assessed in the Metropolis?—The county of Lincoln is chiefly land. My experience in the provinces—I quite agree with Mr. Male—is this; that so far as the large towns are concerned in England, there is not so much to complain of in regard to the gross value, but under the rateable value which was referred to great inequalities arise.

12,028. But you do think that the gross value for Imperial purposes is on a tolerably uniform basis all over the country?—In large towns, yes; but not in the country—there is a good deal of loss in the country.

12,029. Do you mean in agricultural land?—Yes, in agricultural land.

12,030. Have you any further points to mention?—With regard to legal points; as to the returns by the occupiers called for every five years, the present system in the metropolis is very loose. The return is sent out by the overseers, and it is very often left to take care of itself, there is no effort to get it returned, and the consequence is that in some parishes perhaps 40 or 50 per cent. of the returns never come back.

12,031. Does not the surveyor see to that?—No, there is no duty thrown upon the surveyor of doing

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Valuation  
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Scottish  
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Valuation  
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Rack rent  
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that. Some of the best managed parishes have sent out a refresher; but in the smaller parishes the return is sent out and left at a house, and no further steps are taken to get it.

12,032. But the surveyor sees the returns when they come in?—Yes.

12,033. But when they do not come in, does not he suggest to the overseers that they should take steps to get them?—He has no duty cast upon him to do it. I suggest, in any amendment of the Metropolis Valuation Act, there should be at least a reminder, and, if rent is going to be taken as a basis, I should enforce the penalty. I have only known one case in my 21 years' experience where they enforced the penalty. There is a doubt as to who is to enforce the penalty. There is the word "wilful" in the clause that makes it very difficult to enforce the penalty; he must "wilfully neglect," and the penalty is very small, 5*l.* to 10*l.* I believe that in every valuation that is made, if a few cases where the parties make grossly false returns, or neglect to make the returns, were proceeded against, it would have a very wholesome effect.

12,034. But you cannot go much beyond this 58th section, which says, that if anyone refuses or neglects to make a return, he shall be liable to a penalty of 5*l.*?—I should. Who is to proceed for it? In my experience, I think I have only known of one case in 21 years; the word "wilful" is so difficult to prove, it is "wilful neglect."

12,035. (Mr. Balfour.) I suggest that the penalty should be enlarged, or failing the return of the schedule that some arbitrary amount should be put in like surcharging a man in income tax?—That is a very useful suggestion, that in the event of no return being made, there should be power to increase the rate.

12,036. And if they put what appeared to be an unfair value there would be an appeal against that?—There is that power now.

12,037. (Mr. Smith.) Would you propose to send the return to compound householders?—No, that is one feature in which I think that the Scotch Act is so immensely superior to the English Act, that in Scotland they deal with the few, and not with the many. In Scotland a landlord gets a return, and he has to enter the names of his tenants, and the rents, and the conditions of the tenancy; and, instead of having to deal with a hundred tenants in a parish you have to deal with one owner only, and there is power to check the return, by occasionally sending a return to a tenant.

12,038. You are probably aware that in the poorer districts a return like this is looked upon as a county court process?—I know that is so with tenement holders.

12,039. (Mr. Dalton) I think you are of opinion that the valuation in the City would be considerably higher than now, if you adopted the income tax definition of gross value?—I think so, except that the clause in the Act should be imperative, in the case of repairing leases, to add something for repairs.

12,040. What is the annual loss to the Exchequer, do you imagine, from this low valuation of the City; it must be something serious?—Well, it would be a difficult matter to say that. I think the gross value of the City of London is about four millions. Out of that, of course, there must be deducted properties let on annual rental, which I suppose would be fairly assessed, but I have no doubt the loss is considerable, probably between 300,000*l.* and 400,000*l.* a year.

12,041. How has it quite come about, that this valuation of the City is so low having regard to the powers of the surveyor of taxes under section 53 of the Act; has he not thought it desirable to proceed to extremities in respect of those properties?—Well, if he puts an increased value, of course, he goes before the City of London Assessment Committee, and they adhere to the system; they simply set aside his figures. Then it becomes a question of appealing to the quarter sessions, and that is a very cumbrous process, and can only be taken by the surveyor with the consent of the Inland Revenue.

12,042. Still, if the loss is so great, would it not be worth while to take a few typical cases before the court?—That is a question that should be dealt with by the Inland Revenue. The surveyor could not proceed without the consent of the Commissioners of Inland Revenue.

12,043. (Mr. Elliott.) With reference to what you said just now as to the value of agricultural land, when did you leave your last district which might be called an agricultural one?—In 1877.

12,044. Then your experience since 1877 has been mainly of an urban character?—That is so.

12,045. And you have had no experience as to the effect of agricultural depression upon the value of land, and the effect of agricultural depression upon the valuation of land?—No, I have not.

12,046. (Mr. Stuart.) I understand you to say that from your experience the gross annual value is more fairly estimated, take it as a whole, than the rateable value?—It is.

12,047. Would you say that is true as between London and the rest of the country as a whole, or would you say it is true as between part and part of London. I mean this: does your remark apply in relation to London and the rest of the country, or to one part of London and to another part of London?—My experience is chiefly a metropolitan experience. I would rather speak as to the metropolis. In the metropolis my experience is that it relates largely to classes of property. You arrive at a gross, and then you immediately neutralise, at least you seriously affect, that gross, as far as local rates are concerned, by making unequal deductions. I had a very typical case when in Bermondsey. There were two houses adjoining worth 100*l.* a year each; in one case there was a little gas engine put in, and 5*l.* was added for the value of the gas engine. This 5*l.* brought the house into the category of a factory, and 35*l.* was taken off before arriving at the rateable value, reducing it to 70*l.* The adjoining house, exactly the same kind of house, with the exception of this little gas engine, was classed as a warehouse and one-sixth was taken off. I have frequently had cases of that kind.

12,048. (Mr. Balfour.) What was the price of the gas engine?—It was valued at 5*l.*, and might cost 40*l.* or 50*l.*

12,049. (Mr. Stuart.) Have you any proposal to make or any suggestion to make, whereby the inequalities arising in rateable value, as opposed to inequalities in gross value, could be remedied?—That brings you back again to the Scotch system. Of course it is a revolution, but in Scotland they have practically only one value. They make the valuation roll, and the gross value is the basis, and in many parts of Scotland all rates are levied upon that gross value.

12,050. (Chairman.) Is that so with regard to county rates?—Yes, county rates and other rates as well. In some parishes they have a deduction; they classify the property.

12,051. Are you quite sure? Can you name me any parish in which poor rates are laid upon the gross?—I do not know it personally.

12,052. You had better not give that then?—Quite so.

12,053. (Mr. Stuart.) My question was, have you any suggestion to make as to how to get over the inequalities of rateable value as opposed to those in the gross value, and you were proceeding to answer my question when you were interrupted?—It is a very difficult matter. I am inclined to think that the reductions—the percentages—should be simplified. Just now there are about five or six different percentages, and something would be gained if, instead of having 25 per cent., 29 per cent., 16 per cent., 33 per cent., and so on, you could reduce your per-centage of deduction to two or three scales. In regard to this 33½ for factories, of course that raises a big question. It has been held by the assessment sessions that, even where machinery has not entered into the question of value at all, that if they come up for appeal one-third must be taken off—take, for instance, a factory which has been stated to be at 500*l.*, the overseers have taken no notice of the machinery inside at all, and they thought that they would compromise, and that the ratepayer would consent to the valuation by being put in at 500*l.* with the one-sixth deduction, classing it as a warehouse; the ratepayer has come up and appealed, and the Court have given the one-third deduction. It is a very wide question, but I am disposed to think that that might to some extent be met by making only the engine and boiler with actual power rateable.

12,054. That is the Scotch system, is it not; the engine and boiler fixed and not shiftable shall be rate-

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Scottish  
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Valuation  
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Valuation  
in City of  
London:  
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**Mr. R. Clark.** able?—I do not know. I am speaking from my own observation.

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Site value and structural value: Deductions which should be made in arriving at rateable value. How the present system affects the City of London.

12,055. As to the question of the inequality in rateable value, going beyond the question of gross value, have you considered this question? Let me take the case of two buildings, or two properties rather, one where the site value is 50*l.* and where the building value is 450*l.*, and the other where the two are in equal parts, such as in some portions of the City, probably; do you deduct so much per cent. in both of those cases to account for the repairs?—Yes.

12,056. Is not there an inequality in that?—Very great. That has struck me very much.

12,057. Am I not right in saying that if that inequality were put right, the City of London would have a higher rateable value?—I think probably it would. Take, for instance, the case of a City warehouse, let, say, at 600*l.* a year, the site value of that might be 500*l.* a year, and the value of the buildings only 100*l.* a year. Of course the absurdity of the thing is shown by a case of that kind; one-sixth deduction is given, and the rateable value is only on the 500*l.* simply the value of the site; it all comes off the building. Whether that would lead to an increase of rating value I am not sure, because you would have to separate the two. This warehouse that I am speaking of, if they arrived at the estimate that the buildings were worth 2,000*l.*, and calculating 5 per cent. on the 2,000*l.*, that would be 100*l.*, that would leave 500*l.* for the site.

12,058. Without going into the question of whether it would increase or diminish the amount of the rateable value, it surely is a source of great inequality and injustice as between property and property?—I think so.

Valuation Metropolis Act should be extended to rest of country. But the Act requires certain amendments.

12,059. I presume that you agree with Mr. Male's evidence as to the advisability of extending to the country the metropolitan system?—I do strongly.

12,060. Am I also right in assuming that you agree with Mr. Male that the metropolitan system in itself requires amendment?—Yes.

12,061. And you think that that amendment ought fairly to take place at the same time as the extension to the rest of the country?—I think so.

12,062. You think that the amendment that is required in London is material and important?—It would be a decided improvement; there is no doubt about it.

London County Council have rights of appeal only as ratepayers.

12,063. There is one point which perhaps you can tell me about. As to the London county rate there is no power, or is there any power in the County Council of London, to alter the valuation lists in respect of its own rate, and is there such a power in the county councils outside of London?—I apprehend the London County Council, if a ratepayer in any parish, has the same rights as any other ratepayer, that is they can appeal against any hereditament in the parish, not only occupied by them, but against any one else, and I think they have power to appeal against the totals of value. That is where they are ratepayers.

12,064. *Qua* ratepayer?—*Qua* ratepayer. They have no *locus standi* where they are not ratepayers.

12,065. Are you aware what the *locus standi* of the county council is outside London?—No, I am not.

Valuation (Metropolis) Act should be extended to rest of country.

12,066. (*Chairman.*) Has your country experience led you to form any opinion, if you were going to set up a new system in the counties, what the valuation authority should be?—If you are setting up a brand new system do you mean?

12,067. Yes, a new system of valuation—to what local body would you commit it?—The idea is to extend and improve the existing system, to extend the principles of the Metropolitan Valuation Act to the country.

12,068. That is one idea, but I wanted to take you more in the abstract. I wanted to know what authority you would choose yourself for the country?—If I were to devise a new system my idea would be that the valuation primarily should be in few hands. It should be considerably in the hands of experts, and you should have a strong body to appeal to.

12,069. But I want to get your own opinion as to what should be the local authority under which and by whose directions those experts should work. I want

you to make your choice. There is the parish, there is the union, there is the administrative county, there is the geographical county. Which, or any, of them would you take?—Well, the parish, of course, at present, is the unit.

12,070. I know that, but I want to get from you if you were beginning with a clean sheet of paper what you would do?—If I were beginning with a clean sheet of paper I should be inclined to take the union.

12,071. On what ground?—On the ground that in many parts of England the parish is so small; but there is no other area that I can think of. You can hardly devise a fresh area; but the unions exist ready for your purpose, and I should be inclined to take the union as the local authority.

12,072. You would not go a step further, and take the administrative county?—I would take the union as the initial area, with an appeal to a body representing a larger area. I should rather favour a county board of appeal. Take the union as the primary area and a county board of appeal, comprising either quarter sessions or a committee of the county council.

12,073. Would you like to put any point that we have missed?—There is one point that is rather valuable; in the metropolis the power of one union to appeal against the totals of another union. I have found that in practice exercises a wholesome influence, and I do not know that that has been brought before the Commission.

12,074. That is an existing power in the metropolis which you would extend to the country?—Yes, the power of appealing against totals.

12,075. Is there anything in the London power which you think could be improved?—Yes, in that respect a practical difficulty arose in 1891 or 1892. There were so many appeals before the quarter sessions that the appeals could not be heard within the statutory time, and there was a difficulty in getting the totals altered. The appeals were successful, but a technical difficulty arose in that respect which would require to be seen to; that is, of course, a technicality.

12,076. Have you any other point which we have not spoken of?—No.

12,077. (*Mr. Murray.*) How does the tax district compare with a union assessment area in the country?—They vary a great deal. The tax districts are composed of so many divisions comprising so many old petty sessional divisions. That is one of the great reforms in local administration—I think one of the greatest reforms would be to alter the boundaries of parishes and to bring tax divisions into something like consonance with the union divisions. There is a great overlapping of authority.

12,078. (*Mr. Stuart.*) You spoke about appeals against totals?—Yes.

12,079. And you pointed out that the London County Council might appeal against totals as a ratepayer. I suppose where it cannot appeal against totals you would not object to giving it the power of doing so?—No, I think every body in London partaking from the common fund should have the power to appeal, decidedly.

12,080. Let me take clause 53 of the Valuation (Metropolis) Act, which I have read before, and which you know. Have you as a fact found that the existence of that clause is a strength to you?—Yes.

12,081. Am I right in supposing that the strength it is to you is that it throws the other people into the position of having to attack your figure instead of you having to attack theirs?—That is so.

12,082. When we come to extend the metropolitan system, which you advise us to do, to the rest of the country, you would continue that power in the hands of the surveyor of taxes to the country also?—That would be essential.

12,083. You have pointed out, have you not, that one of the difficulties of your sticking to your proposals right to the end has been that the Local Government Board has not, perhaps, been willing to sanction the expense of the procedure?—That is so; the Inland Revenue Board.

12,084. Would you give to the county council the same powers as in clause 53 when you extend this Act?—Yes, I would give the same powers as the Metropolitan Act.

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Area for purposes of valuation should be the union with an appeal to a county authority.

Appeals in metropolis: power of one union to appeal against totals of another. This provision should be extended to rest of country.

Areas of Poor Law Unions and tax districts should be continuous.

London County Council: Powers of appeal.

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12,085. In this respect I suppose you have proposed, along with Mr. Male, to place upon the local assessment committees in a county, representatives of the county council with a view of ensuring uniformity; just as you put the surveyor of taxes, so you would wish to put him upon the committee as he practically is?—No, I do not think I should do that.

12,086. Do you disagree with Mr. Male in the point of putting assessors from the county council—I am not now speaking of London—upon the assessment committee?—I agree with that.

12,087. But you would not give them the powers of clause 53?—No.

12,088. Why not?—I think it would be making the working of the system extremely invidious if not only the member, but a certain number of the committee, had power to go beyond the decisions of the joint committee.

12,089. Not only the member but the county council which he represents?—You would give the county council representative a vote on the committee.

12,090. That, from Mr. Male's evidence, we have agreed to leave uncertain, but whether he has a vote or not, would you allow the county council to have this power which is in clause 53?—No, I think not. I should rather strengthen the Appeal Court. I am in favour of giving the county council a decided representation in the Appeal Court, but I do not think it would work well to have two officers on the parish committee each with power to object.

12,091. You would bring in the county council's power of levelling the gross or rateable value, making it comparable, each with the other over the county—you would give it the power through putting it strongly upon the Appeal Court?—Yes.

12,092. You recognise it as a necessity that a county council should somewhere intervene?—I do.

(The witness withdrew.)

(Adjourned till to-morrow at 11.30 o'clock.)

## THIRTY-FIRST DAY.

Friday, 11th February 1898.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. J. B. BALFOUR, Q.C., M.P.  
The Right Hon. C. B. STUART-WORTLEY, Q.C., M.P.  
G. H. MURRAY, Esq., C.B.  
C. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.

T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
JAMES STUART, Esq. M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. E. J.  
Harper.

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Mr. EDGAR JOSIAH HARPER, called and examined.

12,093. (*Chairman.*) You are assistant valuer to the London County Council?—That is so.

12,094. And you are appointed by the Council to come here in respect of the subjects with which your memorandum\* deals?—Yes.

12,095. How long have you been in your present position?—Eight years.

12,096. And what previous experience have you had?—My previous experience was with the Metropolitan Board of Works. I have been in the valuation branch of the work, under both bodies, for about 20 years.

12,097. (*Mr. Stuart.*) I understand that you have sent to the Commission a memorandum\* which refers to the assessment machinery under the Valuation (Metropolis) Act of 1869; to the method of determining annual value; to the valuation list totals; and also to recent attempts to obtain a nearer approach to uniformity of practice?—Yes.

12,098. That memorandum, I understand, will be printed by the Commission in full, and in consequence my examination may be somewhat shortened. I now put to you a few questions which will enable you to bring out some of the substance of that without going into it in detail. I see that in paragraph 6 you refer to the non-conterminous character of the areas for Imperial and local purposes. In the matter of London assessment, is it, or is it not, a drawback that taxation areas for Imperial and local purposes, do not always coincide?—Yes, it is a drawback, for obvious reasons. Of course it is only a minor point, but the subject is already very difficult, and the complications that arise add another and unnecessary difficulty. I have prepared a map, which is in the hands of the Commission, which was hanging in the room the 1st time I was here. I do not see it now, but it is not absolutely necessary. The fact is well known that the districts of the surveyors of taxes and the districts of the overseers do not at all correspond.

12,099. The map you put in shows the failure to correspond?—It does, by verges of different colours.

12,100. Then, passing over the description of the machinery of the Metropolitan Valuation Act, and coming to paragraph 9 of your memorandum, you give us the form\* now issued to occupiers for the making of a return defining their interest in the property assessed. What objections do you take, or why do you object to the form of that return?—I do not object to the form of that return as applied to ordinary cases of house property; I object to it because it does not apply to very large and important classes of property, which are not let or occupied in the same way as house property. The return sent, for instance, to a railway company would be a mere farce; it gives them no opportunity of giving to the overseers or assessing authorities any of those particulars which are necessary for the assessment of the undertaking of a railway company.

12,101. You are acquainted with the Bill introduced by Mr. Benjamin Cohen and myself on behalf of the London County Council, entitled "London Valuation and Assessment Bill," ordered by the House of Commons to be printed on the 13th March 1896†?—Yes.

12,102. Would not a large portion, at least, of your difficulties or objections to that form of return be met if clause 83 of that Bill, giving power to vary the forms of these returns by byelaws, were adopted?—Yes, my objection would be wholly removed, because it would be possible to vary the form in accordance with the particular circumstances of each case.

12,103. And that is provided for with other amendments by clause 83 of the Bill that I have referred to?—Yes.

12,104. Will you very briefly state what is the position in London with respect to deductions?—The position in London with respect to deductions is that

Returns issued to occupiers in Metropolis in-applicable to some classes of property.

London Valuation and Assessment Bill, 1896: Some advantages of.

\* Pages 240-50.  
† No. 141 of Session of 1896.



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Deductions from gross value in Metropolis. Deduction of one-sixth almost universal in practice. But this practice is not a satisfactory one. Deduction should be calculated upon structural value alone, not upon total gross value.

they are governed by the Third Schedule of the Valuation Act of 1869.\* That schedule prescribes a scale of deductions which is termed a "maximum"; but as a matter of practice, not only overseers and assessment committees, but also the court of quarter sessions—the ultimate authority as to facts—take that scale as if the word "maximum" were not in it, and they use those maximum rates of deduction as if they were to be the rates of deduction.

12,105. And these rates of deduction vary for different classes of property in a manner set out in Schedule II. of your memorandum?—Yes, that is so. Schedule II. is practically a copy of the scale given in the Act.

12,106. And when we commonly refer to a deduction of one-sixth; we refer to that because that deduction applies to the vast majority of London properties?—Yes, that is so; both as to number and as to value, the vast majority.

12,107. A greater deduction taking place in the case of small properties and of manufacturing premises?—Yes, that is so; and a less deduction in some small cases.

12,108. But the great majority of London properties are subject to a maximum deduction of one-sixth from the gross value, in order to obtain the rateable value?—Legally, subject to a maximum deduction—practically, subject to a deduction—of one-sixth.

12,109. In other words, the deduction of one-sixth, the maximum deduction, is fairly universally adopted? I might say it is invariably adopted.

12,110. May I ask you to explain how in your opinion it is that this practice causes inequalities?—I can best explain that by referring to a diagram which accompanies Schedule III.\* to my printed memorandum. There are there set out eight actual cases in London: the districts and actual figures relating to each case appear in Schedule III., but in the diagram they have all been reduced to a common proportion or per-centage. The diagram is coloured to indicate the different proportions (in these eight cases) which site value and structural value bear to the total rateable value. There is a third section in each case shown by hatching. That represents the difference between gross value and rateable value, being a deduction—the one-sixth deduction in question—which is supposed to be in respect of the average annual cost of the repairs, insurance, and other expenses required to maintain the hereditament in a state to command the rent. Those repairs apply almost *in toto* to the structure, and in my opinion the deduction made on account of the repairs and insurance to the structure should be calculated upon the structural value and not upon the total gross value. At present the law makes the allowance in proportion to the total gross value. The effect is shown by the diagram. In two of the eight typical cases you have a deduction for repairs and insurance, applied almost wholly to the structure, which exceeds considerably the annual value attributed to the structure by the assessment committee.

12,111. In other words, you say that with a small site value and a large building value a deduction of one-sixth on the whole leads to a fair result, that where there is a large site value and a small building value a deduction of one-sixth on the whole would be too great?—Very much too great.

12,112. Can you give me any idea of the extent in London of the inequality produced from this cause that you refer to?—I should say the rateable value of London is at least  $1\frac{1}{2}$  millions less than it would be if those deductions were fairly made.

12,113. By fairly made you mean if the percentage deduction was reckoned on the building value, and was a fair proportion of that building value?—That is what I mean.

12,114. How much do you say it is of annual rateable value?—A million and three quarters.†

12,115. Then you refer in paragraph 17 of your memorandum to another point in which there is a loss in rateable value, namely, to a practice of adding 10 per cent. to the rents of leases in order to produce the gross value. Is that regularly done in London?—I think it is in all districts except the City of London Union. At one time there was great irregularity in that respect, but since the meetings of the Assessment Conference, pro-

noted by the London County Council, that addition of 10 per cent. has been made with practical uniformity in all districts except the City of London. Of course the addition applies only to properties let on lease, but that is a very large class of property, both in number and value.

12,116. Then what is the origin of this adding of 10 per cent., is it statutable or practice?—It is simply practice.

12,117. Will you explain what the addition of the 10 per cent. means—what it is done for?—Experts are of opinion that where you have a fair rackrent reserved under a lease that that is the best test of rateable value, and that rent should appear as the rateable value; but the practice has arisen in the past of taking that rent as the gross value; but that was felt to be extremely unfair, and before the creation of the London County Council overseers and assessment committees had got into the habit of adding something to those rents. No settled proportion had been fixed, but by the resolution of the first Assessment Conference, which met, I think, in 1890, it was agreed that 10 per cent. should always be added to such rents; that was a compromise. The 10 per cent. is not really sufficient, because when you have added 10 per cent., say, to a leasehold rent of 100*l.* a year, you get 110*l.*, which is called the gross value. You then, under the Third Schedule to the Valuation Act, deduct one-sixth from the 110*l.*, and that (omitting fractions or shillings) leaves a rateable value of 92*l.* Now, you add 10*l.* in the first instance, and you subtract 18*l.* in the second: both the addition and the subtraction are supposed to cover the same items of cost, namely, the annual cost of repair, insurance, and similar things.

12,118. I understand from your reply that where there is an addition of 10 per cent. to a lease, and then a deduction of one-sixth, both of these arose from a desire to accomplish precisely the same end, and that they ought to have amounted to equal sums in money?—They should, undoubtedly.

12,119. And inasmuch as the 10 per cent. added is less than the one-sixth subtracted, there is a loss in rateable value?—Yes, and that applies all over London.

12,120. Have you any idea what the amount of loss in rateable value over London is owing to that method, owing to the fact that the 10 per cent. added, and the one-sixth deducted, which are meant to be the same thing, but are not the same amount in money?—I have not worked that out, but it is sure to be a considerable sum, certainly not less than one million.

12,121. You referred to the fact that 10 per cent. was not added in the City?—Invariably, so far as my experience goes; and at the last quinquennial I had a complete copy of the City valuation lists through my hands, and I found invariably that, where a rackrent was reserved in a lease, the amount of that rackrent appeared in the valuation list as the gross value.

12,122. How much would you suppose is thereby lost to rateable value through the non-addition in the City of the 10 per cent. in addition to the sums you have indicated?—I suppose the City alone would account for 250,000*l.*\*

12,123. Have you taken any steps to bring the City to add this 10 per cent. in the same way as you have secured other parishes to add the 10 per cent.?—Yes; the City authorities were, of course, invited to the Assessment Conference, but they did not attend; at any rate with regularity. Then the Council have from time to time, and especially in the year 1895, the year of the last quinquennial valuation, sent to the overseers of the various City parishes, and to the assessment committee of the City Union, long lists of cases where they pointed out that this inequality arose.

12,124. Has the City, in any case, followed your advice?—Not on this point.

12,125. It has not?—It has not on this point; other suggestions which have been made, they have considered, and part of them have been acted upon by the City, but not in this matter.

12,126. How many assessment authorities are there in London outside of the City?—Twenty-nine assessment committees.

12,127. How many assessment authorities are there inside the City of London?—One assessment committee.

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Leasehold property in Metropolis: Addition of 10 per cent. to rents reserved under repairing leases to arrive at gross value, and deduction of one-sixth to arrive at rateable value. Extent of under-assessment due to this cause.

In City of London 10 per cent. not added to rents reserved under repairing leases to arrive at gross value, as in other parts of metropolis. Loss of rateable value owing to this.

\* Page 251.

† See answers to Questions 12,536-41.

\* See answer to Question 12,326.

Deductions in Metropolis: Inequalities of present system and results.

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12,128. How many groups of overseers are there?—In the City there are many groups of overseers; there is a set of overseers for every parish. I forget the number of parishes, but it is over a hundred.

12,129. So that there are over 100 sets of persons in the City from whom the assessment emanates?—Yes, over 100 from whom the assessment emanates. The assessment committee simply revises the figures of those overseers.

12,130. Passing from that, and going to paragraphs 18, 19, and 20 of your memorandum, in what other classes of properties in London do you consider that under-assessment still prevails to any extent?—In the case of freehold properties occupied by the owner; in the case of properties including machinery; in the case of licensed premises; in the case of public buildings occupied by public bodies, and from which no private profit accrues; and such large undertakings as railways, tramways, canals, docks, and gas and water works.

12,131. Have you formed any idea of how much, from your point of view, these properties are under-assessed?—No, I have not gone into figures on that point, and it would be impossible to give any reliable figure without having a great deal more information than it is possible for me to obtain.

12,132. Let us take the case you have referred to; is it not a difficult thing to deal with houses including machinery?—It is most difficult; the decisions of the courts are at variance in some cases, so far as it is possible for a layman to say that; and in any case they are couched in highly technical language, through the necessities of the case; and if you have to make a valuation of property including machinery, it means that you have to call in an expert valuer (which is a considerable expense) and you have also to determine the proper amount of per-centage to take upon the expert's report, and then, again, you have the question as to how much of the machinery is fairly to be taken into account as actually enhancing the value of the hereditament.

12,133. Is the basis upon which machinery is included that it enhances the letting value of the premises?—Yes; unless there is clear proof that the machinery does enhance the value there is no justification for including anything in the assessment in respect of it.

12,134. The practice and decisions on this point are very various?—They are very various, almost as various as the number of cases submitted to the courts.

12,135. Then taking another point to which you refer in paragraph 23; notwithstanding the revisions which have recently taken place in the estimate of the basis of contribution paid by the Government in lieu of rates, do you consider or do you not consider that that basis is still too low?—I think it is, undoubtedly.

12,136. Do you see any difficulty in rating the Government property precisely as other property is rated?—From the point of view of the London assessing authorities I see none whatever. I think that it would be an advantage to the Treasury valuer to have his figures tested in the ordinary way.

12,137. Property belonging to other bodies, such as the County Council and the vestries, is rated in the ordinary way, is it not?—Yes, it is rated just the same as any other property.

12,138. Taking the question of public-houses and the rating of them, has there been any change recently in the method adopted, or what is the method adopted for rating a public-house?—Prior to the Assessment Conference of 1890, I do not think that any method could be said to exist; but since that Conference a more uniform method has been adopted. There has, undoubtedly, been a great deal of attention given to this branch of assessment business, and I think that the result is that it has produced a better approximation to uniformity than previously existed.

12,139. Could you very shortly state to us how public-house property is valued in London?—The difficulty arises from the fact that rentals of public-houses do not represent the rackrent value. They are usually fixed at round sums, and the difference between the rent fixed in the lease, or tenancy agreement, and the real rental value of the premises is taken by the lessor in a capitalised form as premium; but that premium also includes, almost always, a certain sum for the goodwill of the publican's business; and it is a problem which only an expert can hope to solve with any degree of accuracy—to say how much of that

premium is capitalised rent, and how much is paid for the goodwill of the business. In order to avoid expense and arrive at something like uniformity, the Assessment Conference fixed upon the proportion of one-half of such premiums, and that proportion is observed now pretty generally throughout London; one-half of the premium is treated as capitalised rent and converted back into annual value and added to the rent reserved.

12,140. Referring to paragraph 24 of your memorandum, am I right in understanding that London is the only county where the assessment committees' decision as to valuation list totals is practically untested, except to the extent of the few individual cases carried to sessions on appeal?—Yes, London is the only county which is exempted from the operation of the County Rate Act, which enables county councils to fix the basis upon which all parishes contribute to the common expense.

12,141. How does it arise that London is in a different position from other counties in this matter?—It arises from the fact that London is subject to a valuation law of its own, the Valuation (Metropolis) Act of 1869, which created a different machinery for assessment in London from that which obtains in the provinces.

12,142. Do you think it desirable or advisable that each district in London should itself be able to fix its own quota of the local taxation which it has to share with other districts?—No, I do not think it desirable.

12,143. Of course I presume that a certain levelling in London takes place, which does not take place in the rest of the country, by the fact of the intervention of the surveyor of taxes?—Yes, the intervention of the surveyor of taxes, undoubtedly, tends to have an effect of the kind. You see the valuation list in London binds the surveyor of taxes.

12,144. And I presume that a considerable additional step has been taken in securing a greater uniformity of totals by the extra-legal action of the County Council in calling this Conference?—Yes, there is no doubt that has had a beneficial effect.

12,145. But still I am right in saying, am I not, as a matter of fact, each district is able to fix its own quota of the local taxation by this arrangement in London?—Yes, and does so.

12,146. And you think that is undesirable?—I think so.

12,147. Do you know of any reason, in ascertaining the total annual value, why each parish in London, which contributes to the common rates, should not be settled on the uniform basis by the County Council in the same way as the county rate is fixed by the county council of other districts?—I see no reason whatever why it should not be done; on the contrary, I think that would be a desirable course.

12,148. How much per-centage of the rates of London is raised by a rate running over the whole of London?—According to the last figures to which I have had access, it is 68 per cent.

12,149. Is that a larger per-centage than usual in other counties?—Much larger.

12,150. And therefore I suppose you would say that the necessity of fixing the contribution of each locality by some central intervention is more necessary in London than elsewhere?—Certainly it is more necessary.

12,151. And that a reform should be made in that direction?—Yes, I attach great importance to bringing one mind or one movement to bear upon that apportionment.

12,152. By what means would you propose to do that?—Simply by applying to London the existing machinery of the County Rate Act.

12,153. Passing from that to your paragraphs 29 to 33, may we take it that of recent years there has been a considerable improvement in the practice of assessing properties in London?—Outside the City, certainly.

12,154. Would you say by what means that has been brought about?—That has been brought about principally by the fact that the assessing authorities have been brought into much closer touch by reason of the Conferences arranged by the London County Council, and also by the steps taken by the Council in forwarding to all the assessing authorities cases to which they thought special attention should be given.

12,155. And in general, has the action of the County Council in that respect been met with goodwill by the

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County Rates Act: London is the only county exempted from the operation of the Act.

Surveyor of taxes: His intervention in Metropolis valuation tends to create uniformity. London County Council: Their influence has tended to secure greater uniformity in valuation in London.

Common rates in county of London form a large proportion of total. County Rates Act: Should be extended to Metropolis.

Metropolis, valuation in: Improvement has taken place and is due to action of London County Council.

Under valuation in Metro- polis: Under valuation in cases of freeholds occupied by owners, licensed premises, and certain large undertakings.

Machinery, valuation of: Law in respect to.

Government property should be valued in the same way as other property. Basis of present contribution still too low.

Licensed premises, valuation of: Half the premium now treated as capitalised rent.

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assessing authorities?—Yes, so much so, that when difficult questions now arise it is the usual course to appeal to the Council to take up the point, and endeavour to get it settled, as was the case only last year on the question of free libraries. A question was raised there in consequence of the decision in the case of the Mayor of Manchester *versus* Macadam. That was a case involving the assessment of a free library to income tax under a different Act (but still the words of the two Acts were very similar), and the result was that certain overseers omitted the free libraries in their parishes from the valuation lists; others kept them in, and, consequently, a want of uniformity arose. In that state of things the Council was appealed to, and they gave notice of objection to all the lists from which free libraries had been omitted, at the same time suggesting to the overseers of the other parishes that they should put themselves in a position to withdraw the free libraries from assessment in these cases; and having thus kept open the *locus standi* of all parties, they proceeded to take counsel's opinion. The result was to throw considerable doubt on the rateability of free libraries, and, except in the case of one parish, the free libraries were taken out of assessment.

12,156. All this action of the London County Council has been done without the sanction of law?—Quite so, as *amicus curiæ*.

12,157. And in consequence there are certain very marked exceptions in which there is an inequality in certain parishes and districts in London, who have not followed with the rest generally?—That is so.

12,158. I have already referred to the London Valuation and Assessment Bill,\* introduced by Mr. Cohen and myself, on behalf of the London County Council, which was to give statutory authority for doing what gentlemen like you have practically done; would you approve of that section of the Bill?—Certainly.

12,159. Is there not a power which the County Council has of appealing in certain parishes, because of its having property and being a ratepayer in those parishes?—Quite so, that is, in the capacity of the Council as a ratepayer—in an individual capacity, if I might say so, in distinction from its public capacity.

12,160. In how many parishes of London is the London County Council a ratepayer outside of the City?—In the case of parishes or unions, I think we are ratepayers in every district except one.

12,161. And then the City of London, in which you say there are about 100 parishes: in how many of these parishes are they ratepayers?—In three.

12,162. And therefore they cannot appeal in the others as a ratepayer?—No they cannot.

12,163. But the proposed amendment in the Bill that I have referred to would give them that power?—Yes, it would give power to appeal in any parish in the City or elsewhere in London, and I think there should be not only an appeal, which means an appeal to quarter sessions, but also power to object, which means more or less friendly discussion of the matter before the assessment committee.

12,164. In fact the London Valuation and Assessment Bill gave power both to appeal and to object?—Yes.

12,165. Could you mention the clause of the Bill in which it gave the power of objecting and the power of appealing?—Unfortunately my papers were to have been sent on here, but they have miscarried.

12,166. I think clauses 40 and 46 are the clauses of appeal, in which it says that the Council and any ratepayer within the parish to which a valuation list relates, &c. &c. may appeal?—Yes.

12,167. And an earlier clause (No. 23) gives the Council the right of objecting?—Yes.

12,168. And you regard these two clauses as important?—They are very important.

12,169. Are there any districts to which you could indicate to the Commission where under-assessment is prevalent?—The only district in which it would be fair to say that under-assessment was prevalent—apart from that serious case of the invariable deduction of one-sixth, to which I have already alluded—is the City of London Union.

12,170. What in your opinion is the extent of under-assessment in the City of London apart from or including those causes which you have already indicated

to the Commission?—Well, including the causes I have already indicated, there would be at least 700,000*l.* per annum rateable value.

12,171. Then if the London Valuation and Assessment Bill to which I have referred were passed into law and the provisions of the county rate were extended to London in addition to the provisions of that Bill, do you then think that with these two reforms uniformity of assessment in the metropolis would be sufficiently attained for all practical purposes?—No doubt there would be a very much greater approximation to uniformity, but I do not think that even those two reforms would be sufficient to deal with very valuable undertakings such as railway companies and the like.

12,172. On what do you base that view?—I base that view on the fact that these undertakings are generally assessed in a totally different manner from all other hereditaments in the country. They are practically taken at an arbitrary proportion of their profits.

12,173. Then taking all the various properties in London, which are outside the ordinary annual tenancy idea, can you give me the figures of what they come to altogether—railways, licensed premises, public buildings, and the like?—The figures taken from the quinquennial valuation of 1895-96 are as follows:—Railways, 3,865,861*l.*—that is, rateable value; licensed premises, 1,754,335*l.*; public buildings, 323,905*l.*; livery halls, 64,709*l.*; public elementary schools, 317,998*l.*; total, 6,326,808*l.* The total rateable value of London for the same year is 35,833,468*l.* 10*s.*, so that over one-sixth of the rateable value represents property which is not and can not well be assessed on the same basis as the remaining five-sixths.

12,174. Taking the case, say, of railways, as an example, would not the treatment of these complicated undertakings by one mind, as you have said already, be productive of benefit?—There is no doubt it would be: it has been found to be so in Scotland.

12,175. How would you propose to deal with those matters then, such as railways, in London?—There was a clause in the Bill\* to which reference has been made providing that in London all those undertakings should be valued by a central authority. That clause was omitted from the Bill of 1896, but I see no reason why it should not be restored.

12,176. Do you know the views which have been expressed by the courts as to the application of the principles of valuation to properties which would not in practice be let to tenants?—Yes.

12,177. Have they been uniform or various?—They have been to the general effect that the basis of an assessment laid down by law is not applicable, and show that it was never intended to apply, to such subjects as we are just now talking about. [*The witness here stated that he had several extracts from remarks on the question made by the judges in various cases, and the Chairman stated that they would look at them.*] I may say this, that the principal one is Lord Campbell's appeal to the Legislature to deal with the assessment of railways by special legislation. He had a case before him relating to the assessment of a portion of the Great Western Railway, and he deferred judgment because he said that the existing law was wholly inapplicable, and he looked to Parliament to amend it, so far as railways were concerned.

12,178. Do you think it possible to obtain an equitable apportionment of local rates on the basis of rating value, as at present defined by statute and interpreted by the courts?—No, I do not.

12,179. Have you anything more to say upon that, as to what you believe further could improve the condition of things?—Well, I am in a difficulty owing to the fact that I am sent here by the County Council to speak only as to facts; I am not supposed to put forward in their name any suggestion for amendment or any theory of my own.

12,180. Now before we leave that subject of the London Valuation and Assessment Bill, which I have already referred to several times, would you say to which of the provisions of that Bill you attach the most importance?—To those which bring the local assessing

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Properties of an exceptional character in the Metropolis. Valuation should be made by a central authority. On what basis and principle they should be dealt with.

London County Council should have power to make objections and to appeal in every parish.

Under valuation is prevalent in the City of London.

\* Clause 46 of Valuation (Metropolis) Bill, No. 130 of Session of 1894.  
† See *R. v. Great Western Railway*, 1851 (Lord Campbell, C.J.), 15 Q.B. 1085; *R. v. West Middlesex Water Company*, 1859 (Wightman, J.), 23 L.J., M.C. 135; 5 Jur. N.S. 1,159; 1 El. & El. 710. *Sheffield United Gas Light Company v. Overseers of Sheffield*, 1863 (Blackburn, J.), 4 B. & S. 135. *Smith v. Churchwardens of Birmingham*, 1889 (Lord Coleridge, C.J.), 58 L.J., M.C. 161. *London County Council v. Erith, &c.*, 1893 (Herschell, L.C.), 63 L.J., M.C. 2.

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authorities (meaning, in the first instance, the overseers) into closer touch with each other and the central authority; the provisions for a periodical conference; the provisions for the issue of byelaws from time to time as the result of the deliberations of this conference; and the provisions to which you have already referred giving the central body power in special cases to object before the assessment committee and appeal to quarter sessions.

12,181. You have already said that you would be glad to see re-introduced into that Bill a clause which was put into it originally for the valuation of railways and other undertakings by a central authority?—Yes, I would.

12,182. And you would add to that Bill, as you have already stated, as I understand, the application of the County Rate Act to London?—Not only that, but I would extend the operation of the County Rate Act. The County Rate Act deals only with the basis of the county rate made by county councils; but in London there are a number of rates—besides the county rate—which are levied by an equal pound rate over the whole of the county, and if it could be made applicable to those rates as well it would be an advantage.

12,183. In your memorandum I observe, in paragraph 35, that you refer to the valuation of the metropolis and the rest of England, and you there point out that the valuation of the metropolis for Schedule A. of the Income Tax Act, is the same as the gross value for local rates; but in the rest of England the Schedule A. valuation is eight millions more than for local rates. To what causes in the main do you ascribe the difference between the standard of assessment in London and in the provinces?—I think, in the first instance, the absence of any co-operation by the surveyor of taxes in the provinces is a misfortune. You see their figures are eight millions more than the figures of the overseers and assessment committees. Then in the provinces there is a different law; they have greater elasticity in their procedure, and not so much attention is paid to assessments as is paid in London. Then the parishes in the provinces have not the same interest as parishes in London have to see that their neighbours are kept up to a fair level, because the common rates are a small proportion of the total rates levied—in London they are a large proportion. Before the County Council existed individual parishes actually took action by way of appeals against totals to try and remedy the under assessment in other parishes.

12,184. Since the County Council came into existence the parishes have left that to the County Council?—Yes; they think that is the proper duty of a central authority.

12,185. Have you considered that any serious difference between London and the provinces results from the under-assessment of the latter on the poor rate valuation?—Of course there is the obvious inequality between London and the immediately circumjacent districts which share certain local expenditure with London, because that expenditure is apportioned on the basis of rateable value. But rateable value, as a matter of statistics, is being used very generally as a basis of comparison, and, as things stand now, so far as the practice of assessment goes, to use rateable value as a basis of comparison is undoubtedly misleading.

12,186. When you say that there are charges which fall in proportion to the rateable value on London and the outside area near it, what do you refer to?—The police rate, for instance, and certain charges in respect to the use of the main drainage system, of which outside parishes have the benefit.

12,187. Would not the water be charged in the same way?—Of course, but that is on a different basis; that is not a municipal charge.

12,188. So far as growth of value is concerned, is it your opinion that London has increased more than other urban districts upon the whole?—Much more rapidly. That is shown by the table to paragraph 39 of my memorandum. The increase for London, between 1868 and 1894, was at the rate of 100·94 per cent.; the increase during the same period in the rest of England and Wales was at the rate of 51·79 per cent.

12,189. Then how does this rapid growth of value in London affect the basis of assessment?—In my opinion, it creates the whole difficulty. That is shown to a certain extent by the explanation I previously gave as

to the unfairness of a one-sixth deduction under all circumstances; but as London grows in value the disproportion between site value and structural value—the two elements of which rateable value is made up—infinitely tends to produce inequalities and unjust sharing of rate burdens.

12,190. I wish to pass in very rapid review one or two papers to which you desire to refer the Commission but which are printed elsewhere, and which will, of course, not be reprinted in our Appendix. The first to which you have called our attention is that of the Quinquennial Valuation of 1896, containing a return of the assessment of buildings used for public purposes, except Government property and schools\*?—I wish to call the attention of the Commission to that document. I think it illustrates the action that I have been endeavouring to describe as taken by the London County Council in past years.

12,191. You mean it illustrates the action of levelling up in various districts of London, and the accomplishment of a more uniform basis?—Yes. In this particular case, when the Council first began to move, public buildings in some parishes were either not in the valuation lists at all, or they were assessed at merely nominal figures. Looking through this return you will see that they certainly approximate very much more closely to a uniform basis than they did some ten years ago.

12,192. In this return you place before us in each separate parish the valuation now existing as settled by the assessment committee of the following properties—the Council's property, free public libraries, baths and wash-houses, poor law buildings, and municipal buildings?—Yes. That division was made, of course, when public libraries and baths and wash-houses were managed by separate commissioners; now they are nearly in all cases managed by the vestry, and would come in a revised return under municipal buildings.

12,193. Have you anything further to say upon that report?—I think the report and the tables speak for themselves.

12,194. The next document that you wish to call our attention to is one entitled, "The Assessment Conference of 1893-94," containing the resolutions passed at the Conference of representatives of metropolitan assessment authorities invited by the London County Council, with a view to the consideration of pending questions of assessment procedure and practice?—Yes. That is a sample of what would be done by way of byelaw if the proposed London Valuation and Assessment Bill passed into law.

12,195. Am I right in supposing that this document gives the suggestions which would be byelaws if there was a statute to that effect with respect to promoting uniformity in assessment in weekly and monthly tenancies, in quarterly and yearly tenancies, and three years' agreements, in agreements and leases for a term, in respect of freehold properties, and rows of similar houses, in respect of premises licensed for the sale of intoxicating liquors, and also in order to obtain the rateable value from the gross annual value?—Yes. That last is simply a working out in figures of the Third Schedule to the Valuation (Metropolis) Act.

12,196. But it has an important addendum, surely. "The deductions shown in Table B. hereto annexed, are the maxima allowed by the Act (excluding fractions of a pound) in respect of clauses 1 to 5, in the Third Schedule of the Valuation (Metropolis) Act, 1869, but ought not to be allowed in full where the site value exceeds one-third of the total value"?—Yes, that is important; but at the present stage it is only the expression of a pious opinion, and has not been translated into fact.

12,197. That portion of the suggestion has not been adopted, you mean, by the assessment committees generally?—No, it has not.

12,198. Have the other suggestions been adopted generally?—Yes, I think so, using the word "generally" in a wide sense.

12,199. In addition to the points I have already asked, is it not the case that these suggestions refer

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Buildings used for public local purposes, valuation of: Return by London County Council giving particulars of.

Assessment Conference, 1893-94, convened by London County Council: Return by London County Council containing certain resolution passed.

\* London County Council, Quinquennial Valuation, 1896: Return of Assessment of Buildings used for Public Purposes, except Government Property and Schools (No. 297). P. S. King and Son, Great Smith Street, Westminster, S.W.

† London County Council Return, Assessment Conference, 1893-94. Resolutions, &c. (No. 108). P. S. King and Son, Great Smith Street, Westminster, S.W.

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Provisional and Supplemental valuations. Occupiers returns should be compulsory. Metropolitan valuation in. Alterations in assessments suggested by London County Council. Return by London County Council giving particulars of.

also to the date of the valuation lists, to the assessment of Government property, to the provisional and supplemental lists, and to the assessment of advertisement hoardings?—Yes.

12,200. Before we leave this document, may I ask if you have anything to say with respect to the provisional and supplemental lists; are they satisfactorily made up at present under the Act?—They would be more satisfactorily made up if the return, which is now compulsory from the occupier in the case of a quinquennial valuation list, were obtainable in respect of the provisional and supplemental lists.

12,201. The next document to which you wish to call our attention is entitled "The Quinquennial Valuation 1896. Return of Alterations of Assessments informally suggested by the Council"?—Yes, that is the next document.

12,202. Am I right in supposing that you place that document before us in order to bear out your evidence as to the method in which the Council has acted?—Yes, exactly so.

12,203. These assessments have been informally suggested to different assessment committees: Have they been frequently adopted by these assessment committees?—In that respect the return speaks for itself. The course adopted was to forward lists to each body of overseers and assessment committee concerned, accompanied by an offer to attend the assessment committee and discuss the cases if invited to do so. The offer thus made was accepted in the majority of cases, and in two instances officers of the Valuation Department of the Council were invited to sit with the assessment committee throughout the progress of the re-valuation.

12,204. This document contains for a large number of properties, first, the overseers' valuation; second, the London County Council's estimate suggested to the assessment committee; and third, the assessment committee's decision?—Yes, and in addition, in a column headed "Remarks," it gives in the majority of cases the actual facts as to the way in which the properties were held—the rents payable, the premiums paid, and so forth.

12,205. In reference to this document, the object of my question is to see what has been the basis of your suggestion, and how far that suggestion has been followed. In the first place, I will take one or two public buildings. Let us take the Bank of England in the parish of St. Margaret, Lothbury (on page 24), the rateable value of that portion of the Bank of England which is in that parish is given in the overseers' valuation as 18,926*l.*—Yes.

12,206. But, as suggested by the County Council, it was 35,834*l.*?—Yes.

12,207. What was the cause of so great a discrepancy?—I am unable to explain how it was the overseers put the rateable value so low. The figure put forward on behalf of the Council was the result of a valuation made by three very eminent surveyors, Mr. Daniel Watney (a past president of the Surveyors' Institution), Mr. G. A. Wilkinson, and the late Mr. Arthur Garrard. I have, however, heard rumours—I can put it no higher than that—that some portion of the Bank of England is subject to a limitation in the matter of assessment by a private statute. What the nature of that limitation is I have never been able to ascertain.

12,208. I think that you can tell me what the total valuation of the Bank of England is in the three parishes in which it is situated?—Yes. The overseers at the last quinquennium put it at 50,835*l.* rateable; the assessment committee increased that figure to 55,455*l.* rateable; and the valuation made by the three gentlemen I have named, on behalf of the Council, amounted to 108,335*l.* rateable—nearly double the assessment at which the property stands.

12,209. Who valued the Bank of England; who are the overseers of the district?—The overseers of the parish of St. Margaret, Lothbury, of the parish of St. Christopher-le-Stock, and the parish of St. Bartholomew-by-the-Exchange.

12,210. What other property is there in these three parishes, or any of them, besides the Bank of England?—So far as value is concerned, the Bank of England

forms the major proportion, but there are in the parish of St. Margaret, Lothbury, of course, buildings on the other side of Lothbury and on the other side of Princes Street; in the parish of St. Christopher-le-Stock is included a part of the Royal Exchange, and in the parish of St. Bartholomew-by-the-Exchange is included a considerable part of the Royal Exchange itself, and portions of Throgmorton Street and Chapel Court.

12,211. But I should be right in supposing, should I not, that the Bank of England forms a very large portion of the rateable value of those parishes?—Yes, undoubtedly.

12,212. Who appoints the overseers of those parishes?—I am afraid I am not sufficiently master of the local government in the City to say absolutely, but I presume that they are appointed by the vestry of each parish.

12,213. What does the vestry of each parish consist of?—Now I am getting beyond my depth; I think Mr. Gomme could tell you all about it.

12,214. Generally speaking, are the banks and insurance offices and public buildings, if you may call them so, of the City undervalued in anything like that proportion?—They are not undervalued in quite the same proportion as the Bank of England, but in many cases in proportions approaching to that.

12,215. Are they?—Yes; the Mercers' Hall, for instance.

12,216. Can you tell me what is the valuation of the Mercers' Hall?—I will not press the question if you have not got the figures immediately before you?—I have not got them here unfortunately.

12,217. Then I will ask one question about another bank to see how you would consider it. Take the London Consolidated Bank, 52, Threadneedle Street; will you tell me what the valuation is, and what the County Council put it at?—The Consolidated Bank is in the parish of St. Benetink, Bishopsgate (see page 19). The overseers put that at 3,750*l.* rateable value; prior to the quinquennial valuation it stood at 2,917*l.* rateable, so that was an increase. The Council suggested that it was worth 5,084*l.* rateable value, but the assessment committee confirmed the overseers' figure of 3,750*l.*

12,218. You have published from the County Council, have you not, with relation to the Quinquennial Valuation of 1896, two returns, one of the assessments of banks and the other of the assessments of insurance offices in the City of London?—Yes, and a third with regard to the assessment of the halls of the livery companies. I had copies among my papers sufficient to hand round to the members of the Commission, but as those papers have miscarried, unfortunately I am not in a position to do so at the moment, though I shall be by-and-by.

12,219. Are the figures of the Consolidated Bank that I took fairly indicative of many others?—It is one of the worst cases.

12,220. I did not mean to put the worst case; turning from these buildings of a more or less public character and referring to the return of the alteration of assessments informally suggested by the Council look for a moment at Nos. 7, 8, and 9, Throgmorton Street, and Chapel Court, on page 19, which again I merely take as a sample; tell me what are the overseers' valuation, the County Council's assessment and the assessment committee's decision as to those premises?—The overseers' valuation was 6,667*l.* rateable; the County Council's estimate was 12,705*l.* rateable; and the assessment committee's decision was 6,667*l.*

12,221. Have you any knowledge of what is the ground of the very great difference, 100 per cent. between the overseer's valuation, and the County Council's estimate?—No, I have no idea of what the overseers have to say for themselves.

12,222. In a case like that have you any power of appeal?—No, the central body has none.

12,223. Then your power has been limited to that of any other person making a suggestion?—Practically we have no *locus standi* at all. We take upon ourselves to make a suggestion, but the assessment committee of the union were legally within their right in paying no attention to it.

12,224. Why did you value that particular property at all?—We had a right at the time that property was valued to appeal, not against individual assessments, but against the total of the City of London Union. That appeal, however, fell through, on a technical point.

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Certain banks and buildings the City of London, valuation of: Suggested by London County Council that they are undervalued.

London County Council Powers appeal.

\* London County Council, Quinquennial Valuation, 1896: Return of Alterations of Assessments informally suggested by the Council (No. 299), P. S. King and Son, Great Smith Street, Westminster, S.W.

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12,225. Follow that out for a moment: am I right in understanding that the County Council has a right to appeal against the totals?—Against the totals—common with any other body levying rates.

12,226. I think it did appeal against the totals in connexion with the parish of Marylebone, was it not?—The parish of Marylebone, the parish of St. George, Hanover Square, four parishes in the Holborn Union, and the majority of the parishes in the City of London Union.

12,227. What was the ground on which that appeal was not continued, or dismissed?—On the ground, as stated by the Lord Chancellor in giving judgment in the House of Lords in the St. George, Hanover Square, case, that an appeal against totals was not the proper course to adopt to remedy under-assessment in individual cases.

12,228. In other words that you would be required to appeal in each individual case?—Yes; which we have not power to do.

12,229. So that the County Council was in this position, that having power to appeal against totals, having appealed against totals, it was decided in the House of Lords that an appeal against totals was improper, and could only be carried out by an appeal against special cases, but the County Council has no power to make an appeal in special cases?—Yes, that is so.

12,230. Therefore the County Council is left powerless to remedy under-assessment of this kind?—Altogether powerless.

12,231. Am I right in supposing that a number of parishes, however, owing to the suggestions of the County Council, have considered the alterations in totals suggested?—Yes, they have; and certain overseers in the City of London have done so, not to any large extent, but it is fair to say that they have done so in some parishes.

12,232. Is it the case that all the large instances of change or amendment in the totals have been ruled out and rendered ineffective by that decision?—Yes, that is so.

12,233. Let me take another case simply to illustrate the same position: Will you take numbers 15 to 21, Throgmorton Street, which are part of the Stock Exchange, and which are shown on page 19 of the return of alterations suggested by the Council, to which we have referred several times, and tell me what are the overseers' valuation, the London County Council's estimate, and the assessment committee's decision in that case?—The overseers' valuation was 10,000*l.*, the County Council's estimate was 20,630*l.*, and the assessment committee's decision was 10,000*l.*; all figures being rateable.

12,234. You cannot say, can you, what was the cause of these differences—why the overseers put it so low and you so high?—I might suggest that they were not sufficiently aware of the value of property in their parish, and that they probably did not obtain expert advice. That is the only suggestion I can make to account for it.

12,235. But now, if that be so, let us look at some of the cases where the amount at which the property is let on lease is given, or of which the rental is known. Turn, for instance, to page 23 of the same return, and look at number 36, Bishopsgate Street, in the parish of St. Helen, Bishopsgate. Tell me how the facts stand as to that?—That is let at a rent of 375*l.* per annum, and the overseers' valuation was 250*l.*

12,236. Rateable?—Yes; the Council's estimate was 313*l.*, and the assessment committee's decision was 250*l.* That rent you will notice is not a rent on a lease, but on an ordinary tenancy.

12,237. 375*l.* being the rent on an ordinary tenancy, the gross taken by the overseers is 300*l.*, and the gross taken by the County Council is 375*l.*?—Yes, that is so.

12,238. Do you know of any reason why the overseers there should take the gross at less than the actual rent?—No, I know of none.

12,239. Then let us take the case of a lease. Turn to page 17, and take 27, Bush Lane, in the parish of All-hallows-the-Great, and tell me the facts with respect to that?—That is let on lease at 775*l.* per annum. The overseers' valuation was 459*l.* rateable, and that was confirmed by the assessment committee; the Council

suggested 709*l.* rateable, that being arrived at as suggested by the Assessment Conference by adding 10 per cent. to the rent, and then deducting one-sixth from the sum so obtained.

12,240. I observe here that although the property is let on lease at 775*l.* per annum, the gross taken by the overseers, and finally settled by the assessment committee, is only 550*l.*?—Yes, that is so.

12,241. Can you give any reason for that?—No, I am quite at a loss to account for such a large under-assessment.

12,242. Are the cases I have taken typical of many other cases in this document?—Yes

12,243. About how many cases do you suppose are dealt with in this document?—Something like 1,500 cases, I think.

12,244. Would you say that these inequalities would be largely removed if the alterations in the law that you have referred to in your evidence were adopted?—There would be machinery for removing them, of which advantage could be taken.

12,245. When these properties in the City of London or elsewhere are undervalued in this way, what is the effect upon other districts of London of that undervaluation?—The amount of under-valuation in the City causes the proportion of the common rates charged to the City to be less than it otherwise would be, and the difference has to be spread over the totals of all the other parishes and made up by them.

12,246. In other words, if the City were undervalued to the extent of a million, that would mean that the rate levied upon that million by the central authorities would have to be paid by the rest of London?—Yes, that is so.

12,247. And, as you have already said, 68 per cent. of the rates of London are raised by rates running over the whole of London?—Yes, that is so.

12,248. For rates that are not common over London, the only effect of under-valuation of certain properties in the City would be that other properties in the City not under-valued have to pay more?—Yes, that would be the only effect.

12,249. Leaving that document, there are one or two others, I believe, to which you desire to call our attention, and which may be very briefly treated. The next still deals with the Quinquennial Valuation of 1896, and is called a "Return of the Assessments of Public Elementary Schools."\* Why do you call attention to that?—Your attention is called to that because it was thought that the figures which show the assessments on all public elementary schools in London at the Quinquennial Valuation of 1896 might be valuable to the Commission. This return was not prepared so much to show the results of any central action upon the valuation of London as to throw light upon the bearing on the rates of London of the proposal made in the Education Bill which was passing through the Houses of Parliament at the time this table was prepared. That was the origin of this table.

12,250. Is there any remark that you want to make upon it?—Nothing further than that.

12,251. The next paper to which you wish to call our attention still refers to the Quinquennial Valuation of 1896, and is entitled a "Return of Objections made by the Council to the Incorrect Assessment of Properties in Private Occupation in London, excluding Public Buildings and Schools"†?—Yes, that is the next.

12,252. Am I right in supposing that these are a series of cases somewhat similar to those that we were discussing more at length a few minutes ago, but that they are cases in which the Council has not suggested, but has made, objections or appealed?—Yes, that is so. The reason of the preparation of this table apart from the larger one dealt with next previously but one, was the fact that the Council were urged by parishes interested in the matter of uniformity not to confine their action to a mere friendly suggestion, but in certain special cases to serve a formal notice of objection in order to preserve a *locus standi* for appealing to quarter sessions if necessary. No appeal

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Schools, valuation of: Return by London County Council giving particulars of.

Objections to certain valuations made by London County Council, Return giving particulars of.

\* London County Council, Quinquennial Valuation, 1896: Return of Assessments of Public Elementary Schools (No. 206). P. S. King and Son, Great Smith Street, Westminster, S.W.  
† *Ibid.* Return of Objections made by the Council to the Incorrect Assessment of Properties in Private Occupation in London, excluding Public Buildings and Schools (No. 205).

Certain property in the City of London: Alleged by London County Council to be undervalued.

Mr. E. J. Harper. to quarter sessions was, however, decided upon in any of those cases.

11 Feb. '98 12,253. I observe a difference between these figures and those we were dealing with before, though it would appear as if the County Council figures have been more adopted in this small return than in the large one?—Yes, I think that is so. You will see some cases where the Council's figures have not been adopted, but in most cases some increase has been made.

12,254. We will take the Whitechapel Union, on the last page of this document. Tell me in that case what were the overseers' valuation, and Council's figures, and the assessment committee's decision—it is the case of Truman Hanbury's Brewery in the Whitechapel Union?—The overseers' valuation was 5,850*l.*, the Council's figure was 7,500*l.*, and the assessment committee confirmed the overseers' figures.

12,255. Was this 7,500*l.* of yours put as a suggestion or as an objection?—As an objection.

12,256. On what ground could you object—were you ratepayers in the Whitechapel Union?—We were ratepayers in the Whitechapel Union.

12,257. Was that objection considered by the assessment committee?—Yes, fully considered.

12,258. Then the last return to which you wish our attention called is still connected with the Quinquennial Valuation of 1896, and it is called a "Return of the Assessments of Licensed Premises."\* For what purposes do you call our attention to that?—In order to show the increase which has taken place in the assessment of licensed premises, generally, in London, in consequence of the resolutions governing that branch of the subject passed by the Assessment Conference. The credit of the idea belongs to the Mile End Old Town Assessment Committee, who sent to the Council a statement on these lines so far as their own hamlet was concerned. It was decided to extend the return to the whole of the county, and with the assistance of the local assessing authorities that was done. You will see from the summary on page 5 of the table that there are 7,907 licensed premises in London, that the rateable value in force prior to the quinquennial valuation was 1,542,100*l.* that that was increased by the overseers on depositing their lists to 1,751,479*l.*, and that the assessment committees still further raised the overseers' figures to 1,754,335*l.* That was an increase in the rateable value caused by the quinquennial valuation of 212,235*l.*—13·7 per cent.

12,259. In addition to the various questions that I have asked you, and the information that you have given us, is there any other point that you wish to say anything on before the other Commissioners examine you?—I have nothing else to say.

12,260. (Chairman.) There are one or two questions I want to put to you for the sake of elucidating some of the points which I think were left at the moment a little in doubt when Mr. Stuart was examining you. First, as to the county rate basis, just let us see whether we can agree upon the exact position in which it stands. I suppose I am right, am I not, in saying that up to 1869 there was a county rate basis for London as for the rest of the country; but that what we now know as the county of London was situated in three counties?—I believe that, practically, that was the case, but I speak with diffidence on the point because I am not an expert in local government—only in valuation.

12,261. You know then that it was by the Metropolis Act of 1869 that London was taken outside the scope of that?—Yes, I am well aware of that.

12,262. Then it was by the Local Government Act of 1888 that London was created a county?—Yes.

12,263. But it was not under that Act given the power to have a county rate basis of its own?—That is so.

12,264. I understand that your case on that point is this—that the London County Council should have the same power of making a county rate basis for the county of London as other county councils have for their counties?—Yes, I think that would be desirable.

12,265. Is there any other point in regard to it; is that the whole of it, or have I left out anything that you would like to add?—I think it would also be an advantage, if, instead of confining the action of the

County Rate Act to the county rate in London it should extend to the police rate, and to all other rates which are levied by an equal pound rate over the whole of the county.

12,266. On the ground, as you have told us a moment ago, that the gross amount of what we call the common rates is 68 per cent., and therefore larger than the common rates in other counties?—Yes.

12,267. I want you to tell me exactly what is the lesson which you want the Commission to learn from the return of alterations of assessments informally suggested by the Council to which you have referred us?—The object of putting forward this return is simply to show the Commission what is being done informally by the Council without any legal status or position.

12,268. Quite so, and I do not find fault with it, but the result of it is that in many cases the suggestions of values put forward on behalf of the London County Council have not been adopted?—That appears to be so pretty generally in the case of the City of London Union.

12,269. I want to know what is the lesson you want us to draw from that?—The lesson that I would suggest should be drawn is that, in the City of London Union, where the Council have no power to enforce any opinion they may have by way of appeal, their suggestions are practically disregarded, but in other districts where they have, as individual ratepayers, the right of objecting and of appealing to sessions, more attention is paid to their objection.

12,270. What tribunal do you suggest should hear the appeal?—Of course I am not entitled to make a suggestion of that kind on behalf of the Council; but I am not inclined personally to make any suggestion for the improvement of the existing tribunal of quarter sessions—that is rather a legal point. No doubt that court is seriously over-burdened with work. In the case of the quinquennial valuation, which should have come to an end on the 31st March 1896, so far as the court of quarter sessions work is concerned, the appeals are actually not all disposed of to-day.

12,271. I quite understand that you are not here to speak as to policy, or what tribunal should be suggested, but as you have had more than 20 years' experience of valuing, I should rather like to know whether you feel inclined to say what sort of tribunal you think gives the most satisfactory decisions in these rating appeals?—As far as regards the quality of the tribunal I have no fault to find with the London Quarter Sessions. The only thing is that you cannot get your appeal heard there because of the crush.

12,272. You indicated a moment ago that that body was largely in arrear with its work?—Yes; they are nearly two years in arrear with the work on the quinquennial valuation of 1895.

12,273. Is there any reason for that that you know of except the overwork and the large mass of business?—There is no reason that I am aware of. Of course that court has to dispose of a large amount of criminal business, and other business as well.

12,274. I suppose in these individual cases, to which in the course of Mr. Stuart's examination you called our attention, the Inland Revenue authorities must have been satisfied with the valuation?—Of course I cannot speak for the Inland Revenue authorities, but I should be extremely surprised to hear that the highest authorities at Somerset House were satisfied with the state of things that prevails in the City, for instance.

12,275. They have the power of appeal?—They have.

12,276. And they have not exercised it?—They have not exercised it.

12,277. It is not your experience that they are usually too easily satisfied, is it?—I am not in a position to say, but of course a great deal depends on the action that each individual surveyor of taxes may think it right to take.

12,278. You would not put it forward to me, I suppose, that the mere fact that a body of experts, however eminent, employed on behalf of the County Council had differed from the overseers is in itself conclusive of the under-valuation?—It is not absolutely conclusive, but in the absence of any expert evidence on the other side, I think a strong *prima facie* case has been made out.

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Return by  
London  
County  
Council  
giving  
particulars  
of.

Appeals in  
Metropolis.  
Constitu-  
tion of  
London  
Quarter  
Sessions is  
satisfac-  
tory, but  
they are  
over-bur-  
dened with  
work.

Inland  
Revenue  
officers:  
Powers of  
appeal, how  
far exer-  
cised.

\* London County Council, Quinquennial Valuation, 1896: Return of the Assessments of Licensed Premises (No. 226). P. S. King and Son, Great Smith Street, Westminster, S.W.

Licensed  
premises,  
valuation  
of:  
Return by  
London  
County  
Council  
giving  
particulars  
of.

County  
Rates Act:  
There  
should be  
the same  
power in  
Metropolis  
of making  
a county  
rate basis  
for county  
of London  
as is vested  
in county  
councils  
outside  
Metropolis.

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Site value  
and structural value:  
How far  
possible  
and desirable  
to separate  
them.  
Suggested  
difficulties.  
Question of  
the proper  
deductions  
to make.

12,279. Yes, to this extent, that it is desirable to have a thoroughly independent tribunal to hear these disputed cases?—Yes, a tribunal that would take account of such evidence as has been got together and put forward.

12,280. I want to have a little further explanation of the diagram which you put before us.\* I understand that Column No. 1 relates to the district of Fulham, No. 2 to Regent's Park, No. 3 to Islington, No. 4 to Blackfriars, No. 5 to Marylebone, No. 6 to Charing Cross, No. 7 to Cheapside, and No. 8 to Old Bond Street?—Yes, that is so.

12,281. I got that from the comparison of the Appendix with the diagram, and I have done it rightly, have I?—Yes, you have done so.

12,282. The two extremes then are Fulham and Old Bond Street?—Yes.

12,283. Are these diagrams the diagrams of individual properties, or are they diagrams of large districts?—They are diagrams of individual properties as to all of which I have taken the trouble to get the exact figures from the valuation list.

12,284. They are just eight individual cases then?—Eight individual typical cases.

12,285. That operation, of course, you will agree with me, would have to be gone through if you are going to divide between site and structural value in the case of every individual property in London?—If you do it in that way it would be necessary, but of course there is the alternative of making a calculation, with regard to each hereditament, of what the average annual cost of repairs and insurance should be. For that purpose you do not need to make a separate valuation of the site.

12,286. But you do agree with me that to make a proper separation between site value and structural value the individual circumstances of every individual hereditament must be taken annually into consideration?—Certainly. You use the word "annually"; of course under the existing law it is quinquennially that it is done, but I should much prefer an annual valuation, whether it was a valuation on the basis of rateable value or on the basis of site value.

12,287. On every occasion of a re-valuation, at whatever interval that re-valuation was conducted, there would have to be an individual dealing with each individual hereditament?—Yes, there would.

12,288. Which would add very largely to the labour of the work, would it not?—No; the whole of the work is done in the same way now for rateable value.

12,289. Just explain that to me, will you?—I am assuming that you are comparing the work to be done to arrive at the site value with the work to be done to arrive at the rateable value; of course if you are going to do the two, naturally there will be an increase of work.

12,290. Tell me exactly how you would suggest that it should be done, because I am anxious to find out. I am not at the moment expressing any opinion as to whether it is a right thing to do, but I want to see, assuming that it should be done as you put it forward, how it would be carried out in effect?—I think the only satisfactory way to do it would be for each assessment committee to appoint, as they have power to do, an expert assistant, who would make a valuation of each individual hereditament.

12,291. Separating it into site value and structural value?—Arriving at the site value. I do not say that in every case it is possible to separate the rateable value accurately into site value and structural value.

12,292. But is that not of the essence of your proposal, if you are not to have a uniform scale of maximum deductions?—No, I do not think so, because it can be done in the other way, that is to say, by making an estimate of the cost of repairs.

12,293. Would you just describe to me the way in which you would like to see it done?—The way in which I would like to see the proper deduction arrived at?

12,294. Well, you may take it that way?—I think the best way to do that is to make an estimate in each case of the probable annual average cost of the repairs and insurance. At the present time all the hereditaments should be, and in most of the parishes, I believe,

are, inspected by the overseers, or someone on their behalf, before the making up of the quinquennial valuation lists. When they are on the spot, it would take them a little longer time, I admit; but it would not take very much more trouble to form an opinion of what the average annual cost of repairs would be. An ordinary man of business would very soon get used to doing that.

12,295. The estimate which he forms would, I presume, have to be submitted to the person who has now the right to appeal, in order that he might appeal against it if he chooses?—Certainly; and it would be, naturally.

12,296. Would it or would it not add to the difficulty and complication of the appeal work?—I do not think it would add very much. The complications in the matter of deduction usually arise in classes 8, 9, 10, and 11 of the Third Schedule. That is in Schedule II.\* There is there set out the Third Schedule of the Valuation Act of 1869. Classes 8, 9, 10, and 11 include mills, manufactories, tithes, tithe commutation rentcharge, railways, canals, docks, tolls, waterworks, gasworks, and miscellaneous hereditaments. It is in these cases that the great difficulty arises as to the proper deduction to be made from the gross to arrive at the rateable, and it is there that all the trouble arises. In the case of ordinary property dealt with in classes 1, 2, and 3, there will be no difficulty in arriving at a fair average amount.

12,297. But I thought you were objecting to the average, and that you wanted an estimate in each case; I thought that was the essence of your objection?—Yes; but when one is used to doing this work, there would be no difficulty after you had gone down a street of houses, for instance, even if you were a beginner at the work, you would have in your mind, roughly, the proportion that you should deduct for all property of that class. Of course, when you went into a totally different district, where the structural value formed a less proportion of the total value, you would have to learn your lesson over again, as it were.

12,298. But who would check the amount which is to be put on structural value and the amount which is to be put on site value in one district and another?—That would be checked, no doubt, in many ways; first, by the individual ratepayer's right of objection and appeal.

12,299. Wait one moment; would the individual ratepayer ever know whether the valuer was separating the two things in his mind, and, if so, in what proportions?—If the figures of the valuation list are altered, the individual ratepayer has a copy of the entry in the valuation list relating to the property in which he is interested. He sees from that entry what is proposed to be fixed as gross value, and what is proposed to be fixed as rateable value, and the difference between the two is, he knows, the deduction made to cover the average annual expense of repairs and insurance. If he thinks that too great a deduction has been made, and his rateable value is too low, he will no doubt sit still; but if he thinks that a sufficient deduction has not been made, he will object, and the matter will come before the assessment committee.

12,300. At what period of the proceedings would it come out that A. was being differently treated as regards the site value of his house from B., who might or might not be before the tribunal?—I do not see that that need necessarily come out at all. If I, as a surveyor, were making a close estimate of the average annual cost of repairs of a particular house, I should not take into consideration the value of the site on which that house stood at all.

12,301. If I am wrong you will correct me; but take a street like Great Stanhope Street, for example, one end of which faces Park Lane, looking over Hyde Park, and the other end goes back South Audley Street. Obviously the site value of the end facing Hyde Park is much larger than the site value of the end which is away from Hyde Park?—Yes.

12,302. But the actual structural repair need not vary in anything like the same proportion?—If the houses were similar in size and construction it probably would not vary.

12,303. I assume that for a moment. Supposing that from the gross value the owner of the house near to Hyde Park found that he was getting a less proportion deducted, and therefore had a higher rateable

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value than his neighbour, he would probably appeal?—Only if he could see some reasonable prospect of proving that his actual costs of repair were likely to exceed the deduction.

Metro-  
polis,  
valuation  
of: Is now  
too low.

12,304. In the course of your examination you said, as I understand it, that the valuation of London as a whole is, in your opinion, 1,750,000*l.* too low?—On one ground only—this ground (*referring to diagram*).

12,305. I put that in order to found upon it another question—namely, how you got at that calculation and named that figure?—I got at that calculation in this way: I took from the present total rateable value of London, which, I think, in round figures is 36 millions, the value of the site of London, less the value of the sites of exempted properties, and that I estimated in round figures at 13½ millions.

Site value  
in Metro-  
polis:  
Method of  
estimating  
total site  
value.

12,306. How did you get at the site value?—I got at the site value by dealing with each parish or district separately, by taking the area, say, of one particular district. I first deducted the area of open spaces—land covered by water and things of that sort; then by an average calculation I deducted the probable area of streets, taking the net land at the price per acre, which in my judgment—corroborated by that of Mr. Andrew Young, the Council's valuer—was the lowest that would probably be obtained for the land in the market subject to existing conditions. If a site were occupied by a building which was unsuitable for it, and which did not develop it so that the owner enjoyed the full value of that site, then the full value would not be included in the price taken, but only such proportion as was actually enjoyed.

12,307. Then you got at that figure by some process of separating site from structural value and not by endeavouring from individual cases to estimate the amount which is deducted for the cost of repairs?—I got at my table in that way, because I could obviously do it very much more readily in that way. In the other way it would have been necessary to make an estimate of the cost of the repairing of London.

12,308. Exactly; but I suggest to you that getting at it in the way that you did is necessarily so much conjecture that it is hardly sufficient for us to base anything definite upon?—I admit to the full that it is an estimate, but it is an estimate prepared on purpose to be on the safe side. If you might still, after that statement, think that my estimate of the value of the sites in London was too great, against that I put the fact that I have taken the rateable value of London, which I have no hesitation whatever in saying is too low; and if there are two errors, they are on opposite sides of the account, and tend to balance, and therefore, to produce a true result.

12,309. You would agree, I think, with this at once—that it is not possible to estimate site value by averaging a large area?—I think it is perfectly possible to produce a figure which shall not be too high.

12,310. I have no doubt about that; and it is also perfectly possible to produce one which would be a great deal too high?—Not if the estimate is made by anyone who is in the habit of buying and selling property daily.

12,311. Obviously, it is a truism that the site value depends almost entirely upon the frontage and on the importance of the thoroughfare to which it fronts?—That, no doubt, is so in individual cases, and yet we find, as surveyors, that we may take a certain average price per foot over the whole of a very large district, and the average price per acre over a still larger district. I think you would find that view confirmed by every surveyor of eminence.

12,312. You would not like, if you were buying an individual property, to have to buy it by an average in that way; you would want to examine the individual property pretty closely, and see whether it had a corner or whether it had a frontage on a street, before you took it, would you not?—Of course.

12,313. You suggested to Mr. Stuart, I think, that 10 per cent. on leases was also another fertile source of fallacious valuation?—I think so.

12,314. In that case, as I understand, you think that 10 per cent. is too much to add?—I think 10 per cent. is too little to add if you afterwards deduct one-sixth. I can conceive of cases where 10 per cent. might be too much.

12,315. When you put the two cases together I thought there was a great deal in the contention, but,

Leasehold  
property in  
Metropolis:  
Method  
of arriving  
at gross  
value and  
rateable  
value.  
Extent of  
under-  
valuation  
due to this  
method.

of course, for some purposes we must take them separately; if you want to get at the rateable value of a house which is let on lease, the tenant to do the repairs, you must add something to get at the proper value?—I do not think you must add anything to get at the proper rateable value.

12,316. Why not?—I think you will find that the rent reserved under a lease, if it is a fair rackrent, exactly complies with the definition of rateable value as given in the statutes. It does provide the net annual income that the lessor is to receive clear of everything—clear not only of rates and taxes, but clear of these very expenses for repairs and insurance that we are discussing. Therefore I believe the opinion is very general among experts—I know it was shared by Sir Peter Edlin, the late Chairman of the London Quarter Sessions—that where there is a fair rackrent reserved under a lease recently granted, that is *prima facie* evidence of the true rateable value.

12,317. Then you would make no addition?—I would make no addition to obtain rateable value, but addition is made to obtain the gross value. That leads me to a point which I omitted to mention when Mr. Stuart asked me if I had anything else to say. I think it would be a great saving of time and trouble, not only in London, but all over the country, if you were to abolish these various kinds of annual value, and confine yourselves to one, namely, the rateable value—the net income which the lessor receives for his property after making all these deductions.

12,318. I think I understand from paragraph 28 of your paper that you would apply that to Imperial purposes, too?—No doubt it would save a great deal of time and trouble if it were so applied, and as the Finance Act of 1894 provides, in the case of the property tax, for a deduction to be made from the gross value, just on the same lines, though it does not exactly correspond with the deduction made by the valuation list, it seems to me a pity that the rateable value is not taken throughout for Imperial purposes as well as for local.

12,319. You would not like, I suppose, to suggest to me what the Chancellor of the Exchequer would say if I were to make that suggestion to him?—I am not dealing at all with the difficulty of raising the rates on the basis; I am dealing only with the basis itself.

12,320. Assuming that that cannot be done, there must be, to get gross value, some addition made to leasehold property of the class we are talking of?—Yes, but even then it is unfair, because it is an outgoing.

12,321. In that case do I still understand you to believe that the 10 per cent. is too much?—If you are valuing a property for the purpose of levying a tax or a rate upon it, I do not think you ought to fix anything beyond the net income that the owner receives. It is unfair to tax a man upon a receipt which it is true he has if he is dealing with an ordinary yearly tenant, but which he has to pay out again the next moment in discharge of these obligations of repair and insurance.

12,322. Assuming that we must add something to this calculation, do you care to suggest any other figure than 10 per cent., or would you prefer to have the individual properties valued for this purpose in the same way as for the other, which we were speaking of a moment ago?—I think you would find that to take the rents on lease as rateable value would do away with the necessity of addition in more than half the properties of London. You would simplify on the one hand in connexion with leasehold properties, and you would have on the other hand to make a deduction in the case of all other properties, but I think that on the whole you would save trouble.

12,323. With this double calculation, which in this same connexion you mentioned, which in this case you mentioned to Mr. Stuart, I understood you to say that the valuation of London was too low by not less than a million a year?—No. Mr. Stuart, I think, suggested that if the City were under-valued to the extent of a million, certain —

12,324. No, I think the figure given for the City was 250,000*l.* on that same heading?—Yes, on that.

12,325. What was the million that you gave—I am sure I am right, for I took it down in answer to Mr. Stuart, that the valuation of London was too low?—I think that was in respect of the excessive deduction of a sixth; and it was not a million, but a million and three quarters.

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12,326. I will not keep you about it now, but when your evidence is printed you will see that there was a figure of a million, and perhaps, in answer to this question that I have now put, you will give me the answer, which I am sure you would give me if you could at this moment—whether the 250,000L., which you referred to immediately afterwards is or is not in addition to the million which you mentioned for the rest of London?—I now recall the figure. The 250,000L. is included in the million, and the million is intended to show that, by the addition of 10 per cent. all over, London is under-valued.\*

Government property, valuation of: Should be valued in same way as other property.

12,327. Very well. What is your suggestion as to the method that should be adopted for rating Government property?—My suggestion is that it should be assessed in exactly the same way as all other property.

12,328. What is the test that you would apply to Government property?—It is difficult, as learned judges have always said, to apply the test prescribed by law—the test of an ordinary tenancy, practically from year to year. The difficulty has been got over by certain practices which the courts have suggested, and which have been acted upon, and they practically amount to taking a per-centage of the capital value.

12,329. I want to know exactly what it is you would do—what is the process that you would go through in valuing Government property?—Of course it would depend on the class of property. If I were valuing the British Museum, I should estimate the capital value and take a per-centage upon it. That is the only way we can do under the existing law; I admit that it is a defective one.

12,330. Have you anything better to suggest?—As representing the Council I am not entitled to make a suggestion. Of course, one cannot deal with questions of this kind for so long without forming opinions of one's own.

12,331. In paragraph 21, of your statement, I see these words: "During the last 10 or 12 years cases have been fought on this point by several public authorities"—that is the point of assessing buildings which belong to public bodies, and which are not let—including the School Board for London and the London County Council, with the result of "reducing the 5 per cent., which was previously the ordinary rate of interest, to one varying from 3 to 4 per cent."—That deals with those buildings which are unique in character in this way, that they are provided for a special purpose, and for a special body, and could not be let for any other purpose to another tenant except at a rent very much less than the body which has provided the premises would probably be willing to pay.

12,332. Just like the British Museum?—Just like the British Museum. That being so you come to this position, that you have only one tenant and you have no competition, and there comes in the difficulty of applying the law, which pre-supposes competition. In that case, and in that class of case only, resort is had to the credit of the public body concerned; that is, the rate at which they can borrow money, and that undoubtedly has weight with quarter sessions in determining the per-centage which should be applied to the capital value.

12,333. As I understand this paragraph, the London County Council were sometimes in the position of trying to raise the value and sometimes in the position of objecting to have its own value raised by the local authorities?—We have always been in that position; our object is uniformity—to raise what is too low and to reduce what is too high.

12,334. Do you find that the local authorities are anxious to assess the County Council beyond what the County Council think is a fair value for the premises which it occupies as an individual ratepayer?—No, I cannot say that I do.

12,335. Have you had to appeal on many occasions against the local authorities' proposal to increase your valuation?—Since the Quinquennial Valuation of 1890 very seldom indeed. We get into close touch; we discuss figures with each other and we arrive at a conclusion which is mutually satisfactory.

12,336. I understood you to urge upon the Commission that such properties as railways (I understood you also to say licensed premises and livery halls) should not be valued as they are at present, but that what you

describe as one mind should be applied to value them all over the country?—All over London.

12,337. You do not extend that to railways all over the country, then?—I think I should be prepared to go as far as that, if it were practically possible. It is possible in Scotland, I believe—at any rate, it is done in Scotland; but I doubt whether it would be practically possible all over England and Wales. At the same time there would be no difficulty in cutting up the kingdom into districts, and arranging that the expert who dealt with each particular district should be in close touch with his colleagues, so that a common line of action would be taken.

12,338. Do you think any difficulty would arise in dividing the value which the expert had arrived at as the total value of the undertaking, such as a railway, between the different authorities through which its course is taken?—No; on the contrary, I think there would be no difficulty of that kind. I have here an instance in London—the assessment of the South Metropolitan Gas Company's undertaking. That undertaking was assessed by different overseers in the south of London on varying bases. The gas company appeared before all the assessment committees, and contended for a basis which represented 11 per cent. of gas receipts. The assessment committees in some parishes were satisfied, but in the Greenwich, Lewisham, and Woolwich Unions, which were advised by an expert, they were told that 11 per cent. of gas receipts was far too low a basis, and they ought to contend for 17 per cent. They did so contend. They decided against the objection of the gas company. The gas company appealed to quarter sessions, and in the result the quarter sessions practically confirmed the figures of these three assessment committees. The result was that they had an increased rateable value in those three unions of 18,000L. odd, or rates amounting to about 6,000L. per annum, and it was calculated by a learned counsel who was in the case that the other parishes who allowed themselves to be persuaded by the gas company, that 11 per cent. of gas receipts were sufficient, lost a possible increase of rateable value, amounting to 22,582L., involving rates of about 7,200L. per annum.

12,339. I think you rather missed my point which was this—that a railway goes through a great many more different authorities than a gas company can possibly do?—Yes, it does.

12,340. Would there not be great difficulty in getting the local authorities to agree to the proportion of the value, say, for the London and North-Western or the Great Eastern Railway from its terminus, to where it passes out of the metropolitan area?—No doubt you would be able to say better than I could, because you probably know what the practical difficulties are, if any, in working the system in Scotland.

12,341. You must not compare the system in Scotland because there is a particular statutory arrangement, there it has to be done by the mile—and it is very generally complained of. I do not mind telling you that it is not a fair system, and we have had a good deal of objection to it. So on this particular point that we are on, the Scottish analogy breaks down. I want to know what you are going to suggest on this point?—I agree that the basis in Scotland is unfair, but I still think that the machinery in Scotland is good, and I was using this case of the South Metropolitan Gas Company to show how it would work out in London. Here we have three assessment committees combining to use one mind, the expert who advised the whole three—it was Mr. Dinwiddy—how to deal with this undertaking; and I was pointing out that, if that one mind had been concerned in assessing the whole undertaking, instead of getting an increased rateable value of 18,000L. confined to three Unions, you would have had an increased rateable value of over 40,000L. a year in the south of London.

12,342. You must not always put a case of when there is an increase because there might be a decrease, and then there would obviously be much more difficulty, but are we to understand that what you are referring to is the premises of the South Metropolitan Gas Company and not their mains?—I am referring to the whole undertaking.

12,343. To the mains as well?—Yes; that is why I think it a case in point.

12,344. Do you mean the mains only go through the districts of three authorities?—The mains undoubtedly

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Gas companies. Divergence in valuations.

Railways should be valued by a central body.

\* See answers to Questions 12,120-2.

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Railways:  
Division of  
valuation  
between  
different  
local  
authorities.

Abolition  
of gross  
value  
suggested  
for rating  
purposes.

Levying of  
all taxes,  
Imperial  
and local,  
on a  
uniform  
value dis-  
cussed.

go through a larger number than three, but only three authorities fought the case at quarter sessions: the others perhaps were content with the figures the gas company put forward, and suffered a loss.

12,345. You are not prepared to suggest to me a basis on which the valuation of a railway could be divided between different authorities that have opposing interests?—As a matter of fact the valuers advising railway companies have to face that problem now, and I do not know that they experience any special difficulty in doing it; a valuer on the other side, acting for the assessing authority, would have just the same facilities.\*

12,346. (Mr. Murray.) You made a suggestion just now that the gross value should be abolished for all purposes, and that all kinds of taxation should be levied on the rateable value?—Yes, I made that suggestion purely from the point of view of one who has to do with arriving at the basis of assessment. It would simplify that branch of work very considerably.

12,347. You urge that merely as a matter of convenience, then?—As a matter of convenience, as a matter of saving labour, and also as a matter of uniformity.

12,348. Would you not have just the same difficulty in arriving at the rateable value directly, as in arriving at it by means of a deduction from the gross value?—No, certainly not in London, because the majority of the property in London is let on leases at rack rents, and where that is the case those rack rents are the best *prima facie* evidence you can get of rateable value, and you have no addition or deduction to make.

12,349. Still there are very large deductions made from that?—Yes, there are, and in my opinion the result is lamentable; it produces inequality.

12,350. But you would still have to make those deductions, would you not?—No, I do not think you should; having arrived at the rateable value, that is the basis on which the rates should be levied.

12,351. You are assuming that the rack rent is to be the rateable value?—Certainly; a rack rent on lease, that is to say, the net income that the owner of the property receives. The lessee bears all the other expenses which are deductions in other cases; he bears the expenses of all rates and taxes, the water, the repairs, and the insurance; everything, in fact; and leaves the lessor a clear income. That is the great advantage of letting property on lease at a rack rent in London; it saves the landlord so much trouble.

12,352. What about the property in the hands of the owner?—Property in the hands of the owner always has been difficult to deal with.

12,353. And that difficulty would still remain?—That difficulty would remain: but, of course, property in the hands of the owner, compared with property in the hands of lessees at rack rents, is an infinitesimal proportion.

12,354. Are you not assuming, when you suggest that all kinds of taxation should be levied on a uniform value, that the subject matter of those taxes and all the circumstances of the case are the same? I will not ask you to express an opinion on the main question, but is it not conceivable that the interest which it is desired to tax for the purposes of income tax, and for the purposes of inhabited house duty, and for the purposes of rates, may be quite different interests, not necessarily the same?—That may be so; the measure in all cases is annual value, and it seems to me a pity, from the point of view of one who has to arrive at the basis, that there should be so many different kinds of annual value.

12,355. The measure may be, as you say, annual value in all cases, but is it necessarily the same annual value?—It is not, but I think it should be.

12,356. Is it not conceivable that it should not?—From the point of view of levying a tax, I do not think it should.

12,357. Take, for instance, the case of the inhabited house duty: that is a tax levied not on the occupiers of hereditaments generally, but on the occupiers of a particular class of hereditaments, namely, houses that are used for residential purposes. Does it necessarily follow that the value for the purposes of that tax should be the same as the value for the purposes of

local rates?—I do not say that it necessarily follows, but in my judgment it would be infinitely better if it did follow even in the case of that tax.

12,358. As a matter of fiscal equity, it does not necessarily follow, does it?—I should not like to go quite so far as that, but I go very nearly as far.

12,359. Take, again, the question of income tax. It is conceivable, is it not, that as the income tax under Schedule "A." must bear some relation to the income tax under the other schedules, the rateable value of the property is not necessarily a fair basis for it?—There I am on stronger ground. I think that it is most unfair that the income tax should be levied on owners of property on a basis which includes an admitted outgoing and not a receipt. The landlord has not only to pay the cost of repairs, but he has to pay an income tax on the average annual cost of repairs.

12,360. Does not your proposition practically come to this, then: That an income tax ought to be levied on net income?—So it appears to me.

12,361. Do you think that is a proposition which would be generally admitted?—As I say, I have not studied that side of the question; I am only arriving at the basis of assessment of real property, and I have not considered the other classes of property that are subject to income tax. But it does appeal to me as a matter of equity that if you are taxing income you should tax net income, and not gross.

12,362. But you see there may be a good deal to be said on that subject on the other side?—Not from the point of view of equity; from the point of view of convenience, I daresay there may be.

12,363. I gather from your evidence that the London County Council object very much to the system on which Government property is valued in London?—In that respect the Council are only the mouthpiece of the parishes as a whole.

12,364. Are they?—The whole of the parishes in London are dissatisfied, or were dissatisfied some year or two ago, and several of them have taken action in the direction of bringing pressure to bear on the Treasury, with the result that a large number of increases in the valuation of Government property has been made in the last two years.

12,365. Then, at the present time, would you not say that the local authorities are fairly well satisfied with the valuation?—I do not think all of them are.

12,366. Do you not think they are in most cases?—I do not like to speak for authorities that I do not represent. I would prefer to express my personal opinion that there is still some leeway to make up.

12,367. (Mr. Balfour.) Was I right in understanding your explanation of the diagram\* to be to the effect that at no period did the person whose property was in question have an opportunity of knowing how much was put upon site and how much was put upon building?—That is so, because at the present time the site and the structure are not separated.

12,368. So that there might be, conceivably, error in either the one or the other, and he would not know which error to strike out?—I do not think so, because what you have to test is the average annual cost of repairs and insurance.

12,369. But for the purpose of ascertaining that, there would be no interest to sever them?—I do not think you need to sever them even to do that.

12,370. I understood that the interest was this, you will tell me if I am wrong—of course, a site does not need repairs, and it can look after itself?—Yes.

12,371. But the building does need repairs?—Yes.

12,372. And it is only for the purpose of ascertaining upon what proportion of the total value the deduction should be made, is that not so?—I have separated site from structure in that diagram merely to give point to my argument. It is not necessary to do it in order to attain my object.

12,373. It is not done in actually performing the duty of valuation, is it?—No, it is not.

12,374. Of course the test of rent would be the most obvious test—namely, the rent actually paid or the lettable value?—Yes; that, of course, is the test prescribed by statute.

\* The witness subsequently wrote "A basis, known as the 'parochial principle,' has been laid down by the Courts for apportioning the assessment of railways, &c., between various districts. (Rex v. King-swinford, 7 B. and C. 236; 1 M. and R. 20.)"

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Government pro-  
perty, valuation  
of in metro-  
politan: Dissatis-  
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pressed at  
the present  
system.

Site value  
and struc-  
tural value:  
Method of deter-  
mining site  
value and  
structural  
value dis-  
cussed.

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11 Feb. '98 12,376. So that you do not need it for ascertaining the lettable value?—Not in ordinary cases let at rack rents, certainly not.

12,377. You pay a rent in gross for the site and what is built upon it?—Yes, in ordinary cases.

12,378. It would be a very curious kind of arrangement if your rent was paid merely on the house, but not on the site?—Yes, it would.

12,379. I mean it is taken all standing?—Yes. The exceptions which were in my mind were these: big undertakings such as railways and other properties which are not let.

12,380. Where the hypothetical tenant and not the real tenant comes in?—Yes.

12,381. Is there any case where there is an actual letting or where the subject is of a character capable of being let for a rent in which it would be material to separate site and structure?—No.

12,382. Unless it was for the purpose of ascertaining on what proportion of the aggregate rent deductions should be made in respect of repairs, that would be the only object?—That would be the only object under the law as it now stands.

12,383. In determining what proportion of aggregate rent or value was to be attributed to site and what to building, what evidence do you take? Do you take, for instance, the value that bare ground, as it is called in these inquiries in Scotland, would be sold at without building upon it—the nearest in the neighbourhood, or what do you do?—That is in the last resort the basis of an estimate that I should make. In nearly all these cases I have had the advantage of ascertaining the precise ground rent which is paid, and in most cases that is a recently fixed ground rent.

12,384. I was going to ask that?—So we have the evidence of a transaction in the market as to the actual value of the land.

12,385. Do you think a ground rent, unless it was a very recent ground rent, would be satisfactory—an old ground rent would be useless for that purpose, would it not?—That is the point of my observation. It is only a recent ground rent that I would be guided by, and even then in districts where values are very fluctuating I should be inclined to disregard it.

12,386. I should think so. Might there not be a consideration beyond the ground rent given for the renewal or granting of a lease?—Yes, you might have a premium.

12,387. So that it would not be safe; if this was to be done rightly, would it not drive you to the ultimate necessity of ascertaining by the most analogous sales of ground unbuilt upon in the neighbourhood, the value of the site?—If you wished to have a separate valuation of site and structure it would be necessary to do what every surveyor does when he is valuing a property to buy or sell it.

12,388. Of course, in very many cases where the ground is at present and has for long been built on, so that no site becomes vacant and exposed, you would not have that means of forming an opinion at all—you would not have the test of an actual sale of a site?—If I could imagine such a district, I should not; but I know of no district in the county of London where I could not put my finger on evidence that would enable me to form a very reliable opinion as to the value of any particular site, cleared or uncleared.

12,389. (Mr. Smith.) I understood this diagram to be put in merely to show your objection to a uniform scale of deductions in respect of repairs, but that it has no reference to the distinct valuation of site values?—That is so.

12,390. I just want to see whether I am right; in a theoretically perfect system of valuation you take first the actual rent, plus the actual cost of repairs, insurance and other outgoings, do you not, in order to arrive at the gross estimated rental?—Yes, that is the basis.

12,391. Actual rent plus actual cost of repairs, insurance and other necessary outgoings, to make the gross estimated rental?—Yes.

12,392. Then when you have got that, if you want to arrive at rateable value properly ascertained, you deduct

precisely the same, I think, that you previously added?—Yes, precisely.

12,393. In other words you first add something, and then deduct it?—Yes.

12,394. And that is how you arrive at the conclusion, that it is a roundabout process, and that it would be simpler to take the actual rent?—Yes.

12,395. What you complain of is, in other words, that the addition and subtraction in practice are not the same?—Yes; that is what causes the inequality.

12,396. For instance, they add 10 per cent. or sometimes they do not add anything, and they take off 16 per cent. or one sixth?—Yes.

12,397. (Mr. Arthur O'Connor.) I suppose you know that if the existing system and the existing law were considered to be quite satisfactory, we should not be here at all?—Of course, I take that for granted.

12,398. Then I will ask you to put away from your mind, for the moment, all the existing provisions and systems and practice, and just look at one or two fundamental points. Whatever is valued, whether houses, or agricultural land, or canals, or railways, or gasworks, or anything else, it is always on the ground or in the ground, is it not?—Yes, every hereditament must have a site.

12,399. It may be that there is no hereditament beyond the site?—It may be.

12,400. In that case the valuation would be very low?—It would comprise the site only.

12,401. That might be merely nominal?—Yes.

12,402. Have you had experience of valuation outside London as well as inside London. I suppose you have?—Yes, that is to say within the home counties.

12,403. There is some land within the home counties of very little value, is there not?—Yes.

12,404. Which has a very low standard of value?—Yes.

12,405. And you may regard land, I suppose, as going off from zero, in point of value, to a very high indefinite amount?—From something a very little above zero to a high indefinite amount—yes.

12,406. But even where it is lowest it is at any rate available for human use somehow or other?—The value may be derived, certainly.

12,407. Would you tell me, in general terms, what is it that makes this value rise from zero to something high—what is the main cause if there is one cause?—The growth of population and the progress of civilisation.

12,408. Then, may I take it that, in your opinion population is the main factor in increasing the value of land?—I attach almost as much importance to progress the march of invention, and so forth: but that may be said to follow population in a country like England.

12,409. I suppose, with an increasing population, there is greater subdivision of labour, and increased efficiency of human effort, as a rule, is there not?—Yes.

12,410. In the city of London land is very valuable, is it not?—Yes, I know of no other place in the kingdom where land is so valuable as in the city of London.

12,411. Salisbury Plain is not so valuable?—No.

12,412. If you were to build two houses, stone for stone and brick for brick alike, one in Salisbury Plain and one in the city of London, probably the cost of production would be greater for that in Salisbury Plain, would it not?—Yes, on account of the difficulty of carriage.

12,413. The cost of production of a house is ascertainable?—Yes.

12,414. The value of land may be a matter of estimate, not so readily ascertained?—Not so exactly ascertained as the cost of a building.

12,415. When you are dealing with very high valuations such as you find in the City of London, you have at any rate one factor which you can assess very accurately, namely, the structural value?—Yes.

12,416. And when you deduct a structural value from your table, whatever it may be, you have then the site value left?—You have something which will not exceed site value, but which may not be quite the true site value.

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Site values, variations of.

Deductions for repairs in Metropolitan. A uniform allowance objectionable because of the variations in the proportion of site value to structural value.

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12,417. When you are assessing property, railways or canals, or commercial premises, you have told us you have always one constant element, namely, the land?—Yes, that is so.

12,418. But the land is used differently in different circumstances; for instance, a canal is quite different from a street, and a railway derives a good portion of its value as a railway from the easement or right of uninterrupted transport from one end to another?—No doubt, without that, a railway could not be carried on.

12,419. The use, then, to which land is put, is purely accidental from a valuer's point of view; it may be canal, it may be railway, it may be road, it may be houses?—It depends on the volition of the party in occupation of the land.

Site value:  
The use  
of a site  
does not  
affect its  
value.

12,420. Supposing that one party in occupation makes an intelligent use of his land and a profit out of it, and another party in occupation of an adjoining parcel is a stupid bungling man and loses money over it, does that in any way affect the value of the site as a site?—Other things being equal, I should think it would probably not.

12,421. Then, from an assessment point of view, it is the value of the property which should be regarded rather than trade profits which may be non-existent in the one case and very high in the other?—Of course, that is my personal opinion.

12,422. But you agree?—Yes, I agree.

12,423. Do you see any advantage in constructing a system of valuation which is dependent upon what is accidental, what is varying and what is a matter of chance when you can get to that which is fixed and immovable?—I am afraid I have reached the point at which my brief ends; I am only sent here to speak as to facts, anything that I might say in answer to your question would be mere personal opinion.

12,424. Then I will ask you to confine yourself to your county of London. By this diagram,\* which you have put in, and which is interesting, because it is the first piece of colour we have had in our proceedings, you have shown that out of a total of 800—that is, eight columns multiplied by a hundred—some 316, represented by these blue portions, represent the site value; is that not so, or is it the other way about?—It looks something about that; I should say it would be a little more.

12,425. The red represents structural value, you told us, and the blue indicates site value?—Yes.

12,426. I have added up the marginal figures which indicate the top lines of these blue columns, and I find they come, as far as I can make out, to 316 out of 800?—I am quite content to take it from you that that is so.

12,427. It is the same as taking your own limiting lines—the transverse lines. How do you ascertain that these columns in any way represent fact; I mean how do you satisfy yourself that the different portions of the city of London when valued as between structure and site are fairly represented by these eight columns?—I satisfied myself by taking, as I have already explained, eight particular cases, which I selected from all parts of the Metropolis.

12,428. Would your mind telling me where this number eight comes from?—Number eight comes from Old Bond Street. I have the precise number in Old Bond Street, but I do not wish to disclose it unless the Commission think it necessary.

12,429. No; we will take it as in the neighbourhood of Old Bond Street?—I have there a ground rent fixed in 1892 of 700*l.* per annum, and I have knowledge that, on top of that ground rent, there was no premium charged.

12,430. Would not that house, if standing in Cornhill or Threadneedle Street, be rated much higher than it is now?—That is a very difficult question to answer.

12,431. Presumably it would?—The hereditament has been built in order to adapt it to the requirements of Bond Street; it is not adapted to the requirements of, say, Threadneedle Street, and therefore, probably, would not be assessed so high if it were transported there as it is now.

12,432. Then let me put it in another way: supposing that a structure costing the same as that which has

been put up in Old Bond Street were erected in Threadneedle Street on an equal area, would that not be very much more highly assessed than this No. 8?—If I follow your assumption correctly, it probably would be more highly assessed.

12,433. Never mind my assumption?—You are assuming that you transfer not the actual building in Old Bond Street.—

12,434. No, but the structural value?—The structural value adapted to the requirements of Threadneedle Street. That being so, my opinion is that in all probability the rateable value would be increased, but not to any large extent. There is not so great a difference between the values of Threadneedle Street and Old Bond Street as your question would indicate.

12,435. Do you not think a good deal of the property in the City of London at this moment is so assessed that a good deal more than 70 per cent. really represents the site value, and less than 30 per cent. represents structural value?—I should not put the proportion of site value in the city so high as 70 per cent.

12,436. But you have already put it at 70 per cent. on this place in Old Bond Street, and you tell us that that is, if anything, below what it would be in Threadneedle Street?—Yes; but then when you ask me a general question relating to the whole of the City of London Union, I get an average value which is less than the value of this particular site in Old Bond Street.

12,437. At any rate we find that in such places as the City of London, and even in places outside the City, there are instances which show that sometimes, at any rate, the site value may be 70 per cent. of the total value?—Yes.

12,438. And that is due to population?—That is due—

12,439. To the pressure of men on those centres?—Yes; the growth of the community perhaps is as good a phrase as one could use.

12,440. It in no way arises from the personal action of the owner of the site?—Only in so far as he is a unit in the total population; it does not arise from his expenditure in putting the building upon the site, certainly.

12,441. (Mr. Clare.) Does the Poor Rate Assessment Act of 1836 apply to London?—I do not know whether my legal knowledge is sufficient to enable me to answer that question accurately, but I believe it does not. The London Act is practically the outcome of that Act.

12,442. The rateable value of any hereditament in London is based, is it not, on the estimate of the net annual value of the hereditament?—Yes, so far as regards rateable value, the definition although slightly different in wording, is practically the same under the two Acts.

12,443. It is based upon the theory of the rent that the tenant would be willing to pay for the property?—Yes.

12,444. You do not suggest that that principle of rating should be altered, do you?—I am not here to make any suggestions at all.

12,445. I understand from this diagram\* that you suggest that there should be a division in the valuation of the property separating the site value from the value of the buildings?—No, that is not the intention of the diagram at all. The rateable value is divided in that diagram in that way simply to lend point to the argument. As a matter of fact the deduction for repairs and insurance relates to structure only, and not to site, and that causes the inequality; but you do not need to separate the structural and site values in order to remedy that inequality.

12,446. Each of these figures in the diagram represents, presumably, properties of a similar character, only in different situations; perhaps it would be sufficient for my purpose if you can tell me this; is every case a case where it is land with buildings but not houses?—Yes, that is so.

12,447. They are all of a similar class so far as regards the schedule appended to the Valuation (Metropolis) Act of 1869, namely, property where a deduction not exceeding one sixth is to be made?—Yes, they all belong to Class 3, in the third schedule, houses and

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Site value  
and structural value:  
As deductions  
for repairs  
only apply  
to structural value  
and not to site value,  
inequalities  
are caused  
in Metropolis  
if maximum  
deductions  
in Valuation (Metropolis)  
Act are  
always  
allowed.

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buildings, without land other than gardens and pleasure grounds, valued therewith for the purpose of inhabited house duty where the gross value is 40*l.* per annum or upwards.

12,448. Are they houses or are they business premises?—They are both; there are residential and business premises included in these, I think.

12,449. Which would be residential, and which would be business premises? Take No. 1 and No. 2, would those be residential?—I must rely on my memory, but I think I can tell you. No. 1 is a private residence; No. 2 is a private residence; No. 3 is a shop; and the house No. 4, I think, is warehouse premises; No. 5 is residential, and Nos. 6, 7, and 8 are all commercial.

12,450. Then does it not follow that if the annual value of the No. 7, which is a commercial building, has immensely increased because it is placed upon land which is of great value, it is a considerable advantage to the occupier of No. 1 which is a dwelling-house, to have the rates from the increased value of the business premises contributing to the expenditure of the area in which they are both placed?—I cannot say that I think it is an advantage to the occupier, but that is because I entertain a theory that I am not putting forward.

12,451. Do you not think that the occupier of a dwelling-house within a general rating area gets more advantages out of the expenditure of the local authority than the occupier of, we will say an office, or warehouse in the business part of the town?—Whatever advantages of that kind he gets, he pays for in rent to his landlord.

12,452. I understand that really the object of this diagram is to show that the scale of deductions, as fixed by No. 3 in the schedule, ought to be altered, and that there ought to be a further differential scale provided?—I do not think that the remedy will come by way of a further differential scale; that will only add to the complication. I think you would do better, as in fact you do do better in the provinces, where there is no scale at all.

12,453. Do the blue and the red fairly represent the apportionment of the annual value to the land as compared with the buildings?—They fairly represent the apportionment of the existing rateable value.

12,454. Of the land as compared to the buildings?—I would not like to say that the rateable value is quite accurate in all cases.

12,455. The blue is intended to represent the annual value of the land, and the pink the annual value of the buildings?—Yes.

Site value:  
Cases  
where site  
value ex-  
ceeds the  
value of  
the whole  
heredita-  
ment.

12,456. Supposing you have a case of this kind where an old building exists upon land which has recently been immensely increased in value owing to street widening, and that if you took, we will say, 3 per cent. upon what you consider the site value, the figure so arrived at would come to more than the actual rent which the existing buildings are let at?—That is quite conceivable.

12,457. How will you apportion it according to this diagram?—As I have explained, I should not apportion it according to this diagram at all. I should apportion it according to my estimate of the probable cost of the repairs.

12,458. Now, we will assume that this old house, situated upon this valuable site, will cost, I suppose, in repairs a larger amount than a new house?—No doubt.

12,459. What deduction would you allow then in a case where the annual value of the site is in excess of the actual rent paid for the present buildings upon the site?—I should allow a fair estimate of the actual average annual cost of repairs.

12,460. How does your theory come in about separating the value of the site from the value of the buildings?—I have no theory about separating the value of the site from the value of the buildings; I only used that separation in order to give point to my argument that the deduction is excessive. The deduction, although it is on a false theoretical basis, might not cause any real inequality if the proportions of value—the proportion between the blue and the red, between the site value and the structural value—were fairly constant. But in the case of London that is not so; in the case of a great many districts in the provinces it is so, and therefore, the difficulty does not arise. In London you get a great variety of proportions of value

and consequently the constant deduction of one sixth causes inequality.

12,461. But I want to know who it is that is going to be damaged in the case I mentioned, namely, where the annual value you put on the site is in excess of the rent that you are receiving from an old building for which you ought to allow at least a 15 per cent. deduction for repairs?—So far as rating is concerned, I do not think it is a case of anyone being damaged, because as the law now stands the basis of assessment is not a per-centage on site value.

12,462. I understand that you suggest that for the purposes of repairs the annual value of the site should be deducted from the total value of the whole hereditament; I ask you how you would deal with a case where the annual value of the site is in excess of the present annual value of the whole building?—With all submission, I must say that I have not suggested that that should be done. I say that that is a way in which it might be done in some cases, but the proper way to do it is to make an estimate of the cost of repairs, and to do that it is not necessary to consider the value of the site at all.

12,463. You have taken the values of these different sites, and I presume that you have valued them as freehold?—These colours represent annual value, and of course it does not matter whether they are freehold or leasehold.

12,464. Supposing that a man has buildings on a site, and he has, we will say, 15 years of the lease to run of those buildings, I will ask you to go back into the case I before mentioned, namely, that owing to some circumstance or other the annual value of the site has increased to an amount which is in excess of the annual value of the whole hereditament; owing to the shortness of his lease he cannot reasonably be expected to put up a building which will probably develop the site to give it the value that you put upon it; I want to know how you are going to separate the value of the site from the value of the building, in a case like that?—Your question seems to me to be directed to a separate valuation of site. Of course I can answer it, but it is not germane to the point that I have raised.

12,465. Pardon me, I think it is, rather. We will take the case I have given you, and I will assume that 15 per cent. reduction for repairs would be a reasonable amount for an old building on a valuable site; you suggested that, because the site is valuable and the buildings of small value, it is unfair to deduct 15 per cent. from the total rent to arrive at the rateable value, but that you ought to separate the rent assigned to the house and the rent assigned to the land, and only to take your deductions from the rent assigned to the buildings?—That is the way I test it.

12,466. Now, how are you going to separate the annual value of the total hereditament in the case of property which is subject to leases, which with any reasonable man we will say will prohibit the lessee or anyone else from developing that property so long as these leases continue?—I do not think you can separate it, but I think that you can arrive at your own idea of a fair separation. I do not see any object to be obtained in separating it, but you can get the value of the building in a sense, that is to say, you can calculate what it would cost to reproduce the building, and you can get the value of the site in a sense, namely, what it would let for if it were clear; but it does not follow in extraordinary cases, such as the one you quote, that the addition of those two amounts would produce the proper total annual value.

12,467. I am not quoting an extraordinary case; I think I am quoting numerous cases where property is subject to leases, which practically prohibit any development of that property until the termination of the lease?—Yes, that is a very common case.

12,468. We will take two cases—I will assume that No. 1 and No. 8 in your diagram are two premises adjoining each other in the same street?—I am afraid I cannot follow you there.

12,469. I will ask you to assume that they represent two houses, we will say, in the same street; No. 8 is freehold in the possession of the owner, and No. 1 is leasehold with 15 years of a long lease to run; according to your theory you would take a larger deduction, I presume, off No. 1, which is the leasehold portion for the buildings, than you would off No. 8?—If such an assumption were possible of realization I should; but it is quite impossible.

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Site value.  
and structural  
value:  
Cases  
where  
leases are  
about to  
expire.

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12,470. Do you mean to say that you do not often find a freehold running alongside of a leasehold property?—Not with such varying proportions of value as these.

12,471. Pardon me; I asked you to put the value on it yourself. We will take two old dwelling-houses in a street which has very much increased in value; one is freehold in possession and can be developed at any moment by the owner, the other is a leasehold with 15 years to run, and which I think you will acknowledge neither the lessee nor the owner can develop. I wanted to know what value you would put upon the site of those two respectively?—If you ask me to value the sites separately, the sites being side by side, and situated equally advantageously, I should put the same value upon both; that is to say, if I were valuing as a valuer for any ordinary purpose.

12,472. Is that fair when you have a leasehold interest for 15 years, and you cannot possibly develop for 15 years?—That, of course, is not a matter for me to pronounce upon. If there is an unfairness, it arises, not from the system of valuation adopted, but from the leasehold system which prevails in London.

12,473. (Chairman.) No, but you have got to value in accordance with the system?—With submission, I differ from you.

12,474. (Mr. Clare.) Supposing you are asked by someone or other to say what price he can afford to pay for No. 1 and No. 8 under the conditions I have stated, do you mean to say you would advise him to pay as much for a property which is subject to a 15 years' lease, and which during the term of that lease cannot be altered at all, as you would do for a freehold in possession?—Now you are altering the form of your question. If you ask me whether I would give the same sum for the property which is subject to the tag end of a lease as I would for the one which is in hand, I should say certainly not; but if you ask me to value the two sites, of course, I make no difference.

12,475. Then for the purposes of rating you would put them both the same?—No, not for the purposes of rating, but for the ordinary purposes of valuation.

12,476. But I am asking as to valuation for the purpose of rating?—The question of rating site values is not for the moment before me; the question of rating on the basis of rateable value is; and I say that the deduction of one-sixth is too great in cases where the structural value does not form a large proportion of the rateable value—that is all.

12,477. You referred also to the question of repairs, and I think you stated that it was unfair to add 10 per cent. for repairs to the actual rent paid in the case of repairing leases, and then to take 16 per cent. off to arrive at the rateable value?—Yes, I think it is obviously unfair.

12,478. In a repairing lease what the lessee does is, is it not, to pay the taxes, rates, and outgoings necessary to keep the premises in repair, and to insure?—Yes.

12,479. But to arrive at the rateable value according to the Valuation (Metropolis) Act, you have not only to take off the repairs and insurance from the gross, but you have also to take off the sum necessary to keep the premises in a position to command the rent, which in many cases, particularly of old property, must be a considerable sinking fund?—I do not think that if you spread that sinking fund over a proper period it would have any appreciable effect on rateable value.

12,480. Take the case of ordinary workmen's houses let, we will say, at 8s. 6d. a week, which from experience one knows are pretty well worn out at the end of 50 years: do you mean to say that you would not, in arriving at the rateable value, allow a considerable annual sum in proportion to the rent to be put by as a sum to replace the value of these premises when they were worn out?—As a matter of fact I have to manage large estates of model dwellings of that kind, and the amount which is put aside, spreading over a period of 60 years for that purpose, is the smallest possible fraction you could imagine of the rental value, and, as I say, although I admit, in theory your point is right, practically it has little or no effect.

12,481. You do not suggest, do you, that bare, unbuilt upon, and unoccupied land should be rated?—Of course it should be valued as the law provides, but if valued the rates cannot be recovered from it while it is unoccupied.

12,482. Do I understand that you would suggest that unbuilt-upon land in a town should be assessed for the purposes of local rates?—I do not suggest it, the law provides it.

12,483. But we are here to consider whether there should be any alteration; do you suggest that it would be advisable to bring into the assessment, property which is of great value, admittedly, but which is undeveloped and unoccupied?—Speaking for myself, and not for the County Council, I think these sites ought to be included; whether they should be charged with the full rate or only a proportion is another question: but I think they ought to be charged with something, because they undoubtedly benefit by local expenditure.

12,484. (Mr. Elliott.) With reference to some replies which you gave to Mr. Murray and to Mr. Smith, with regard to rent and rateable value, I understood you to say that in regard, at any rate, to some property, let under certain conditions, you look upon rent as equivalent to rateable value?—I say it is the best evidence you can get of rateable value.

12,485. That, of course, is the case where the tenant undertakes to do the repairs?—Yes.

12,486. But it would not apply to the large mass of cases with which you are probably familiar in the suburban districts of London, where the landlord contracts to do the repairs?—No, it would not: you must make the deduction in those cases.

12,487. It would only apply to the better class of property let very often on a 7, 14, or 21 years' repairing lease?—Yes, that is so.

12,488. Therefore the adoption of that principle would not carry you very far, would it?—I think it would carry you 50 per cent. of the way.

12,489. Do you think 50 per cent. of the property in London is let on a repairing lease?—50 per cent. as to value, I think, is pretty nearly correct.

12,490. But not as to the number of hereditaments?—No.

12,491. With regard to your very interesting Return, I should like to ask you on what principle the London County Council has selected these properties?—I, personally, am responsible for the selection of these illustrative cases.\*

12,492. Are these cases in the Memorandum merely illustrative cases?—They are cases taken, so far as I was able to take them, to illustrate all varieties of proportion in value between site and structure.\*

12,493. Then I understand that apart from this table there is a large number of other properties with regard to which the London County Council have obtained similar information?—Yes, we have thousands of cases in the office. These are simply selected as typical.\*

12,494. These are typical cases?—Yes, these are fairly typical cases.\*

12,495. I think I understood you to say that the London County Council has no power to appeal in the case of individual properties?—In certain districts they have not, that is, where they are not ratepayers; but where they happen to be ratepayers, in that capacity they have the right of objection and also the right of appeal.

12,496. I should like to press you a little further as to the selection of these cases: for instance, I see in regard to the Westminster Union, in which I think you have not been very successful with regard to the alteration of the assessments, you select a certain number of clubs; on what principle did you select these clubs?—For instance, I will ask you why the Reform was selected and not the Carlton?—I may say that I made a valuation of both. The reason we did not succeed so well in Westminster—if you gauge success by the amount of increase—was that Westminster had been practically beforehand with us. Westminster had a thorough re-valuation of all the clubs in their district. If you will look at page 31 of the Return, towards the bottom, you will see that we suggested that they had valued the Travellers Club and the Thatched House

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Vacant land should be assessed to local rates to some extent.

Rent is the best evidence of rateable value of property let on repairing leases.

Proportion of property let on repairing leases in Metropolis.

Metropolis valuation in. Alteration in assessments suggested by London County Council. Return by London County Council giving particulars of valuation of clubs in London

\* The witness states that when answering these questions he was referring to Schedule III. of his memorandum on page 251.

† See London County Council, Quinquennial Valuation, 1896: Return of Alterations of Assessments informally suggested by the Council (No. 289). P. S. King and Son, Great Smith Street, Westminster, S.W.

Gross value and rateable value in Metropolis, how determined. Repairs of old buildings.

*Mr. E. J. Harper.* Club too highly, and we suggested that they should be reduced.

11 Feb. '98 12,497. Can you give me any idea as to the expense which has been entailed upon the London County Council by this system of valuation of individual properties?—I could not give you the information off-hand, but there is a complete return showing it, which no doubt could be placed at the service of the Commission.\*

12,498. Is that a return which has been published?—I believe it has been published. I know it was circulated to all the members of the Council. It is in print and could be obtained.

12,499. (*Chairman.*) You might send us a copy?—Certainly I will.

12,500. (*Mr. Elliott.*) You do not remember off-hand what the approximate cost of this work was?—No, I would not like to trust my memory.

12,501. Do you think any equivalent advantage was gained in regard to the adjustment of the assessments?—I think if we take into consideration only the improvement that has resulted during the last six or seven years, the money was well spent.

12,502. Was that a direct improvement or an indirect improvement?—Indirect.

12,503. I notice that in some cases in the return of suggested alterations, the final decision of the assessment committee seems to have been to place the assessment at a lower valuation, not only than that put upon the property by the London County Council, but lower than that put upon the property by the overseers; what would be the explanation of that?—Have you a particular instance before you to which you could refer me? It is a very unusual occurrence.

12,504. I think the Reform Club, which is given on page 14, is a case in point?—Yes, that is a case in point; of course in Pall Mall we are dealing with high values and there is room for difference of opinion.

12,505. Who made the valuation of the Reform Club in that case for the London County Council?—The valuer of the Council. I should at once add that the detailed valuation was made by me and confirmed by him.

12,506. Of course you would say that, notwithstanding the original valuation put upon the property by the overseers, and notwithstanding the assessment committee's decision, your valuation was the correct one?—Of course I incline to that view, because I took it; but I should not like to go so far as to say that I am infallible.

12,507. How many valuations have you yourself made of properties for the London County Council?—It is quite impossible to say; they run up to thousands.

12,508. Are those valuations made by you individually?—Yes; of course I have the assistance of a competent staff.

12,509. But you are responsible for those valuations?—The valuer of the Council is responsible for them; I am responsible to him.

12,510. Of course, the assessment committee would consist, would it not, of several individuals who were looking at the matter purely judicially?—Who should be looking at the matter purely judicially.

12,511. Therefore, it is rather a question of judicial decision, is it not, against, may I say, a single expert?—I am afraid, as a matter of fact and practice, it is not.

12,512. Do you not think that, to some extent, to head these estimates "London County Council's Estimate," is to give a somewhat adventitious importance to them, as, after all, they are an estimate put upon these properties by the valuer—no doubt a very eminent and competent valuer—but by the valuer of the County Council?—I think, perhaps, it would be better to say that it was the estimate of the advisers of the Council, rather than the estimate of the Council itself. The instructions of the committee dealing with this matter to the valuer are, in any case of doubt, to take a lower rather than a higher figure, and those instructions are, of course, fully carried out.

12,513. I think you stated that 68 per cent. of the local taxation of the metropolis was levied over the whole metropolitan area?—By a common rate; by an equal pound rate.

\* Quinquennial Assessment, 1891. Cost of Assessment Appeals.—An unpublished return pursuant to an order of the London County Council of 11th July 1893.

12,514. That contribution of 68 per cent., levied by an equal rate, is 68 per cent. of the local taxation raised in the Metropolis?—Yes. There are certain rates levied by the parishes for their own purposes; there are certain other rates levied by the Council and other central authorities for their purposes. The first class represents 32 per cent. of the total local taxation of London, and the second class represents 68 per cent.

12,515. (*Mr. Dalton.*) Continuing the questions on this return of suggested alterations, I see on page 15, under the head of "Remarks," you say, with regard to six properties, "also surveyors of taxes' estimate." Does that mean that the surveyor of taxes in those six cases came to the same conclusion as the London County Council or that he came to the same conclusion as the assessment committee?—The same conclusion as the London County Council.

12,516. Those, as far as I can see, are the only six cases, or very nearly so, in these 31 pages, where it is stated in the return that the surveyor of taxes' estimate was the same as that of the London County Council?—The reason that note is put in is that those particular cases were considered by the Westminster Union assessment committee under pressure from the surveyor of taxes; they declined to consider the remainder of the Council's suggestions.

12,517. Can you tell me at all in what proportion of these cases in this return of 31 pages, the estimate of the surveyor of taxes coincides with the estimate of the County Council? You have it that in six cases it did. Should you say, for instance, that in the majority of cases his estimate was the same as that of the London County Council or the same as that of the assessment committee?—Of course, the surveyor of taxes does not take anything like so extensive action as the London County Council, for the reason, I believe, that he has not sufficient funds to enable him to do so. He deals with properties where he has a fact to go upon—namely, a rental paid; where he has no such fact to go upon, my experience, in London at any rate, is that he passes the matter by, and leaves the decision entirely to the overseers and the assessment committees.

12,518. We have had pointed out to us the very extensive powers which he possesses under section 53 of the Act, which requires the assessment committee to take his objection unless they are satisfied to the contrary; may I infer from your answer that you think he really has a strong influence on the valuation of property in London, or that his influence is a merely illusory protection?—It depends to a large extent on the personality of each surveyor of taxes. Where the surveyor of taxes makes his influence felt, no doubt it is very weighty, when he has a basis of a rental to go upon, but when he has not such a basis he has no means of finding another one without expert assistance, and for that he has no funds.

12,519. Should you say that those were the only six cases in this return in which he came to the same conclusion as the London County Council?—Oh dear me, no, certainly not. In the majority of parishes the surveyor of taxes is in accord with the County Council in principle. He has not of course the same information as enables the Council to go into detailed figures in difficult cases, but wherever it is a question of rental we generally find ourselves in accord with him.

12,520. This return says, "A large number of cases of incorrect assessment were noted in this department, and particulars of these are stated in the return." Am I to judge from that that it was considered that the whole of these cases in this return are incorrect assessments?—Of course that is the expression of the individual view of the adviser of the Council, perhaps the word "incorrect" is a little too strong under those circumstances.

12,521. Can you say whether these suggestions, when they were made to the assessment committee, came in any way before the surveyor of taxes?—They were not sent by the Council to the surveyor of taxes, but any surveyor who availed himself of the usual invitation to sit with the assessment committee must have been cognizant of them all.

12,522. You would have thought if he had considered that the assessment was an incorrect one he would have been inclined to back up the case?—Not only does he back up cases of this kind, but I have had surveyors of taxes communicate to me in certain cases where they think there is under-assessment, and they have

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Surveyors of taxes in Metropolis. Their powers, action and influence in regard to valuation.

Common rates in county of London form a large proportion of total.



*Mr. E. J. Harper.* asked me to make a representation, in order that their hands may be strengthened.

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London County Council: Effect of their influence with reference to the raising of assessments in Metropolis.

12,523. I am not suggesting that the action which the London County Council have taken in this matter has not been very beneficial. I was simply speaking with regard to this particular return. You have not totalled the figures in the column, and therefore it is impossible to tell from the assessments, as they at present stand here, what has been the effect of these suggestions as a whole in London. Could you give us the total result of the cases in which you have caused the assessments to be raised, that is, the total amount of increased valuation that is the direct result of these suggestions?—I could have that worked out if the Commission desired it, but I attach no importance whatever to figures in that connexion myself.\* It is the moral influence of bringing a little pressure to bear on assessment committees to go a little more deeply into these matters rather than the actual increase in figures that I value.

12,524. I think you say your recommendations have been adopted to a greater extent outside the City of London than in?—Yes, undoubtedly.

12,525. Looking at these figures cursorily, it would seem that in the great majority of cases outside the City of London the assessment committee has adhered to the overseers' valuation in preference to that of the London County Council?—I think, in the majority of cases, it is fair to say that that is so. The overseers and assessment committee, in many parishes in London, as distinct from the provinces, are one and the same authority; so that when we are criticising the overseers and submitting our case, as between ourselves and the overseers, to what you would call a judicial tribunal, that tribunal is practically one of the parties to the dispute, so that we may expect adverse decisions as a rule.

Metropolis, deductions in. The practice of generally allowing maximum deduction has produced inequalities.

12,526. You have expressed the opinion that you would like to see this Third Schedule in the Valuation (Metropolis) Act† go altogether?—I think it would be better than having the schedule as it now stands.

12,527. Do you think the maximum rates of deduction in the various cases are too high or too low, if they are treated simply as maxima?—As a maximum scale I do not think I have any fault to find with it. It is because the word "maximum" has been altogether ignored that the difficulty has arisen.

12,528. Is that not mainly with the intention of saving trouble?—No doubt.

12,529. Would you prefer that each case should be dealt with on its own merits?—In order to obtain a reasonably fair assessment, even in such a vast metropolis as this, it is necessary that each case should be treated on its merits.

12,530. Then the danger of that would be that each assessment committee would have an inclination, possibly, to allow too big deductions, for the purpose of local popularity. Might that not be the case?—I am bound to say that I have not found the assessment committees so amenable to local pressure as I should have thought probable.

12,531. Then why have they not, in these cases in the return of suggested alterations, taken your estimates?—Because of the reason that you have just now mentioned—it was to save trouble. They have got a scale, and, ignoring the fact that that is a maximum scale, they use it.

12,532. If you were to sweep away this schedule, do you think the result would be that they would really deal with each case on its own merits, or would they not amongst themselves adopt some uniform deduction?—I think that each parish would, in all probability, ultimately work out its own scale, but that in parishes where there were considerable differences of value—by that I mean considerable differences in the proportion between site value and structural value—they would find it necessary to have two or more scales. The scale in the City, for instance, ought to be very

different indeed from the scale in St. George's-in-the-East or Poplar.

12,533. If your proposal, that the county rate basis should be applied to London was adopted, that would necessitate a duplicate valuation, would it not—one for the purposes of the county rate, and one for the purposes of the local rate?—I do not think it necessitates duplicate valuation in all the other counties.

12,534. I am speaking of London?—From that I conclude that it would not mean a fresh valuation in London; for instance, if I had any part in the operation of such an Act in London, I know certain assessment committees and overseers whose work I should take practically, in the lump, as correct; in other districts I should be inclined to criticise more closely—it would not mean a re-valuation of all London.

12,535. Am I right in inferring from one of your answers to Mr. Clare that you think that the urban rates in London fall on the owners and not on the occupiers?—Of course that is a matter of personal opinion; I am not sent here to give evidence on that, but that is the tendency of my opinion. Of course you can only arrive at a tendency in such a case as that; to say that they all do fall on owners is further than I am prepared to go.

12,536. (*Mr. Stuart.*) There are two figures upon which I wish to clear up your position. You, as I understand, have stated in the course of your evidence that, quite apart from the loss by cases of under-valuation, such as Mr. Dalton has been referring to, there are two individualised causes for under-valuation which you have specified, one amounting to a million, and the other, amounting, in your estimate, to a million and three quarters?—Yes, the first being the practice of adding only 10 per cent. and taking off one sixth, and the second being the excessive deduction due to the fact that the proportion is calculated on the whole value instead of on that portion which is due to structure.\*

12,537. Now, with respect to the first, I think the Commission is pretty clear what you mean, but with respect to the second, namely, that a million and three quarters is lost by some erroneous method of deduction of the one-sixth, the Chairman began to question you upon that matter, and then the questions were interrupted and failed by a discussion that arose about the determination of site value. Now I want you to pursue that further, and to find exactly what your basis is for that million and three quarters, due to the irregular or unfair operation of the deduction of one-sixth?—My estimate is arrived at in this way; the difference between the gross and rateable values of London in the valuation list coming into force next April is 7,495,482*l.*; that is the deduction which is actually made. I have arrived in the way I have described at the estimate of the proportion of rateable value which is due to structure, and that I put down at 22,370,490*l.* Now, I think a fourth of that value would be a fair deduction to cover the cost of repairs, insurance, and the sinking fund which Mr. Clare properly suggested was necessary. That gives me a proper deduction of 5,592,622*l.* Deducting that from the actual deduction shows a difference of 1,902,860*l.*, but to be on the safe side I have called it one million and three quarters.

12,538. (*Chairman.*) You say you have arrived at an estimate that one fourth is the proper deduction?—Yes.

12,539. How have you arrived at that estimate?—By my experience of the last 10 years.

12,540. But your estimate has never been tested?—I think the estimate has been tested in nearly every case that has come before the court of quarter sessions. I am arriving at what I think would be a fair deduction for repairs and insurance, apportioned to structural value. Of course, the practice is to apportion it to gross value: but I am only translating the proportion which is accepted as fair as regards gross value into a proportion which would be fair as regards structural value.

12,541. Who tests your estimate of what is structural value?—That can only be tested by my stating the manner in which I have arrived at the value.

12,542. (*Mr. Stuart.*) I put this question to you in order to come to the point: Is this the position that

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A county rate basis suggested for Metropolis would not necessarily involve an additional valuation.

Incidence of urban rates.

Metropolis, under-valuation in: Estimated amount of, caused by, making percentage deductions for repairs, &c. without taking into consideration the relative values of the site and structure. Suggested method of making deductions.

\* The totals are as follows:—

	Gross.	Rateable.
	£	£
Under assessments:—		
Overseers' valuation	840,601	701,955
London County Council's estimate	1,193,192	992,583
Assessment Committees' decision	853,751	713,680
Over assessments:—		
Overseers' valuation	15,157	12,635
London County Council's estimate	12,727	10,606
Assessment Committees' decision	14,078	11,737

† Page 251.

\* See answers to Questions 12,112-4, 12,323-6.

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you are in—that you say the best way of making deductions for repairs, &c. would be to make those deductions upon the structural, and not upon the site, value, but that for that purpose it is not necessary for you to separate site value from structural value, and that the best way of arriving at the deductions is to do what you yourself have done, namely, to estimate what would be actually required for repairs?—Yes, that is my position exactly stated.

12,543. Therefore, your position that structural value ought to be that upon which deductions fall, and not site value, does not imply a separation of structural value and site value in valuation, but the result of that is arrived at if you take what is actually required for repairs?—Yes.

12,544. You say that the sound way is to go through London, and see at each house what is required for its repairs, and deduct that?—Yes, that is the proper way.

12,545. You say that if that be done throughout London, it is exactly the same thing as if you took a reasonable sum off the structural value alone?—Yes; that is exactly so.

12,546. In order to answer our question, when we asked you why do you put that at one million and three quarters you say there would be two ways of answering that question—the one way would be to go through London and see what the repairs of each house would cost?—Yes.

12,547. And you say, “That is too long for me to do, but I can arrive at it roughly, and only roughly, in another way?”—Yes.

12,548. That way being to answer your question—not in order to carry out the administration of the Act?—Exactly.

12,549. Then you say, in order to answer your question, I have made a rough estimate of what the site value and the structural value of London is, is that so?—I have made a rough estimate of what the site value is, and I have obtained the structural value, approximately, by deducting my estimate of the site value from the actual rateable value.

12,550. And you say that though that might not be a fair method, necessarily, in the valuing of any individual property, it is yet right within a few millions of money, out or in, which is all that we are talking about in this general way, over the whole of London?—Yes, and I am fortified in putting it as high as that by my experience of making estimates of all kinds for the purchase and sale of property. One is always liable to make mistakes, and we find in the Valuation Department that errors on the one side, as a very general rule, balance errors on the other, and our estimates may be relied upon on that account.

12,551. Then you say that you believe you have got a fairly true estimate of the site value of London in the statement that you have already given us as to that?—Yes.

12,552. You believe so?—I believe that any valuation of individual sites throughout London would produce certainly a higher total than the figure I am working upon.

12,553. But you say that the valuation is only of use in enabling us to seize the figure of a million and three quarters, and it is not necessary for the carrying out of such a proposal as you have laid before us?—Exactly, it is purely illustrative.

12,554. You have said, and the Chairman has somewhat questioned its propriety, that a quarter of the structural value would be, in your esteem, a fair average of the cost for repairs, &c. which ought to be deducted to get the rateable value over London?—Yes.

12,555. And you say that from your experience of valuing many properties as a valuer?—Yes, I do.

12,556. If that quarter ought to be a third it would *pro tanto* alter the sum of one million and three-quarters?—It would *pro tanto*.

12,557. But you say that when you come to value any individual property it would be perfectly possible to ascertain what the repairs required on that property would be?—It would be much easier to do that than to do it by way of separating site and structure.

12,558. It would not only be a feasible but a perfectly easy thing for a valuer to go to a property and make an estimate of what the sum required to keep it in

repair, &c., would be?—Not only would it be easy for a valuer, but I think it would be comparatively easy for such laymen as one finds on the assessment committees of London.

12,559. You propose, therefore, that the scheme you lay before us for the better deductions in securing rateable value should be carried out by the estimation of the repairs necessary and not by the separate site value?—Yes.

12,560. In doing that you are saying nothing, as far as what your own opinion may be, as to whether arriving at site value is a possible thing or not?—Exactly; I do not wish to deal with that latter question at all.

12,561. (Chairman.) I want to know now whether you put it forward to us as a practical proposition that it is a simple thing or not to separate structural from site value?—I have already explained that if you were to arrive at the cost of reproducing a building, which is one way of taking its value, and then to arrive at a valuation of the site, considered as vacant, and add those two together, you would not in all cases, though you would in the majority, obtain the true total annual value. Therefore to that extent I say it is not feasible to separate, that is, to divide rateable value exactly into its two elements. What I would suggest, if that is desired, would be a separate valuation of the site only, and not to attempt to call the difference structural value or anything else.

12,562. I do not understand you to put that forward to us as a thing that is practically possible?—It is perfectly possible.

12,563. And expedient?—Expediency I do not wish to speak about; I am not sent here to speak about it.

12,564. (Mr. Stuart.) You are not basing your proposals for the improvement of the valuation of London, as at present undertaken, upon any idea or proposition of the separation of site value from other value?—No, I am not.

12,565. You have only used the separation in your own mind to enable us to get rough figures?—That is the whole purpose to which I have applied it.

12,566. Now, to follow out what the Chairman has asked you about the separation of site value, or rather the ascertainment of site value, what you say is this—that the site value, if it be made, and the structural value, when added together, do not necessarily in all cases give the rateable value?—Yes, that is so.

12,567. Would they in a large number of cases?—Undoubtedly they would in a large proportion of cases.

12,568. Then you say that it is perfectly possible to make a site value in London?—Perfectly.

12,569. It is perfectly possible to make a valuation of any of the sites in London?—Yes.

12,570. (Chairman.) Do you think that would be a plain and uncontentious thing to do, or would it be very controversial?—It would be less controversial than the present valuations, which include machinery, railways, and all that sort of thing.

12,571. Do you think so, considering the number of houses, structures, and hereditaments that you would have to value?—Of course you would not have to value structures, that is the simplicity of it.

12,572. That is just what I want to get at—why not? My position is this. As I understand it, if you are going to attempt to separate, not for your own special purpose, but for any other purpose, site and structural value, you will have to go through every individual hereditament, over every individual street in London, will you not?—You will not necessarily have to enter each hereditament, but you will have to go over every street in London.

12,573. And every different hereditament in every street?—Not necessarily; for instance, I might get out on the back wall of a garden of a house which was one of a row of 20, and I could see at once from my coign of vantage that the sites were practically the same in shape and size; that one inspection would do for 20 hereditaments as to site.

12,574. Excuse me, it is not enough for you to satisfy yourself; you have got to satisfy the committee or tribunal that has to hear your case, and therefore you would have to take the tribunal on to the top of the back wall?—Only in those cases where the ratepayer was dissatisfied with my valuation.

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Valuation  
of site and  
structure.  
How far  
possible to  
value them  
separately.

*Mr. E. J. Harper.* 12,575. And as a matter of course, anyone has the power to be dissatisfied if he chooses, and to appeal?—He has the power; the question is, to what extent he exercises it.

12,576. (*Mr. Stuart.*) In forming a valuation of the sites, by that or any other means, would you have to do anything more difficult than has to be done just now in forming the rateable value?—On the contrary, I should have to do something simpler. For myself, if I had to value London, I would much prefer to value it in sites than in hereditaments; I could do it more quickly, more cheaply, and, I believe, more accurately—that is to say, I could obtain greater uniformity.

12,577. (*Chairman.*) Then put them both together, and have both parties, one interested in the site and the other in the structure, appealing against you; do you think the Appeal Court would be more or less congested with business than it is at the present time?—Of course I was not thinking of the two being done; I am choosing between the two systems, and I say I prefer the valuation of the site.

12,578. (*Mr. Clare.*) In reference to your suggested method, how do you value buildings separate from the site?—It is not, strictly speaking, a valuation; it is a calculation of what it would cost to reproduce the building.

12,579. Then it has capital costs as a basis?—Practically, yes.

12,580. What rate of interest do you put upon it?—That varies according to the character of the building.

12,581. What rate of interest does a man usually want who invests his capital in buildings?—If he is a builder he wants from 6 to 8 per cent.

12,582. What sort of rate of interest would you put upon the buildings of the Bank of England if you had to value them separately from the site?—Something like 4 per cent.

12,583. Then you take capital cost, plus 4 per cent., as representing the value of the buildings?—No, 4 per cent. of capital cost.

12,584. Then you add on, I presume, your estimated value of the site and put say 3½ per cent. on that?—Something like that.

12,585. And the two together would make up a total rent from which you would arrive at the rateable value?—Yes, that is the only way, practically, under the decisions of the courts, that it can be done.

12,586. Allow me to suggest to you this case:—Supposing that a company is formed and builds a hotel which costs them 100,000*l.*: the undertaking turns out an absolute failure, and they lose money every year upon it; would you assess them on the 6 per cent., upon the value of the cost of the buildings plus 3½ per cent. upon the cost of the site?—In assessing a property like that, I should entirely disregard the circumstances under which it came into existence. I should only consider its capability, not the use that is actually being made of it—that is one objection that I have to the present system of rating railways.

12,587. Then you would not adopt the principle of assessment in the Act of 1836, which says you are to base it upon the rent which a tenant would pay from year to year as it stands?—That is the basis on which I should go—the basis of capacity—what a tenant would pay, not what a particular man who happens to be in possession is making out of it.

12,588. (*Mr. Elliott.*) But that might have no relation at all to capital cost?—Not necessarily.

12,589. (*Mr. Stuart.*) Supposing that you ascertain the rateable value, and supposing that you endeavour to ascertain the structural value, and supposing you subtract the structural value from the rateable value, you would get a certain result; am I right in saying that that result would never be greater than the site value?—Yes, you would be perfectly right in saying that: it would never be greater.

12,590. And that in some instances it would be smaller, and in a few considerably smaller?—Yes, I think that is a fair statement.

12,591. And that in the large multitude of cases it would be pretty nearly the site value?—Yes.

12,592. What would you put as the proportion of cases in which it would be so in London?—I should think something like 70 per cent.

12,593. Lastly, have you any idea what it costs to make the quinquennial valuation in London altogether, the whole cost to the public authorities?—I have not any recent figures, but 6 or 7 years ago I went into that, and my recollection is that it was something like 25,000*l.*

12,594. Would you say, therefore, if it cost 25,000*l.* to make a complete valuation of London for rateable value quinquennially it would cost less than that to ascertain what the site value of London was?—I would not say that on the first valuation, because the quinquennial valuation of 1895 is the outcome, not of the work of a man coming fresh to the valuation, but it is the result that has grown up from previous quinquennial valuations, period after period, and therefore a great deal of economy is effected in simply renewing that valuation: whereas if you were making a valuation of site only, you have got to do the whole of the work for the first time.

12,595. Supposing the valuation were going on from quinquennial epoch to quinquennial epoch, you would expect that the ascertainment of the site value in any given quinquennial epoch once began and started would be less than 25,000*l.*?—I have no doubt it would be.

12,596. Have you any conception what the first cost would be?—I could supply the Commission with figures that would be more reliable than anything I could state now on the spur of the moment.\*

12,597. (*Chairman.*) Would you give an appeal in each case if the owner was dissatisfied between the site value and the structural value?—No, I should not deal with it in that way. The occupier, or whoever was concerned, would have to appeal against the estimate of site value, pure and simple: not comparing it with the structural value.

12,598. And the owner, too, of the site value should have an appeal?—I do not see how you can withhold the right from the owner.

12,599. (*Mr. Dalton.*) I think you say the total cost of the valuation in London was 25,000*l.* last time?—I am speaking from memory of figures which I compiled six or seven years ago, and that is subject to correction.

12,600. Does that include litigation?—No, that only involves the cost of preparing the lists.

12,601. Can you make any estimate of the cost of the litigation?—There are no means of making that estimate, because we do not know what the appellants spend. One could easily arrive at an estimate of the probable cost to the public authorities of litigation.

12,602. Does this 25,000*l.* include the whole cost to the local authorities, including the law costs of the local authorities?—No, it does not include any law costs before quarter sessions.

12,603. Can you say what that sum was?—Not now, but I could ascertain it.†

12,604. (*Mr. Elliott.*) Is there any information published, in the accounts of the London County Council, as to what the London County Council have spent on valuation business?—Yes, that is the return to which allusion has previously been made and copies of which I have undertaken to furnish.‡

12,605. Does that include the cost of litigation and all other expenses?—That includes only the expenditure of the London County Council, but it does include their litigation.

\*The witness subsequently wrote:—"I think an assessment of each separate site in the County of London, if carried out by expert surveyors—not necessarily of the most eminent rank—would probably cost 40,000*l.*, if it had to be done under conditions similar to those governing the present quinquennial assessment. This is exclusive of any cost of litigation which might arise out of the valuation."

†The witness subsequently wrote:—"This information can only be obtained by making inquiries of every assessment authority."

‡Quinquennial Assessment, 1891. Cost of Assessment Appeals.—An unpublished return pursuant to an order of the London County Council of 11th July 1893.

*Mr. E. J. Harper.*

11 Feb. '98

Metropolis, valuation in: Cost of.

Valuation of site and structure separately. Determination of rateable value of structure by reference to capital cost.

Valuation of site and structure separately. Owner of site value should be given a power to appeal.

Metropolis, valuation in: Cost of.

Mr. GEORGE LAURENCE GOMME recalled and further examined.\*

Mr. G. L. Gomme. 12,606. (Chairman.) I do not think I need keep you very long, because I think the only matters which concern us are in this paper of comments which you put in upon the figures which I handed you over the table last year (see Appendix).† You refer to those, I notice, all through your comments as my tables and my figures, but I hope you understand that I have not invented the figures, and that I have taken them always from public returns?—I quite understand that; I simply adopted that phraseology for the purpose of conciseness, and I made my memorandum as short as possible for the purpose of the Commission.

Royal parks in and around London: Cost of. 12,607. There are three points; they are the question of the parks, the question of the police, and the question of the education grants. Take the parks; what is there really between us on that question? All that my original memorandum said was that the cost of the public parks, in and around London, was not included in a certain table which I handed to you?—Yes, that was so.

12,608. I then said that the total cost of the parks was 102,466l.?—Yes.

12,609. There is nothing in your choice of the estimate for 1897-8 as against mine for the year 1895-6, except that yours is 466l. less than mine, is there?—There is nothing in the choice of the estimate. I took the latest figures. I have distributed the parks between London and Extra-London, but your Lordship took not only the London parks, but the parks in and around London, and as we are dealing only with London, it is only fair to credit to London the benefit of the Royal Parks in London.

Suburban parks a benefit to London. 12,610. I agree, of course, about Edinburgh and Holyrood, and so on, but you are not going to put to me that London gets no benefit from places like Bushy and Hampton and Richmond?—I would suggest that London gets only the same benefit, or proportionate benefit, from those outlying parks as the Surrey people get from the London parks when they come into London.

12,611. No doubt, but surely London gets a much greater benefit from these parks than the average of the subjects of Her Majesty?—But we are not, if your Lordship will forgive me for saying so, upon a question of the particular benefit that London derives from parks, but upon the cost of the Royal Parks which should fall upon London; and when you are estimating the amount of benefit which London gets from Imperial expenditure, you can only take the Imperial expenditure which is spent upon London.

12,612. I do not agree at all; I say in and around London is quite fair to take; but I do not expect to convert you, and I do not suppose you will convert me, so we must just agree to differ?—It is a question between London and the other counties, and inasmuch as it is a question between what London gets as compared with what Surrey, Middlesex, Essex, and other counties get, surely it would only be fair to credit to Surrey and Middlesex the Imperial expenditure in those counties.

12,613. No doubt; but then it is not only a question as between London, Surrey, and Middlesex, but as between London and Lancashire and the Shetland Islands?—Yes, but in that proportion Surrey and Middlesex go on the side of the Shetland Islands, whereas London stands by itself.

Metropolitan Police: Cost of. Percentage of Exchequer contributions to amounts obtained from rates. 12,614. Very well, we shall not get any nearer, I think. As regards the police, look at page 256 of your memorandum, at the long paragraph which begins with the words "Apart from the basis of comparison;" you there put forward some figures, and consequently upon them a different per-centage?—Yes.

12,615. Would you tell me where you got those figures?—Do you mean where I got the basis for the different per-centages?

12,616. No, the per-centages, I assume, are correctly calculated out; I want the figures which are the basis of the per-centages?—I first of all take the fact that the Metropolitan Police levy indirect taxation as well as direct taxation, and therefore, in ascertaining the proportion of the grants to police taxation, you must

take both, and I add the 37,176l., which is levied by the police by public carriage and other licences, to the rates levied by the police; that is the first item.

12,617. (Mr. Dalton.) That 37,176l. includes the licences for public hackney carriages?—That is so.

12,618. You have made no deduction, I think, in respect of the expenses of the police in administering the Hackney Carriage Acts?—No, because the only deduction that would be possible to be made would be the cost of collection.

12,619. It is a great deal more than the cost of collection, is it not—they have to administer the Acts?—I think not, because we are here comparing the cost of the London police with the cost of the country police. In all other places, so far as I know, the hackney carriage licences go to the municipal authority apart from its police fund, but the police of the different municipal authorities do administer, as one of their ordinary duties, and look after the hackney carriages.

12,620. (Chairman.) The point that I want to get at is in the sentence beginning: "A further criticism, however, occurs here, namely, that portions of the Metropolitan Police district are not in the county of London, and the rates and grants in respect of these portions should be calculated as for the rest of the country." I want to know where you got the figures you refer to there, because I have not been able to get them?—They are contained in the Local Government Board Analysis of the Exchequer Grants.

12,621. I have not been able myself to find any separation for the police as between what is in, and what is not in, the county of London; does the Local Government Board analysis separate it?—Yes, they separate it in the Local Government Board Return relative to the Exchequer Grants. I could give you the exact page, and I will do so in correcting the evidence.\*

12,622. Of course I need not go far into this, but even then there would be still the point that the City of London, for reasons of its own, does not choose to apply for a police grant, which you think it ought to apply for?—That is so.

12,623. Is there really anything in the education figures which is big enough to make it worth while to further discuss them?—No, I think not.

12,624. In one of our calculations the voluntary schools are taken in, and in the other they are put out; there is nothing more between us than that, is there?—I think not; in fact, the conclusion that I come to on this point is that, assuming the correctness of the basis, London gets its fair proportion of the Education grant.

12,625. And your summary at the bottom of page 258 is nothing more nor less, as I understand it, than a re-statement, in short form, of the points to which your former evidence was directed?—That is so. I thought it would be convenient to the Commission to have it in that short form.

12,626. And as such of course it must be taken, subject to any discount, such as it is, as was taken off in examination, after your examination-in-chief?—Quite so.

12,627. (Mr. Elliott.) I want to refer you to a question (No. 9,045) which was put to you on the occasion of your previous examination by the Chairman; he asked you: "Supposing in one of those districts the proportion of the expenditure which gets a large Imperial subvention was largely on poor law, which you say ought to be national, and in another district the local taxation was very much, not for poor law, but for the improvement of property, surely the whole inference to be drawn from the gross expenditure, as you give it, would fall to the ground." Do you remember that question?—I do.

12,628. You then stated that you had taken out, in a separate table, the proportion of poor rates to other rates, which you would be willing to put in?—Yes, I remember that perfectly well.

Mr. G. L. Gomme.

11 Feb. '98

Education grants: Proportion obtained by London.

Exchequer contributions: Proportion of expenditure borne by such contributions in different districts. Purposes of expenditure should be taken into consideration.

\* For previous examination see Vol. I. of Minutes of Evidence (pp. 308-325.)  
† Pages 254.

*Mr. G. L. Gomme.*  
11 Feb. '98

12,629. I think you have been good enough to send in that statement?—Yes, I did send in that statement, and I think you have it.\*

12,630. It scarcely shows what I think it is important should be shown, and I would now ask you whether you are able to give us any information on that point; that is, how does the proportion of the Exchequer contributions to poor law expenditure in London compare with what it is elsewhere?—I have not dealt with that in the table that I have handed in. It is simply the proportion of the total taxation divided between poor and other expenditure. Of course I was quite conscious of the fact, as the Chairman put it to me, that that was an important element in the consideration of the subject.

12,631. I think, in the course of your evidence, you agreed that the poor law expenditure was something more than local, and that some part of it, at any rate, was of a quasi-national character?—Yes; I rather fancy I went a little further than that in my evidence. My own personal opinion is that it is very largely national.

12,632. Have you at any time made any inquiry as to the proportion of Exchequer contributions to poor law expenditure in different districts?—Not in different districts. In my evidence in chief, I put in a table which showed how the Exchequer contribution was made up for London.†

12,633. I want to bring you back again to the position which the Chairman presented to you—that supposing the poor law expenditure in any district was heavy, you would expect to find the Exchequer contributions heavy in proportion to that poor law expenditure, because the poor law expenditure has been recognised as one of the fittest objects for Imperial subventions?—Yes, if it so happened that in the particular year in which the basis of the Exchequer contributions was fixed, the poor law expenditure was very heavy, in the district that you have in your mind.

12,634. I want to take, district by district, not so much year by year. Supposing the poor law expenditure in London was not so heavy, say, as in a town like Oldham or Portsmouth, you would expect to find the proportion of Exchequer contributions heavier, would you not?—No, I think not, because the Exchequer contributions are based upon the grants given in a particular year, and in that year the expenditure on the poor in London was a given sum, also in that year the expenditure in the various districts of the country for poor law purposes was a given sum: it is on that proportion that we are now receiving Exchequer contributions, so that the receipt from the Exchequer does not alter with the increase or decrease of poor law expenditure.

12,635. But from the very earliest date of Exchequer subventions or Treasury subventions, those subventions have always been directed to some particular classes of expenditure rather than others, have they not?—But that was all altered by the Act of 1888.

12,636. Is that so; were not all the old grants kept on foot?—No; the position was entirely altered. Before 1888, the Imperial Exchequer used to grant a certain proportion of the cost of a given service in whatever district that service happened to be administered; now they have stereotyped the grants that they made in one particular year, namely, 1887, and they have made that figure the basis for all future contributions.

12,637. But still when you look at the Local Government Act of 1888, and see the particular purposes to which the Exchequer contributions are to be devoted, you see the preference that Parliament has given, do you not, in favour of the grant of a Treasury contribution to particular classes of expenditure?—That is so, as a matter of account, but as a matter of rating between one district and another at the present moment, I do not agree that that is a result of the Act of 1888.

12,638. But you agree that that is the letter and the spirit of the Act of 1888, that towards particular classes of expenditure, particular contributions should be given?—I can quite conceive that that was the intention of the Act of 1888.

12,639. Is it not expressed in the letter of the Act of 1888?—I think I would say yes to that, but I go on to say from that, that the result of the Act of 1888 is not in accordance with its letter and spirit.

12,640. I only want to press upon you the point that the basis of your evidence is very much this—as the Chairman pointed out—the proportion of Exchequer grants to total expenditure of all classes?—Because I believe that that is the operation of the present system of Exchequer grants.

12,641. But you would agree that towards some classes of expenditure, which are something more than a local concern, it is equitable that the taxpayer, as a whole, should contribute?—That is rather involved in the question of the way that I think a contribution should come, and, as a matter of fact, I think in my evidence, I more than once stated that I did not believe that the present system was the correct system.

12,642. (*Mr. Dalton.*) In this reduction of the percentage of the Exchequer contributions to the amount paid from local rates in the case of the Metropolitan police district and the Midland, Northern, and Southern districts, which, in these figures in the table on page 260, are 99 for the Metropolitan police district and 83 for the Midland, Northern, and Southern districts, you entirely alter them—you bring them down by a series of calculations to something totally different?—Yes.

12,643. I have endeavoured to follow this, and I shall be very much obliged if you will explain one or two of the deductions. In the first place you deduct the whole, I understand, of the licences for hackney carriages without putting on the other side anything in respect of the management of hackney carriages on the part of the police?—Yes. I do that, because in the country with which we are making the comparison the whole of the hackney carriage licences goes to the municipal authority.

12,644. To the municipal authority, but not, as I understand, to the police fund?—That is so.

12,645. Nor do I understand that in the majority of cases that work is done by the police; I understand there is generally a hackney carriage inspector, who is not a policeman. If they, in a municipal borough, take the fees for these carriages and have to appoint an inspector who is not a policeman to do the work, the only benefit they get is the difference between the cost of the servants they employ on that work, and the fees which they receive?—My information is that they do employ the police for this.

12,646. Very well, we will begin with that deduction of 37,176*l.* How do you get at the City of London deduction? You have got the rates amounting to 94,759*l.*, but you do not set out the calculation to show us what you deduct for the grant they should have received?—For the purposes of the police I take it that they are entitled, or that London is entitled, I would rather say, as a whole, to the proportion of the grant which the City of London might receive for its police.

12,647. What do you reckon that on?—At the same figure as we get in London, namely, four-ninths.

12,648. Four ninths of what?—Four ninths of the 94,759*l.* which they levy by rate.

12,649. Then you bring it down to 85?—Yes.

12,650. How do you bring it down the next 4 per cent. to 81?—I bring it down by deducting from the original 99 per cent., which was in Lord Balfour's table, that portion of the Metropolitan police district which is not in the county of London, but which is in the counties of Surrey, Essex, and Hertfordshire, and the proportions of which formed the basis for those counties—for Surrey, Hertfordshire, Essex, Middlesex, and Kent—of the present grants from the Exchequer contributions.

12,651. Could you give us the calculations by which these per-centages are arrived at?—Yes, I could; I have not the exact calculations with me, but I will let you have them very willingly.

12,652. My difficulty is in finding out how the 85, which is the proportion that London gets after making the deductions that you suggest, can ever be reduced to 81, because, as I understand, the proportion that is repaid in London is the same as that which is repaid in the remainder of the Metropolitan police district?—Yes, but you transfer that which is paid for the

*Mr. G. L. Gomme.*

11 Feb. '98

Metropolitan Police Percentage of Exchequer contributions to amounts obtained from rates.

Exchequer contributions. Principle on which they are allocated.

\* See Part II. of Appendix to Vol. I. of Minutes of Evidence, pp. 308-9.

† See Part II. of Appendix to Vol. I. of Minutes of Evidence, p. 247.

*Mr. G. L. Gomme.*  
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remainder of the Metropolitan police district to the country at large.

12,653. That brings up the per-centage on that side, but how you can bring down London to 81 by that process I do not know?—That is simply the difference between the proportion.

12,654. You will let us have the calculation?—I will most willingly send you the calculations.\*

12,655. You point out what a comparatively small portion of these Exchequer contribution grants comes to the London County Council, and how much is taken for the Metropolitan police, but does the same observation apply in the rest of the country—that the amount which goes to the police continues to increase every year, and leaves less for the corporations?—Not exactly, nor in the same way, because in London the proportion goes up in accordance with the rateable value.

12,656. Have you anything to show that it goes up faster in London than it does in other big towns—take Liverpool, Manchester or Birmingham for instance?—No, I cannot say that I have off hand, except my general theory of the London police, that it is partly national and partly local.

12,657. With regard to the parks, I suppose you are aware that in other towns the corporations buy parks outside the town for the benefit of the town, and at the expense of the town rates?—I am not aware that they do it at the expense of the town rates. I know that it is done. I know that the City of London, for instance, has bought parks outside the area of the county of London, but then they have done it, not out of their rates, but out of a tax.

12,658. I was speaking of provincial towns?—I was not aware of that fact in their case.

12,659. (*Mr. Stuart.*) You have given, on page 259, the proportionate Exchequer contributions as between London and the rest of the country, and you have also given the proportionate rateable value and other figures, and you get there certain proportions as between London and the rest of the country?—Those are the Chairman's figures, not mine.

12,660. Yes, they are the Chairman's figures; but, at any rate, you have also given figures of a similar kind?—Yes, that is so.

\* See footnote on p. 257.

The witness withdrew.

Adjourned till Thursday, the 24th instant, at 11.30 o'clock.

## THIRTY-SECOND DAY.

Thursday, 24th February 1898.

At 16, Victoria Street, S.W.

PRESENT :

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. Sir J. T. HIBBERT.  
Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
G. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.

T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.  
The Right Hon. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

MR. W. VALLANCE, called and examined.

12,667. (*Chairman.*) You are clerk of the White-chapel Union are you not?—Yes.

12,668. How long have you held that office?—Nearly 30 years.

12,669. We have got the information as to the existing state of the law and procedure, and also as to the valuation lists in the metropolis pretty completely,

12,661. The figures for the rest of the country consist of an enormous number of items added together?—Yes.

12,662. I presume that if you were to take certain parts of the country and, again, other parts of the country the relations between the first figures, say, in page 259, 18.4 per cent. and 81.6 per cent. would, by no means, be preserved through each portion of the country?—That is so.

12,663. The country varies enormously?—Yes, I mentioned that in the return that the Commission had before them at my last examination.\*

12,664. I wanted to to ask you a question upon that point, you have referred to a return which you presented to the County Council which gave the items for the rest of the country, and that return is not placed upon our minutes for reasons which we need not enter into, but can you let us know the steps by which you obtained that return, so that we may know whether we can get it for ourselves?—It is a matter of calculation from the local taxation accounts, entirely. The local taxation accounts published by the Local Government Board really formed the basis of the return. In cases where the unions, or what are called the registration counties, which are the union counties, are not conterminous with the administrative county, a certain proportion has been taken on the basis of rateable value, so as to fit them into the administrative county. The urban and rural districts are all conterminous now with the administrative counties, and I think there are one or two other cases where a certain proportion has been obliged to be taken, but with that exception the whole of the information is obtained from the local taxation accounts.

12,665. We could get the Local Government Board to make up figures covering the same ground, I presume, as your figures, then?—I anticipate no difficulty.

12,666. Would you be kind enough to let the Commission have some rough account of how you made up those figures, and the points on which they may have required some adjustment, so that we may see whether we could deal with that?—I should be very pleased to do so.†

\* London County Council Return. Exchequer Contributions, 1893-94 (No. 313). P. S. King and Son, Great Smith Street, Westminster, S.W.

† The witness has forwarded a statement consisting of Section 3 of the Return of Exchequer Contributions on pp. v. and vi.

*Mr. G. L. Gomme.*

11 Feb. '98

Parks acquired by municipalities.

Exchequer contributions: Variations in proportion of expenditure borne by such contributions in different parts of the country.

*Mr. W. Vallance.*

24 Feb. '98

Mr. W. Vallance.

24 Feb. '98

Metropolis valuation. Vestry Clerks are customarily invited to conference with assessment committees before lists are prepared by overseers, in order to secure uniformity.

Metropolis valuation. Intervention of Surveyor of Taxes. His influence is great and very useful.

Deductions from gross value are almost uniformly fixed at a maximum in the Metropolis. They are not always justifiable.

meet the assessment committees in conference before the lists are prepared by the overseers?—That is so.

12,670. That is only by custom, not by statute?—It is by custom, not by statute.

12,671. Is it universally done?—I think not. The chief object is to secure uniformity in regard to the assessment of certain properties, especially small tenements of various kinds, so that the various parishes might adopt one uniform principle. We do not invite the overseers: it is merely a conference of vestry clerks, so that they may go back to the vestry and report what, in the judgment of the assessment committee, should be the bases and procedure upon which to arrive at the correct value of various properties.

12,672. This is distinct from the conferences which the London County Council have endeavoured to get together from time to time?—It is quite distinct. It is rather for the purpose of giving effect, as far as possible, to the conclusions reached by the county council conferences. Since the conferences have been held under the auspices of the London County Council, it has appeared to be the more necessary that we should call the vestry clerks together in order to secure uniformity upon the bases of those conclusions.

12,673. And is that anterior to the time when the surveyor of taxes is called in?—Quite so, quite in the early part of the year.

12,674. Is the surveyor of taxes ever present at these conferences?—He has not been.

12,675. I suppose the presence of the surveyor is another element which tends to secure uniformity?—The presence of the surveyor in my experience is a most useful one, apart from the power which he possesses of giving notice of objection, and apart from the authority given him by statute; and although not sitting there exactly as an assessor, he is of great assistance to the committee in drawing attention to special circumstances of which sometimes they are not aware.

12,676. If he is an able and painstaking man, he naturally exercises very great influence?—He does exercise very great influence.

12,677. An influence which, in your opinion, is beneficial?—Decidedly; he is very warmly welcomed by the Committee.

12,678. Do you consider that his position is as good as it could be, or have you any suggestion for improving it?—I have no suggestion. I think that the surveyor already exercises as much influence as he possibly can do.

12,679. Of course it is obvious that his influence is exercised as regards the gross value?—Precisely.

12,680. It has been represented to us, and I do not understand that you differ, that in almost all cases the maximum rates of deduction mentioned in the third schedule of the Act are those which are allowed?—Almost uniformly.

12,681. Do you think that is quite in conformity with what was the intention of Parliament?—Possibly not. The exceptions we do make are in cases of newly built properties, or where the outgoings on account of repairs are very slight indeed. Where it is obvious that it would be unfair to others to allow the maximum deductions we have allowed some smaller amount, but they are quite exceptions.

12,682. Does it not occur to you that Parliament having fixed a maximum, that it ought to be regarded as a maximum, and not as the average?—That is quite so.

12,683. What are the considerations which have led the committees to regard it as an average rather than as a maximum beyond which they are not to go?—It is difficult to say what considerations have been in the minds of the Committee, beyond a general convenience. In conference with the County Council the suggested rateable values also correspond to the full maximum deduction.

12,684. But obviously it must result in a considerable loss of value upon which rates might be laid?—Yes, but in settling the values of properties, it is obviously very difficult to determine what rates of deduction, being less than the maximum should be allowed. At the same time, in saying this I must admit that the maximum deduction which is made is not absolutely justified in every case.

12,685. Do you put it to me that the difficulty of coming more near the obvious intention of the statute would, in practice, be so great as to make it undesirable?—I would not go so far as that.

12,686. Would it not be expedient to find some means by which the intention of Parliament should be carried into actual effect?—There is no doubt that, with a greater amount of care in fixing the assessments, it might be possible to fix a deduction well within the maximum, which would more fairly represent the cost of outgoings for repairs.

12,687. On this point a witness sent by the London County Council, one of their valuers, represented very strongly to us that one way in which this present practice of giving the maximum deduction operated very unfairly was this: that the site value as distinguished from the structural value of premises varied so largely in different parts of London, that in the parts where the sites were more valuable than others, you were thereby taking off a very much larger amount, six per cent. off the gross value, than in the poorer districts of London?—I could not resist the argument; I think there is a great deal in it.

12,688. He went on to say that a skilled valuer, after he had become accustomed to the class of property, by going down one side of a street would very soon be able to arrive at a tolerably fair estimate of what ought to be the deduction allowed upon the houses in that street; and that the practice would soon become settled, and would not result in any injustice, while it would certainly increase the rateable value of London?—Of course, there are exceptional properties in relation to which the maximum deduction would not be allowed by my committee.

12,689. Would you tell me how far the provisions contained in sections 3 and 4 of the Poor Rate Assessment and Collection Act, 1869, are adopted in the Whitechapel Union; I understand you to say they are partially adopted?—It would be more correct to say that section 4 of the Poor Rate Assessment and Collection Act of 1869 is not in force at all in the Whitechapel Union, and that section 3 is alone adopted in three parishes, Aldgate, Christchurch (Spitalfields), and Mile End New Town. In the first two parishes the allowance is 25 per cent., and in the latter 15 per cent., applicable to hereditaments having a rateable value of 15*l.* and under.

12,690. Have you any comments to make, or any suggestion to put before us in that connexion?—I have often wished that the powers contained in sections 3 and 4 were made compulsory, that there was a provision of law which made it imperative to adopt a uniform system of compounding.

12,691. Do you advocate their being made compulsory?—I should do so.

12,692-3. (Chairman.) I understand you to indicate to us that, at any rate, so far as the metropolis is concerned, the union has superseded the parish as the unit of assessment?—Yes, the union is now practically the unit of assessment.

12,694. Following upon that, what change would you suggest in the early stages of making the valuation—would you put the earlier stages, the first drafts of the quinquennial revision, into the hands of the union rather than of the parish?—I would. I think it is very much to be desired, and you would secure then, first of all, more skilled assistance in the original preparation of the list; you would secure a greater uniformity, and you would have but one assessment and one rate, one levy, one uniform collection.

12,695. It has been represented to us that over most of England the rates levied upon the parochial basis are of more importance than those levied upon a county basis, but that does not apply in the case of London, because the rates levied by the County Council are relatively of much greater importance than the county rate outside London. It is upon these considerations I wish to elicit your opinion, not to indicate mine, as to whether the London County Council should not have either a power of revision or a power of objection to valuations which they thought were too low?—In a communication which I addressed to the London County Council in 1895 in connexion with the

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Deductions from gross value in Metropolis. It would be possible to fix lower amounts than the maximum, which would more fairly represent cost of repairs, especially where site value is relatively high.

Compounding: Practice in Whitechapel. A uniform practice should be made compulsory.

In Metropolis, the union and not the parish is practically the unit for valuation. The preliminary stages of valuation should be entrusted to the union authorities, and greater uniformity would be obtained. The London County Council should be given a *locus standi* on assessment

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committees with powers similar to those of surveyor of taxes. This arrangement should include provisional valuations.

Bill\* which they proposed to introduce into Parliament, I said, that the Assessment Committee "will welcome such legislation as will give the Council a *locus standi* in order to secure uniformity of assessment in the metropolis. In effecting this purpose, the Committee are of opinion that the Council are adopting an expedient course in promoting a consolidating, as well as amending, Bill, and in seeking powers broadly corresponding to those already given to the Surveyor of Taxes. The Committee are sorry to find that the Council do not propose to take powers (as under clauses 36 and 37) in regard to 'Provisional' Valuation Lists; and are of opinion that much friction will be avoided if the Committee can have the assistance of the Council in the assessments of property appearing in such lists rather than be left unaided by the Council until the assessments appear in an original, or supplemental, list. The Committee are of opinion that points, considerations, questions, and difficulties will be best dealt with upon provisional lists spread over the whole year; supplemental valuation lists being thus simplified and forming, practically, summaries of the provisional lists of the year." I attach a great deal of importance to that.

12,696. I understand that that means, does it not, that the quinquennial revaluation would be very much lightened, because you would be so much more up to date?—It rather applies to the supplemental lists. Those supplemental lists affect the totals, but in the case of the London County Council intervening in those lists for the first time we have been deprived of their assistance in connexion with the provisional lists. The consequence is that considerations are first brought before the committee upon supplemental lists, and this causes a good deal of difficulty and a good deal of heart burning, whereas if we had their arguments and those considerations brought under our notice at the earliest stage upon the provisional lists we should practically have settled all difficulties.

12,697. When there is a difference of opinion, or when there are considerations which are not present to your mind, you would rather have them at an early stage and before your committee has committed itself to an opinion, than at a time when, so to speak, they have to revise an opinion they have already come to?—Precisely.

12,698. You would welcome a change in the law which would enable that to be done?—I would.

12,699. Do you speak for your committee on that point?—I do.

Vacant properties: Rating in respect of, is fair in principle, but too difficult to carry out.

12,700. What do you say about vacant properties? Suggestions have been made that vacant properties, properties unlet, should be assessed?—In principle I do not think it is quite fair that empty properties should be exempt from rating. On the other hand, I feel a good deal of difficulty in suggesting how the property can be brought into rating, inasmuch as the rating is upon the occupation, and there is no occupation. At all events it is a point upon which I have reached no very definite conclusion.

12,701. And upon that point which I put to you a moment ago, which you did not quite understand, I see that you have put here before us the resolution arrived at by your assessment committee in 1895, and which you quoted at length?—Yes, I should like, with reference to the paper I have put in, to refer to to the last paragraph as to special properties.

London County Council should undertake and defend valuation of "special" properties, and should make initial valuation of large undertakings, such as railways.

12,702. You may read it if you please?—"With regard to clause 67, the Committee will be glad to find that, additional to the properties therein specifically mentioned, where an assessment committee shall inform the Council that they deem a property to be 'special,' and the opinion of the Committee is concurred in by the Council, that the latter shall be empowered to undertake the valuation and to defend the same. The class of property which is in the mind of the Committee in making this suggestion is a 'market' which does not necessarily extend into more than one parish."

12,703. Perhaps following that I ought to ask you whether you have anything to put before us as to the valuation of large public undertakings, such as docks, railways, or gas works, which extend into more than one parish?—I think that the initial valuation should be by the central authority, the London County Council.

12,704. (Sir John Hübner.) I think from your evidence that you consider that the London County Council by their conferences upon these questions did great service to the question of uniformity?—I do.

12,705. I presume the London County Council took up that question owing largely to the want of uniformity throughout the metropolis?—Clearly so.

12,706. It had been brought to their notice with respect to the rates which they have to raise?—That is so.

12,707. I also gathered from the letter which you have read that your assessment committee is very favourably disposed not only to the past action but to any future action of the London County Council in the same direction?—The committee as well as myself, are of opinion, that the intervention of the London County Council is an absolute necessity in London, having regard to the large metropolitan charge; uniformity being of the first importance.

12,708. And also, I presume, because, though the Metropolitan Act has worked fairly well, it does not produce the uniformity of assessment which is desirable?—It does not produce the same degree of uniformity that we might anticipate from the further intervention of the London County Council.

12,709. I may take it for granted that the uniformity obtained in the metropolis is much greater than the uniformity which is obtained in the provinces?—That would be so.

12,710. I dare say your attention has been drawn to the great differences between the gross and rateable value in provincial unions and the gross and rateable value in the metropolis?—Yes, that was my experience years ago, when I was clerk to a country assessment committee.

12,711. Can you tell us why the London County Council Bill proposing to deal with this question was not proceeded with?—I really do not know.

12,712. It was some time ago when it was brought in?—I think the Bill was brought in in 1896.

12,713. You said, as I understood, that a surveyor of taxes was not present in your union in the early stages?—The surveyor has not been present within my recollection at any informal meeting.

12,714. Is it not the case that he is present in other parts of the metropolis?—The surveyor is present with us at all meetings of the assessment committee.

12,715. But not in the early stages?—Not at the preliminary informal conference.

12,716. Is not he present in other parts of the metropolis, even in the conference of vestry clerks?—Not that I am aware of.

12,717. Are you aware whether anything more than the maximum deductions have ever been allowed in any part of the metropolis?—I am not aware of it; not where the maximum deduction is actually specified in the schedule to the Act.

12,718. But if what you have said, with respect to the undesirability of allowing a maximum deduction in every case, be true, would you not think it reprehensible that they should go beyond the maximum terms of the Act, as, I have seen it stated, has taken place in some unions?—May I just qualify that with regard to exceeding the maximum deduction. In the case of rating of small tenements, and in order to avoid the shillings and pence in the assessment, we do get what appears to be an excess of deduction, but when they are taken as a whole they are quite within the maximum, even within the scale suggested by the county council conferences.

12,719. And that might be the case, probably, in other unions to which I have referred?—Yes, following the scale of the London County Council, there is necessarily, in some few cases, a deduction beyond the statutory limit, but when you deal with a terrace of fifty hereditaments in succession, varying in value, in one case the rateable value would be lower than it strictly should be, and in another case it would be a little higher. It is merely the question of the 10s., within the 10s. we allow, and beyond the 10s. they have to pay.

12,720. It is merely a matter of arithmetic?—It is merely a matter of arithmetic.

12,721. Supposing the maximum deductions were allowed in every part of the metropolis, and it became

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Conferences promoted by London County Council with reference to questions of assessment very useful. Their intervention regarded as essential for purpose of obtaining uniformity.

Surveyor of taxes in Metropolis. To what extent does he attend proceedings of assessment committees.

Deductions in Metropolis alleged to be sometimes in excess of legal maximum. Reasons for this.

\* London Valuation and Assessment Bill No. 141 of Session of 1896.



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uniform as a principle, I suppose that would not be unfair as a matter of rating, would it?—Well, there is an element of unfairness in it.

12,722. In reference to the cases which the Chairman has mentioned as to the value of the land?—Yes, but when you come to smaller classes of properties, I do not think there is anything very seriously at fault.

12,723. You suggested that the first arrangements with respect to the assessments should be in the hands of the union, and not the parish. Would you in such a case utilise the overseers of the parish in any way?—No, I think not.

12,724. Would not that raise a very difficult question of the overseers as to compensation?—Are you speaking of assistant overseers?

12,725. Yes?—Clearly it would.

12,726. Is it not a question more of specific rates than of all rates. If you rate empty properties at all, would you not make a difference between the different classes of rates; you would not rate empty properties for all rates, supposing they were rated?—As I have already said, I am not prepared to express a very definite opinion upon it, but what was in my mind was, that if empty properties were rateable at all, they would be rateable in respect of all rates.

12,727. But empty property has to be watched and guarded by the police, and all the lighting has to be done just in the same way, whether the properties are empty or full; is not there a distinction under which empty properties might be called upon to pay on those grounds?—I am not prepared to answer the question satisfactorily.

12,728. You will not give a decided opinion upon the question as to whether owners should be rated for empty properties?—It seems to me to be bristling with so many difficulties that I find it difficult to indicate in what way it could be done.

12,729. You think that it is a case of letting sleeping dogs lie, I suppose?—Yes.

12,730. (Mr. Elliott.) How many parishes are there in the Whitechapel Union?—There are six, but, until recently, there were nine.

12,731. In how many parishes are overseers appointed?—In all.

12,732. I rather gathered from your memorandum that in some cases the local authorities exercise the powers of overseers?—In several cases there are local Acts, and the local Acts make the trustees and governors, or whatever the designation may be in each parish, persons with the power of overseers.

12,733. Are you able to express any opinion as to which is the better of the two systems?—Well, the local Acts have practically become obsolete, and their purpose has been served. A time has come when they might very well be repealed.

12,734. Do you see any advantage in the powers and duties of the overseers vesting in the local authority?—To whom were you referring as local authorities.

12,735. I mean either in the vestry or in the guardians?—I take it, that if the union was dealt with as the unit, not only the unit of administration, but the unit of rating, the powers of overseers would cease.

12,736. I presume, that if that were the case the assessment committee of the union would appoint persons who would practically perform, in regard to rating, the same duties as assistant overseers perform now?—I take it, that in an area like Whitechapel, a skilled valuer would be appointed to make the preliminary valuation. The assessment committee would deal with it as at present, and that that or some other central authority would be required for levying and collection.

12,737. And, of course, in the case of a small union such as yours, one skilled valuer would possess sufficient local knowledge to enable properties to be properly assessed?—I think so. I may say, in that connexion, that I should be sorry to eliminate altogether the voluntary element from the original valuation; but I am rather indicating that the assistance of a skilled valuer would be of the greatest service. I think local knowledge is of great assistance in relation to the value of property, but if they had at their elbow an assessor, that would suffice.

12,738. In such a union, as yours you would have an assessment committee in the union, plus such skilled assistance as the assessment committee thought it desirable to employ?—Yes.

12,739. And there would be no parochial organisation, such as you have now?—None necessarily.

12,740. Does your experience of the metropolis enable you to say whether you would apply that to other unions?—I cannot speak of them.

12,741. One question with regard to the suggestion contained in the letter addressed by you to the London County Council in November 1895. You suggest, as I understand, that the London County Council should have powers somewhat similar to those which the surveyor of taxes possesses?—Yes.

12,742. Have you thought what would be the position in the event of both the London County Council and the surveyor of taxes putting a value upon the property?—It has the appearance of cumbrousness, but at the same time the surveyor of taxes represents the imperial authority, and it is the imperial taxation that he is concerned with.

12,743. At the present moment, supposing the surveyor of taxes puts a value upon the property, that value stands unless it is set aside upon appeal?—Yes, upon objection before the committee.

12,744. Supposing that the London County Council put a value upon the property, is it your idea that the value should stand unless it were set aside upon appeal?—It would not be possible to have both standing.

12,745. Then to which would you give priority; to the higher, or to the valuation of the surveyor of taxes?—For the moment I am not prepared to say.

12,746. You would have to give some priority; you could not have two assessments standing?—No. I do not myself see that it is absolutely essential that the surveyor's figures should stand till the contrary is shown, because in practice the surveyor attends and confers with the committee, submits his grounds, discusses points, and leaves the committee to adjudicate.

12,747. That is, I presume, in the event of any objection being made?—In the event of any objection being made.

12,748. Do you know in what proportion of cases an objection is made to the surveyor's figures?—I have not the exact figures with me.

12,749. Would you say that in a large proportion of cases the surveyor's figures are objected to?—In a large proportion of cases objections were made to the surveyor's alterations, but it is to be borne in mind that the surveyor in inserting his figures deals alone with the occupiers' returns.\* Those returns are frequently very defective and imperfect. We have information before the committee which he had not, and we simply draw his attention to the fact of such and such circumstances, and he at once concurs. If we alter the figures, and he is not content, he has, of course, his remedy afterwards; but there is never an appeal by the surveyor against our figures.

12,750-1. Does not what you have just now said rather point to the desirability of the maintenance of the present arrangement, by which the surveyor's figures stand?—Yes, I think that, taken on the whole, the surveyor's figure might stand as at present, and the county council be empowered to object and appeal.

12,752. (Mr. Dalton.) It seems that in the last quinquennial valuation the number of objections heard by your assessment committee was 1,184?—Yes.

12,753. What proportion, roughly, does that bear to the total number of assessments?—There were 1,184 objections out of a total number of 10,672 assessments.

12,754. Was the objection in most cases to the gross value or the rateable value?—On paper the objection was to both, but it was practically to the rateable value; that is, the aggrieved ratepayer objected to the rateable value upon which he would be assessed.

\* The witness subsequently wrote:—"The number of assessments in relation to which the surveyor estimated a 'gross value' in excess of that of the overseer was 392, and in relation to these there were 137 objections."

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London County Council should be given a *locus standi* on assessment committee, with powers similar to those of surveyor of taxes. Question as to whether their duties would clash.

Objections in Metro- polis to surveyor of taxes' valuations. Surveyor often makes a settlement when facts are brought to his notice.

London County Council should be given a *locus standi* on assessment committees.

Number of objections heard by White- chapel Assess- ment Committee at last quinquennial valuation was 1,184 on 10,672 assess- ments.

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12,755. But in the majority of cases the maximum deductions have been allowed?—Yes, but primarily the grievance is in being assessed at a higher rate than they ought to be; and in giving notice of their objection they give both the gross and the rateable which they desire to be inserted in the list, so that in theory it is an objection to both gross and rateable; but practically their grievance is in relation to the net amount upon which they will have to pay.

12,756. In the cases where their objections were sustained the gross value would be too high in most cases?—Yes, in most cases.

12,757. Do you get more appeals from one class of property owners than from another, or are the appeals equally spread over all classes of property?—They are spread over all classes of property, but not equally. There is no doubt that by far the larger proportion were to small properties. I have here three lists of objections of three separate meetings which show the properties. At one meeting the objections are of a very special character. The East London Water Company's mains and pipes, public-houses, brewery, market, warehouses; and in another meeting we get terraces of small properties, and artizans' dwellings, houses, and shops.

12,758. No appeal was made in any case against the decision of the committee?—I have no recollection during my 30 years' clerkship of more than three appeals, and two of these were settled out of court.

12,759. Have the committee very protracted sittings in dealing with this very large number of objections?—I cannot say that they are protracted; they occupied 16 sittings of the Committee.

12,760. What number of hours per day have they sat at these 16 sittings?—Seldom more than four hours a day.

12,761. Do you think there is any practical advantage in rating on the net instead of on the gross, taking all things into account, the difficulty of the deductions, and the fact that the maximum is nearly always allowed?—The maximum deduction varies with different classes of property. If you were to rate upon the gross it would be a serious injustice in the case of some properties.

12,762. What class of property are you thinking of?—Properties where as much deduction is allowed as one-third, sometimes. In fact in very special properties the maximum is not prescribed by the Statute, consequently the committee are left free to form their own judgment as to what deduction should be made. Then in the case of small tenements the deduction is larger; it diminishes as the gross value increases.

12,763. Do you think that the statutory maximum rates of deductions are satisfactory?—Broadly.

12,764. But, of course, the income-tax, as you know, is paid upon the gross value?—Yes.

12,765. If that is just, why would it be unjust to rate the occupier on the gross also? Is the occupier concerned with the question as to how much the owner will have to pay in repairs?—It is a question as to what the occupier would have to pay in repairs, not the owner.

12,766. You make an addition for repairs to get at the gross?—No, we deduct it to get at the rateable.

12,767. Do you not make any addition for repairs to the rent if the occupier is taking it on a repairing lease?—We do.

12,768. You prefer rating on the rateable to rating on the gross?—I have formed no definite opinion upon that point.

12,769. As regards the power of the London County Council to have a voice in the assessment, should you see any objection to their being represented on the assessment committee and members of the county council sitting with the assessment committee?—Not at all.

12,770. Do you think it would be useful?—I think it would be useful.

12,771. (Mr. Smith.) I think you have had some country experience as well as experience in Whitechapel?—Yes; a good many years ago.

12,772. I was going to ask you whether your suggestion of union areas for rating purposes is the result of

your country or your Whitechapel experience?—I am bound to say it is the result of my Whitechapel experience.

12,773. With reference to the empty or unlet property, there is no difficulty in rating the owner, is there?—There might not be absolute difficulty, but it would be a very complex arrangement.

12,774. You rate the owner in the case of a compounding tenant?—Yes; but that is a continuous assessment.

12,775. Let me put a case. If you take the case in Whitechapel of a large building with empty rooms and offices unlet, retained by the landlord, what do you do in those cases?—We have no such buildings other than artizans' dwellings.

12,776. You can conceive such buildings in large towns being frequent?—Where you get an ordinary dwelling-house separately let in rooms, there, no doubt, you have the risk of certain empties. If that house is assessed at one value there is a wrong done, there is no doubt about that, in the allowance not being made.

12,777. The proper thing would be to rate the owner for the empty room or empty offices under the provision of the statute, if it came under the 20l. in London or the other compounding amounts in the country, whether the rooms are occupied or not; would not that be the legal position?—I find it difficult to answer the question.

12,778. Where a house is let out to several tenants and the landlord retains the top storey, which is generally the last to be let, you ought to rate him for those empty rooms if they come within the compound?—Assuming that you speak of a house in which the landlord does not reside at all, then the separate tenements are presumably separately rated in the rate book.

12,779. In manufacturing towns or business towns, for instance, you have a great number of houses let with offices, and the top floors are very often retained by the owner because he has not got a tenant; there you have to rate him?—But in that case they would not be separately rated; the whole hereditament could be rated at one value.

12,780. Supposing they are let off in flats?—I think as a general principle, that where the landlord is on the premises the tenants of the house are merely lodgers.

12,781. But I am talking of the case of an owner, or, say, a company, that builds those buildings, not a resident owner at all?—Then assuming any portion of the house to be empty, that portion would be a separate tenement, and separately rated; if empty they would not pay rates.

12,782. If you rate it as a whole what then?—If rated as a whole, of course there would be a loss.

12,783. I think, in answer to Mr. Dalton, you pointed out that the objection to rating on the gross would be the very varying scales of deduction that it has been thought proper to allow for different classes of property. For instance, in a tumble-down manufactory you would allow 33 per cent., would you not?—Yes.

12,784. I mean it would be about the highest scale that I could mention?—I have never known a deduction beyond 33 per cent.

12,785. The difficulty in the whole case is in the assumption that the imperial tax is right in being taken upon the gross, is that not so?—Yes, that would be so.

12,786. (Mr. Clare.) Referring to a question put by Mr. Smith with regard to what is called compound property; is not the reason that the owner is rated for small property that it is for the purpose of assisting the local authority in collecting the rate, and not really for the purpose of rating the owner, supposed to be the occupier?—That was the primary intention.

12,787. And in consideration of the owner undertaking to pay all the rates, whether the property is occupied or not, you give him a reduction of 25 to 30 per cent. for doing it?—That is so.

12,788. In other words, he undertakes to collect the rates for you in consideration of your allowing him an all-round reduction of from 25 to 30 per cent.?—There is no doubt that was the primary object.

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Vacant properties, rating in respect of. Difficulties of rating owner.

Appeals from assessment committee in Whitechapel very few in number.

Gross value, rating on. Would be unfair in some cases.

London County Council: Their representation on assessment committee would be useful.

Gross value, rating on. Difficulty of doing this on account of the different classes of property and their condition.

Compounding. Primary object of system was convenience of collection.

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Vacant property, rating in respect of. How far consistent with principle of rating according to valuation of the occupation as a measure of ability to pay.

12,789. Then with regard to empty property, is not the principle of rating that the occupier has to pay according to his ability, and his ability is gauged by the value of his occupation?—That is the original principle.

12,790. And that is the principle on which all rating in this country is now carried on?—Yes, I think so.

12,791. Therefore, if you are going to start the rating of an owner of empty property, you must go away from the principle upon which all the rating of this country is now carried on?—There is no doubt that it is bristling with difficulties, and, therefore, I hesitate to express a definite opinion upon it. At the same time, knowing that there are empty properties and empty properties—that there is the one property waiting for a tenant, and the other property empty from speculation—when you come to those properties it certainly is rather hard upon the ratepayers generally that the latter should not contribute to the expenses which are incurred for the protection of the property, though empty.

12,792. That is one class of property. Another class of property is this: Supposing, by the action taken by a local authority, an owner's premises are seriously depreciated in value, and ultimately he cannot get an occupier at all, the action of the local authority in widening a street has emptied his property, do you still propose that he should pay the rates which have been the cause of his ruination?—That is a strong point, but I prefer not expressing a definite opinion upon it.

12,793. I am only putting it as the alternative to the case you mentioned?—I may say, generally, the question in Whitechapel of assessing empty property scarcely arises at all, inasmuch as the demand far and away exceeds the supply of property of all descriptions.

Deductions Valuation authority should have discretion as to allowance for deductions.

12,794. With regard to the maximum deductions, it would hardly be possible, if you were to act fairly, would it, to have a fixed scale applicable in every case. By way of explanation, I may say, that, supposing you take the rate of maximum deduction allowed by the Valuation (Metropolis) Act, all houses over 40l. rental are allowed a deduction of one-sixth as a maximum. Is not it obvious that, if you have an old house let at 100l. a year, and I will assume that it is a house that is painted outside, and requires a very considerable amount of repairs every year, is not it reasonable to allow a larger amount of deduction in that case than to a newly erected mansion in Park Lane, for instance?—Clearly.

12,795. So that, therefore, it is essential that, although you fix a maximum, a certain amount of discretion should be given to the valuation authority in making the deductions?—I am not prepared to justify the allowance of the maximum deduction to the extent that it is allowed. At the same time, directly you come within that maximum, you have to determine, as a separate question, what deduction shall be made, and then, of course, the difficulties of assessment begin.

12,796. But you still think it essential that there should be discretion left?—I do think so.

12,797. You referred to the fact that, by the interference of the county council, uniformity of rating has, to a large extent, been brought about in the metropolis?—I think the intervention of the county council has contributed to uniformity of assessment in the metropolis already.

12,798. That is with a voluntary intervention?—Yes.

London County Council or a central authority for Metropolis should give directions with regard to system of valuation, and should make initial valuation of special properties.

12,799. If the voluntary action has proved successful do you see any objection to statutory legislation, in the direction of giving the county council or some other authority acting over the whole county, powers to do that which they have done voluntarily?—I do not see any objection whatever; I should, personally, welcome it.

12,800. Do you see any objection to something in the shape of a valuation board being constituted for the whole of the metropolis, or the whole of the county, who should give directions to the subordinate rating authorities with regard to their method of rating, and who should undertake the rating of all properties, such as railways, docks, canals, and so on?—I think that the central authority, whether it is the county council or any other authority, should have the initial power given them to rate special properties, not only those which run into different parishes, but also those which

the assessment committee, with the assent of the county council, may determine to be special.

12,801. Do you think that some such creation of a central authority is desirable, irrespective of the areas of unions, vestries or municipalities within the metropolitan area?—I think it is desirable, if not actually essential.

12,802. And which would still be essential, even if London were divided into 10 or 12 municipalities?—If London were divided into municipalities I assume that, as at present, a very considerable charge would be upon the whole of the metropolis, and, at any rate, it would be to the interest of the metropolis to secure uniformity of assessment.

12,803. Do I follow, from what you say, that, as a general principle, you would advocate that where the rate is levied over a large area the rating authority must represent that large area?—No; I would rather say that, inasmuch as the assessment is not only the basis of the smaller taxation, but also the taxation of the whole of the metropolis, that that assessment should be supervised and controlled as regards the principle by some central authority.

12,804. (Mr. Stuart.) In the City is not it the case that a certain portion of the rates falls upon the owners of empty houses?—I am not aware of it.

12,805. You do not say that it is not the case?—I have no knowledge of it.

12,806. Then I understand that you have seen the Bill introduced in 1896, on behalf of the London County Council, by Mr. Benjamin Cohen and myself, for the improvement of the assessment of London?—Yes.

12,807. Has that Bill as a whole met with your approval?—As a whole it has met with my approval, subject to the letter which I have already quoted.

12,808. And you are not in favour of a county rating authority?—No, I think that it is much better left to the various localities.

12,809. I take it, from what I have heard you say, that you prefer in Whitechapel, at any rate, a union rating authority to the parish rating authority?—Yes.

12,810. And therefore, you would, roughly speaking, abolish the existing parish overseers?—Yes; that would be the effect of my suggestion being adopted.

12,811. You are aware that in London there are a number of parishes which are also unions themselves?—Yes.

12,812. Are you aware that under the Local Government Act of 1894, on the application of the local authority, the powers of the overseers can be transferred to it?—Yes, that is so.

12,813. Then, going to another point, you were speaking about the deductions from the gross to get the rateable value, and I understand, from what you said, that you look upon these deductions as having for their object, to get fairness between property and property?—Undoubtedly.

12,814. And I am right in understanding, am I not, that you consider a certain unfairness is introduced where the value of the site is very different between different properties in proportion to the value of the assessed premises?—There is undoubtedly unfairness in allowing the maximum deduction in the case of such properties. May I just add that I could scarcely think that in the case of such a property that any assessment committee would allow the maximum deduction precisely in the same way as in that of small properties requiring considerable repair.

12,815. I presume that such a matter does not really much affect your union; I mean that within the bounds of your union you would not find very violent variations in site value?—That fact explains the few exceptions there are to the maximum being allowed.

12,816. But are you aware that in the City of London the site value there bears a much larger proportion to the total rateable value than in your district?—I assume that would be so.

12,817. Are you aware that in the City the maximum deductions are adopted exactly?—I was not aware of that.

12,818. I will ask one other question about the City and your parish. First about your union, has the rateable value been greatly raised or not in the time during which you have been connected with the union?—There has been a considerable augmentation,

Mr. W.  
Vallance.

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Areas for valuation: Union a better area than county or parish. Abolition of overseers.

Deductions Variations in deductions, are necessary for fairness between different properties, especially where proportion of site value to total value differs.

Mr. W. Vallance. having regard to the limited area and that there were few uncovered sites. For instance, the rateable value in 1870 was 301,333*l.*, whereas, the present rateable value is 435,392*l.*

24 Feb. '98 12,819. Do you mean by that that the rateable value of the same properties has been augmented, that is to say, not owing to additional properties, but owing to a rise of the same property?—The rateable values of the same properties have considerably increased in value by reason of the increased demand for accommodation.

12,820. Now, would you say that your union was, roughly speaking, rated as highly as it ought to be?—I think the union is rated quite as highly as it fairly could be.

12,821. Do you know if you could say the same thing of the City of London?—I am quite unable to speak for the City.

Under-valuation of one area increases burden of tax in other areas. 12,822. Supposing that the City of London (for this is a question which was submitted to you)\* or any other part of London were under assessed to the extent of 100,000*l.*, have you calculated what effect that would have on the rates in your union?—I have been trying to ascertain what the effect would be of 100,000*l.* under-assessment in other parts of the metropolis. Taking the Equalization Act into account I make it something like 435*l.* But, inasmuch as I have not within my reach returns of all the local expenditure, it is very difficult for me to make a calculation. I may say 100,000*l.* would correspond to a difference of basis of apportionment of about 1,237*l.*

12,823. You are aware, of course, that there are a number of rates which run over the whole of London, roughly speaking, something short of three-quarters of the whole of the rates paid in London run over the whole of London?—I do not quite follow that.

12,824. There are a number of rates which are applied by central bodies and which run over the whole of London, that is to say, 1*s.* rate for the School Board or whatever it may be, goes over all parts of London?—Yes, that is the administration.

12,825. Yes, and therefore in respect of all those rates that are of that character it is clear that an under-assessment of the rest of London of 100,000*l.* would make a larger proportion to fall upon you?—Undoubtedly.

12,826. You have not calculated, have you, what that would amount to for each 1*s.* of rate?—No, I have not made that calculation.

12,827. You could do that?—Yes.

12,828. Will you do it?—I will do that.†

Properties in White-chapel Union: Rateable value of has risen last 30 yrs, and rates in the have risen slightly. 12,829. Now, then, I come to a point that you have mentioned in your reply to me, namely, that your union was rated up to the full, the rateable value has been rising. Have the rates in your union been rising or falling during your period of tenure of office?—They have been rising.

12,830. They have been rising, much or little?—They have risen considerably during the 30 years.

12,831. Then, as I understand, during that 30 years the rateable value of the properties in your union has been rising quite apart from the introduction of new property, and also the rates in your union have been rising?—Yes; when I say rates, I mean the aggregate amount collected from the rate, but I do not think there has been a large increase of rate in the £.

12,832. But there has not been a diminution?—There has not been a diminution.

12,833. In other words, the same piece of property has to pay a slightly higher rate in the £, and a considerably larger sum?—That is it, precisely.

12,834. Is the rateable value, in your mind, a fair index of the rent that is actually paid?—The rateable value is a fair index of the rental value of the property.

12,835. That being so, your evidence amounts to this; that the rental value of a given piece of property and the rates that have to be paid by that piece of property, have both of them risen?—Both of them have risen.

12,836. The occupier therefore has to pay a larger rent, and a heavier amount of rates?—That would be so.

12,837. What do you suppose is the position of the owner; is he getting more or less for his property?—We have had a large immigration into the district of foreign Jews. They have considerably altered both the character of, and the value of the houses in, the district. The demand for accommodation is such, that the rents have been screwed up to, in some cases, an almost fictitious value. In such cases it is found to be very difficult to get away from the rent actually paid as a criterion of value, and as a means of deducing the hypothetical tenant. At the same time, one cannot help sometimes seeing that the hypothetical tenant is not always the man who would give quite the sum at which that property is assessed. You get the aggregate of rents paid by those Jews, and that forms a basis of value.

12,838. I am not finding fault with you in arriving at the rateable value; all that I meant to ask is, whether, from your experience, embodied in your evidence, the value to the owner, from whatever causes, of property in your neighbourhood has risen during your period of office?—The rent which the owner receives now for property is very much in excess of the rent which he received for that same property 30 years ago.

12,839. Would you draw from that the conclusion that the value of the owner's property has not in your district been seriously diminished by the rise in the rates?—I think not.

12,840. Now there are two questions I should like to ask you, which I do not think have been asked, and upon which I should very much value your opinion, namely, about empties and compound householding. In the first place, about empties; have you got large losses through empties in Whitechapel?—Scarcely any; empty properties scarcely exist.

12,841. You know that in some of the neighbouring parishes there is a good deal of loss?—Yes.

12,842. At present it is the case that the loss for empties falls upon the parish?—It is a very considerable loss.

12,843. Have you formed any opinion as to whether that loss should fairly be retained upon the parish, or distributed over the whole of London?—As I said just now, I have no definite opinion to offer in regard to the cases of empty properties as to any amendment of the law.

12,844. My question, of course, applies not to whether they should be rated or not, which is, of course, a very difficult question; but it applies to this, that, as you know, when the School Board or the County Council rate comes upon you, it comes upon you for the total value of the property in your district, including empties; and if you imagine for a moment what is impossible, one half of the property in your district being empty, you would have simply to put double the rate upon the other half. Have you formed any conception as to whether that system should be altered, and whether, for central purposes, you should be valued minus your empties, which would throw the charge for empties then upon London as a whole?—I have not formed any opinion upon that at all.

12,845. Then I will not press you upon it; but I had hoped you had, because it is a thing I very much value your opinion upon?—It is a very difficult question.\*

12,846. Well, then, as to compounding, you have a large amount of compounding, have you not?—No; relatively we have only a small amount. In the parish of Whitechapel, which comprises more than half the union, there is no compounding at all. In the three parishes that I have mentioned there is compounding, but it is only on voluntary agreement under section 3; section 4 is not put into operation at all. With these exceptions we have no compounding.

12,847. Then I suppose you compound because you find it the most profitable for the union?—The act of compounding is an act of the parochial authorities; it does not touch the assessment with which I am connected. The fact is I could not have answered the question had I not sought the information as to what they were doing in the parishes.

Mr. W. Vallance.

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White-chapel Union: Rent in has increased in last 30 years. Reasons for this.

White-chapel Union: Value of property has not been diminished by rise in rates. Empties: Loss in this respect is often considerable.

Compounding system is convenient, but prevents profit from feeling pressure of rates.

\* See page 362.

† The witness subsequently wrote:—"If the parishes of London outside Whitechapel were under-assessed to the extent of 100,000*l.*, there would be a total deficiency on a 1*s.* central rate of 5,000*l.* This would have to be met by the whole of London, and Whitechapel would contribute its proportion, namely, 61*l.*, equal to a rate of '03d. in the £."

\* The witness subsequently wrote:—"It involves the policy of 'compounding'; it raises the point of the inclusion or exclusion of very 'temporary and casual' empties which must be numerous throughout London; and would, I fear, lessen parochial interest in the 'diligent collection of rates.'"

*Mr. W. Vallance.* 12,848. Then without asking you for the bases of what is done, I will put this to you: Have you from your long and very important connexion with London government formed any idea of the propriety and advantage, or disadvantage, of compounding?—It is a point upon which I have been a good deal exercised. On the one hand there is the convenience and the fairness of the compounding system, the simplification of the collection and the security of rates. On the other hand, I have been exercised also as to the fact of the poor, who are the occupiers of compounded tenements, not feeling the pressure of rates at all, and so being led too readily to have recourse to the poor law. That is the position in which I feel myself.

12,849. Supposing for a moment there was no compounding in your union or in London generally, would there not be almost a necessity of collecting rates weekly?—The collection of rates would be a most difficult thing. There is no question about that; you cannot get away from that.

12,850. Still I gather that you recognise it as a very serious problem?—Yes, it is.

*Areas for valuation: Union a better area than parish.* 12,851. You have given evidence in favour of union rating in London; your union consists of several parishes; it therefore approximates rather more than many parts of London to the country position?—As a union.

12,852. Would you make the system of the union the unit of the rating authority, or the county the unit of the rating authority? Which of those would you adopt?—It might be a matter of considerable difficulty in the country, where you get unions occupying a very large area. At the same time, looking at the condition of administration generally now, I think the union would be the convenient unit both for administration and taxation.

12,853. You have no hesitation about it in London?—None whatever.

12,854. You mentioned the London County Council. I presume it has been helpful to you in the assessment committee?—It has.

*London County Council: Their influence has been beneficial to assessment committees.* 12,855. And while approving, speaking roughly, of the Bill that you have referred to, subject to the qualification in your letter, you have not been at cross purposes with the London County Council?—Not in the slightest.

12,856. Then you and the county council have together or separately raised the rateable value in your district in one way or another?—I should not be prepared to say that the intervention of the London County Council —

12,857. I do not mean that; it has been done by somebody or other—the rateable value of your district has been raised?—May I say, generally, that the London County Council, through their representatives, have made no general suggestion which has led to a general increase of rating. Their assistance has been in connexion with certain individual properties, drawing attention to facts of which they had obtained knowledge, and then discussing with us the proper mode of dealing with the property under the Act; and the committee naturally are always grateful for the submission of points and arguments and facts.

12,858. I see that, but whether it be the London County Council, or whether it be the surveyor of taxes, or whether it be anybody else, the general trend of action has been to raise the rateable value in your district of a given property?—I am not prepared to say that the intervention of the County Council has led to any actual increase, but it certainly has contributed to uniformity.

12,859. Let me put the County Council out of the question, because my question really does not depend upon them; but by some means or other, as you have already said, in your district there has been a tendency to raise the rateable value of property?—There has been a tendency to raise the value of property, but it is upon bases from which we could not get away.

12,860. I quite understand that?—There has been the application of no new principle of assessment.

12,861. But the question I want to ask you upon that is this: Have you observed the concomitant result of that, namely, that all the people in your district have to pay more for their water?—Yes.

12,862. Have you ever thought of that?—Yes, I have.

12,863. Will you say how that strikes you?—I think it is most unfair.

12,864. Have you had that matter under your consideration?—I have not had it under consideration other than it has struck me as the assessments have gone up that the value of the commodity which the company have to sell has not correspondingly risen, and therefore that there is a manifest unfairness in it. That is all.

12,865. (*Mr. Arthur O'Connor.*) As I understand the area of the Whitechapel Union is one in which there is a great demand for accommodation of all kinds?—Very great.

12,866. There are very few empty properties of any kind in the union?—Scarcely any.

12,867. There is an increase of population?—The population has increased; it has become more dense.

12,868. With the increase of population I suppose the value of the property, taken as a whole, has increased?—Very considerably.

12,869. Have ground values gone up?—Very considerably. Only recently sales have been effected of property close by which show a ground value of from 10s. to 15s. a foot.

12,870. (*Chairman.*) Per square foot?—Yes.

12,871. (*Mr. Arthur O'Connor.*) Would you say that the population during the last 30 years has very considerably increased?—It has increased, but, of course, there is not room for a very considerable increase.

12,872. During the last 30 years, I said?—The population has varied a good deal. At one census you would find the population relatively low, but that would be by reason of the clearances which have been effected; and then at the next census—

12,873. The population come back again?—The new buildings are up, the artizans' dwellings and other places, and the population is up again. It has fluctuated a good deal.

12,874. But even those clearances were to arrange for the accommodation of the increased population?—Precisely.

12,875. May I take it that the ground values have gone up in the 30 years correspondingly?—The ground rents have gone up immensely.

12,876. When you have an empty, even in the Whitechapel Union, it may be freehold or leasehold?—Yes.

12,877. If it is freehold it may be regarded as absolutely empty, but if it is leasehold, so far as the ground landlord goes, it is not empty, for he gets his ground rent, does he not, just the same?—That is so.

12,878. Is that rated?—Not during the time of the property being empty.

12,879. As between different properties is the rating of shops the same as the rating of dwelling-houses?—Yes. The rent is a criterion of value, that is, the rent paid is the basis of calculation as to what the hypothetical tenant would give for the property.

12,880. Is that the case in respect of licensed premises?—No, in the case of licensed premises we have endeavoured to adhere as nearly as possible to the conclusions reached by the assessment conference convened by the County Council.\*

12,881. But it is not the case with licensed premises that the mere rent is the standard, is it?—Clearly not.

12,882. A public-house, for instance, is rated on a special scale?—Yes.

12,883. Would you say the same of hotels?—Yes. We ask the question, what would the hypothetical tenant give for this property to use it as a hotel or as a licensed house.

12,884. Is the same true of a temperance hotel?—I have not had a case of that kind under my notice.

12,885. Have you in Whitechapel such a thing as a boarding-house?—I am not aware of one.

12,886. But you have lodging-houses?—We have common lodging-houses.

\* London County Council Return. Assessment Conference, 1893-94. Resolutions, &c. (No. 168). P. S. King and Son, Great Smith Street, Westminster, S.W.

*Mr. W. Vallance.*

24 Feb. '98

Ground rents in Whitechapel have gone up owing to increase of population.

Ground rent continues to be paid, but is not rated when leasehold property is vacant.

Water companies' charges have increased owing to rise of rateable value, and this is unfair.

Mr. W.  
Vallance.

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12,887. How are they rated?—It is very difficult to define the principle upon which they are rated. We simply endeavour, having regard to the size, to determine what a tenant could reasonably be expected to give for that property, to carry it on as a lodging-house.

12,888. I suppose the surveyor of taxes is concerned only with the gross valuation?—He is concerned with the gross value only.

12,889. In order that he may get as much money for the Exchequer as possible?—Yes.

12,890. He is not concerned with deductions?—He is not concerned at all with those.

12,891. He does not value the Government property?—No.

12,892. Would you say that the Government, as rate-payers, get off more easily than any other ratepayers?—I think the Government property in Whitechapel is very fairly rated. I think the Treasury have acted very fairly.

12,893. Do you think that if your assessment committee had to value those premises they would not put them at a little higher value than the Government now pays on?—Possibly. At the same time they would be very difficult properties for the assessment committee to value.

12,894. They would be difficult?—Yes.

12,895. Very difficult?—I should prefer Mr. Griffiths' valuation.

12,896. Of course, all property must be very difficult to value. If the statutory maximum of deductions was higher than it is, on the grounds that you have given for adopting the maximum at present, I suppose you would go up even to the increased maximum, would you not. It is very convenient to adopt a maximum, is it not?—There is no doubt about that.

12,897. It saves a lot of trouble?—Unquestionably.

12,898. There is not very much principle about it except that, is there?—No, but in our case I have no hesitation in saying that the assessment committee would not have adhered to the maximum to the extent they have, were it not that there is so little diversity of property.

12,899. (Sir Edward Hamilton.) Do you consider that, speaking roughly, public-houses in your union are a good deal under-rated?—No, I do not.

12,900. You do not think the system of tied houses has had any effect upon the system of valuation?—It has increased the difficulty of assessment where you get a tied house with a mere nominee of the brewery in the house. Of course, the principle laid down by the Conference cannot be made to apply in such cases at all. There we have received a good deal of assistance from the County Council representative; he has got facts together which have been most useful to us in reaching the assessment.

12,901. (Mr. Wharton.) You mentioned, I think, that you only had one case of appeal; is that of late, or do you mean one case in the whole of your time?—I think

The witness withdrew.

it was in 1886. In that case there ought not to have been an appeal. The East London Water Company were the appellants.

12,902. Not having had a large experience, perhaps you would not feel justified in saying whether you are satisfied with the present legal system of appeal. What was your appeal court in that case—it would be the court of quarter sessions, I suppose?—The assessment sessions.

12,903. Are you satisfied with the court of appeal as it now exists?—No, I should like to see some court constituted specially.

12,904. That is what I wish to know—some court constituted *ad hoc*?—Yes.

12,905. And not a court of quarter sessions?—No.

12,906. Have you at all considered what that court should be?—No, I have not considered that.

12,907. Have you ever known of a difficulty in getting a court together where the appeal would last more than one day, and in continuing the same number of magistrates for sitting on that appeal court?—I am unable to answer that question.

12,908. Can you conceive that where an appeal was a question of perhaps two or three days, there might be considerable difficulty in getting the same body of men to sit together in the appeal court day by day?—Yes, I can conceive that that would be possible.

12,909. Then you would probably contemplate a smaller body as a judicial court for the determination of appeals than such a court as now—a court of quarter sessions—on which any member may sit?—Yes, but I am not prepared to make any suggestion.

12,910. You have not made up your mind as to what the court should be?—No.

12,911. What was the result of the appeal which you had?—It was very unsatisfactory. It was a case in which I took immense pains personally to avoid an appeal at all. There was no question of principle, and there was no question of law to be decided; it was simply a question of value. We could get no information at all from the representatives of the company before the assessment committee; we could get no figures that would be helpful to us at all; consequently we were driven to employ a valuer. We employed a valuer with special instructions to keep the value well down, so as not to excite an appeal. He gave us what he said were figures 25 per cent. below what he would contend for in the witness box, and, as I say, there was no question of law between us; it was simply a question of the application of the law by experts. It was for that very reason that I endeavoured to avoid an appeal. However, it went into court, was referred to arbitration; the arbitration took considerable time; it affected six parishes, and at the end amounted to "splitting the difference" all round.

12,912. Then, in fact, the court of appeal did not decide it, but handed it over to another tribunal?—Yes, it handed it over to the arbitrator.

12,913. (Chairman.) Is there anything you want to add?—No.

Mr. FRANK DETHRIDGE called and examined.

12,914. (Chairman.) You are, I understand, the vestry clerk of Paddington?—I am.

12,915. How long have you been in that position?—30 years.

12,916. This paper contains your answers to the questions\* which we sent to you, does it not?—Yes, it does.

12,917. In regard to your reply to our second question, I see that at the end you say: "In arriving at the rateable value the Committee work within the maximum rates of deduction as set forth in the Act, so as to create a result unfettered by fractions"; perhaps you would just explain that sentence?—It is simply to avoid fractions; it is nothing beyond that.

12,918. I understand that, but I want to know what you mean by the expression "work within the maximum rates of deduction"?—Practically we work up to

the maximum, we only have that little difference to avoid the odd figure; we take even assessments.

12,919. Then you regard the maximum rate of deduction as fixed in the Schedule as what Parliament intended you to give in every case?—Yes, we do.

12,920. But do you think that is the real reading of the intention of Parliament?—We have always considered the 16½ per cent. to be so.

12,921. Do you think it is a fair system?—I do.

12,922. Are all structures, new and old, and under all the varying conditions in which buildings are put up, fairly valued for rating, if the same rate of deduction is made from the gross?—Of course, I am speaking for a comparatively new parish. In Paddington we have not many old buildings, and the large majority of houses come under the same class.

12,923. But still, some of them were better built than others when they started?—As a matter of fact, we do take the 16½ per cent.; we work, as I say, within

Mr. W.  
Vallance.

24 Feb. '98

Quarter sessions not a satisfactory tribunal. A special tribunal desirable.

Government property in Whitechapel: Valuation of, is very fair.

Government property would be very difficult for assessment committee to value, and Treasury valuation is preferable.

Licensed premises in Whitechapel are not under-rated. Tied houses difficult to value.

Mr. F.  
Dethridge.

Mr. F.  
Dethridge.

variations of site value are not now considered, but there would be no objection to going more into detail.

Deductions from gross value: Maximum rate adopted in Paddington.

Peculiarities of separate hereditaments including

*Mr. F. Dethridge.* the maximum, so as to avoid odd figures—nothing more.

12,924. You do not at all endeavour, as I understand it, to consider the individual peculiarities of each set of buildings?—No. We are guided by documentary evidence and the returns, and where the house is let on a repairing lease, 10 per cent. is added.

12,925. Let us get rid for a moment of the houses which are let on repairing leases; what I am rather at is those houses which are not so let, that is, those in which you have to deduct without adding anything for repairs?—Practically we work up to the maximum.

12,926. I will put to you the same question as I put to Mr. Vallance. It has been contended here that, taking one property with another, the value of the site in the one case, compared with the value of the site in the other, bears a very different proportion to the total value of the subject, and that if, therefore, you make a maximum deduction from the whole of the value, the gross value, you must, in some cases at any rate, make too large a deduction so as to be fair to other properties. What do you say to that argument?—There may be certain cases of that nature, but I can only say that our practice has been to take the 16½ per cent.

12,927. Would you see any objection to going more into detail in fixing the rateable as compared with the gross value?—No.

12,928. Do you know what the considerations are which have guided your committee from time to time in keeping to the practice which you have indicated to us?—We have been desirous of carrying out the provisions, as we thought, of the Valuation Act.

12,929. Has it ever been the subject of discussion at all in your presence?—Never.

12,930. I see that in answer to another of the questions we have put to you, you express an adverse opinion to the equalisation of rates, saying in your opinion it is not beneficial to the localities as a whole?—I think it is not.

12,931. Would you give me the reasons for that?—A parish gets this amount under the head of equalisation, whether it deserves it or not; whether it conducts its business properly, or otherwise, the amount comes to it as a matter of course. It does not earn it, it simply gets it through population and rateable value.

12,932. You will excuse me for asking the question whether Paddington is one of those parishes which pays or which receives?—We pay.

12,933. Have you any other reason beyond that for the opinion which you have expressed?—Nothing beyond that.

12,934. In another part of your paper you express an opinion adverse to any central authority having power to secure equality of assessment between parish and parish, on the ground that it would lead to centralisation?—I do.

12,935. Do you not think that there is something to be said upon the other side, namely, that if there is a union rate for some purposes, as we know there is, and a rate for other purposes levied equally over all the property in the County of London; and, if there is not some efficient security taken for something like a uniformity of assessment, that the parishes which do not do their duty, and do not assess fairly, would gain an undue advantage at the expense of the others?—I consider that the ratepayers are protected now. One parish can object to the figures of another parish if the work is not fairly done. I have very strong faith in local knowledge. In regard to the assessments in Paddington, I can, without hesitation, say that the ratings have been very fairly arrived at. The creation of a central body might cause friction. We consider that we are quite capable with our local knowledge of supplying these values ourselves.

12,936. But you would go this length with me, I suppose that you take care not to overvalue?—Yes, we take care not to do an injustice; the proof that our valuations are correct, is that we have very few objections and very few appeals.

12,937. It has been suggested to us that the County Council, as the authority having an interest in the whole of London, should have power to object and power to appeal?—They can object now to the figures.

12,938. But they cannot appeal, I think?—In the neighbouring parish of Marylebone, the County Council appealed against the totals in the Valuation list, and

I think the appeal cost the ratepayers there something like 5,000*l.*

12,939. That is so; there is power to appeal against the total, but then the point I wish to put to you is, do you not think that a better way to get at it would be to give such a body as the County Council or some central authority power to object to a valuation of individual properties, so as to avoid that great expense?—I would suggest that the County Council members for the district should attend the assessment committee, if they thought proper; there would be no necessity then for a central body.

12,940. What you alluded to a moment ago was this, was it not, that the County Council at one time did object to the totals, in hopes of thereby being able to get at individual items?—I presume that was their motive.

12,941. I agree with you in what is, I understand, your opinion that that is a cumbersome method of proceeding; but I want you to state to me your objection to giving such a body as the County Council the power to object to individual valuations which could be dealt with upon their individual merits before an impartial tribunal, and so save the great expense which you have just indicated?—My opinion is, that it might weaken local self-government, and lead to centralisation; it would be one step towards centralisation. I have very strong views as regards a central rating authority—a central county council court to overhaul assessment.

12,942. You clearly understand that my suggestion is not that the County Council should have power to be the deciding authority, but that it should have power to take any individual property and have it re-considered before an impartial tribunal?—I think it would lead to friction and to ill-feeling. Speaking for Paddington, I consider that there is no occasion for a central body to overhaul the assessments there beyond the authorities already existing. If a central body could be formed, consisting of the chairmen of all the assessment committees in London, there might be some service in that; at any rate, that would preserve local self-government. I should not care to go beyond that.

12,943. Would you give the County Council a power to appeal before such a body as that?—Yes, I would go so far as that.

12,944. Then I see you make some suggestions at the end of your paper for new sources of revenue and for the re-adjustment of existing ones. I should like to have a little further explanation as to the first suggestion, namely, that local authorities should be empowered to borrow at a low rate of interest from the trustees of national savings banks. Is there any restriction upon local authorities now, as to the sources from which they may borrow if the lender is willing to lend?—They can borrow, but they have to obtain the consent of the County Council beforehand.

12,945. I want really to elicit from you what your own suggestion is. Am I to understand that you wish to force the lender whoever he may be to lend at a low rate of interest?—Not to force him; I have been informed that the trustees of the national savings banks are bound now to place all their money in consols.

12,946. Then your point is that the trustees of the national savings banks should be empowered to lend on such terms as they see fit to local authorities?—Clearly, that is all.

12,947. I suppose you are not a bicyclist?—No, but I have been nearly killed by cycles.

12,948. I am not either, and therefore we can speak quite impartially about the next proposal, which is, that there should be a registration fee of 7*s.* 6*d.* per cycle. Do you put it forward seriously that you could carry that into effect at the present time?—If it could be collected like the dog tax. It would be a great boon to local authorities to have a certain portion of the 150,000*l.* which it would realize in greater London for the repair of their roads.

12,949. Would you make any exemptions at all?—Probably trade exemptions, that is, where a man uses a bicycle for trade purposes.

12,950. What do you mean by trade purposes?—Where it is exclusively used for trade purposes.

12,951. Do you not think you would get into a difficulty? Supposing a workman—and I know the

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Valuation Revision by a central authority would lead to friction. At most the County Council might be allowed to appeal to a conference of the chairmen of all the assessment committees in Metropolitan.

Loans to local authorities by trustees of savings banks suggested.

Registration tax on cycles proposed.

Equalisation of rates not beneficial.

Valuation: Centralisation of, undesirable. Ratepayers already sufficiently protected.

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as far as Scotland is concerned, I am not putting a fictitious case—uses his bicycle to go to and from his work five days in the week, would you prevent him from using it for pleasure on the other two?—There might be some difficulty in that case; in most countries cycles are now taxed.

12,952. Taxing cycles would, of course, involve the registration, and a number, and machinery for that?—Yes.

12,953. What is the exact meaning of your next suggestion—I do not quite follow it—"by basing " school board rate and poor rate proper on income " instead of rateable value " ?—I would have all charges raised for school board purposes based upon a man's income.

12,954. I told you that I was not a bicyclist, but here you touch me rather keenly. I live, for reasons over which I have no control, for five or six months each year in London, and the rest of the time at my own home in Scotland; is my income to be rated fully in London for that purpose?—There are difficulties, of course, but I think the old Scotch system was to rate people according to their ability to pay.

12,955. You make this suggestion, and I want to know how you are going to deal with me in my circumstances?—It is a matter of detail. There has been a very strong opinion expressed in London in favour of this suggestion.

12,956. I do not doubt that for a moment; but supposing you had that case put to you that I have just put, what would be your suggestion—what proportion of my income would you take?—That would require adjustment.

12,957. There is another suggestion which I do not quite understand. You say "Where more than one " trade is carried on by the same person, an annual " registration fee to be paid to the local exchequer ; " what do you mean by that?—There are traders now that go in for half-a-dozen businesses, and I am informed in some countries a registration fee is imposed. Local authorities are so keen to get something towards the rates, people are now rated so highly, that they have to look for extra sources of revenue. In Paddington there are several traders carrying on five or six businesses.

12,958. How would you define a trade for that purpose; would you say that a bookseller or stationer would have to pay a fee?—No, I should look upon that as the same kind of trade; but take a man who is a grocer and a linen draper—those are two distinct trades—and he may be an undertaker as well, and half-a-dozen other things.

12,959. I go some way with you in your last suggestion, but I am afraid some people will say it is a tax upon trade. I am not sure that I should not like to see, speaking for myself personally, something got from advertisements in or upon omnibuses; but why should there be an assessment according to the number of vehicles housed within a particular area?—That is only a way to arrive at a figure. The London General Omnibus Company have their stables in various parishes, and so many omnibuses are housed in each. The only way to get at a figure in their case would be to take the number of vehicles.

12,960. Might I suggest to you that the vehicles are not seen, and that the advertisements are not of use when the vehicles are housed, and, therefore, that it ought rather to be the parishes through which the vehicles run, and where they show their advertisements, that should get the benefit of the assessment?—Well, it might be done in that way, but I thought the only way to get hold of them would be when they were together, when they were stationed in any one place.

12,961. They pay for local rates now, do they not, according to the rateable value of the premises in which they are housed?—Yes.

12,962. (Sir Edward Hamilton.) With respect to the first suggestion that you make, I suppose you are not aware that at this present moment local authorities who come to the Government for a loan practically have savings bank money lent to them; and that, under the Act of last year, the terms upon which a local authority, which can offer the security of its rates, can get a Government loan are very moderate indeed, that is 2½ per cent.—I am aware of that Act, but I was not aware that the money came from the moneys in the hands of the trustees of the national savings' banks.

12,963. That is the case?—I am glad to hear it.

12,964. When you speak of a bicycle tax and of a stamp duty upon advertisements, have you in your mind the idea of a tax which should be levied by the local authority, at its own option; or have you in your mind taxes to be levied by the Imperial Parliament and merely handed over to the local authority?—I was thinking of taxes levied by the Imperial Parliament and handed over to the several authorities.

12,965. You do not contemplate that the imposition should be by the local authority itself?—No; let the Government collect and distribute, according to the rateable value of each district.

12,966. Would you not consider it preferable to leave it to the local authority itself as to whether it would be expedient to raise such a tax or not?—The local authority could express an opinion in favour of raising the tax, but it would be more convenient for the Imperial authorities to collect it and to make a contribution to the local authorities.

12,967. (Mr. Arthur O'Connor.) I do not know whether I am right, but I think I gather that the general effect of your evidence, as condensed in your statement, is that the existing state of things is, on the whole, satisfactory in point of principle and machinery and method?—That is my opinion.

12,968. All you have to suggest is that the local authorities should be supplied with more money by having the inhabited house duty handed over to them, the omnibuses taxed, the wall advertisements and bicycles taxed, and the people who carry on more than one trade in the same area taxed?—Yes.

12,969. And also by having enlarged powers of borrowing?—Of getting money cheaper.

12,970. (Mr. Stewart.) What are your rates at present in Paddington?—5s. 7d.; we are reduced 3d. this year I am happy to say.

12,971. How much of that is under your own parish or local authority's control?—Out of every 1s. in the pound we have control of something over 3d.

12,972. The remaining 9d. is controlled by other authorities, is it?—Yes.

12,973. Do you approve of that condition of things?—No, I think the local authorities, if it could be managed, might have additional control.

12,974. How much of that 9d. that you do not control now would you think you reasonably ought to control?—If we get municipal government I would control the whole as far as each area goes.

12,975. If you got municipal government you would control the whole?—Yes. That is only my opinion.

12,976. You have referred to the poor rate and to the school board rate, which you think should be levied upon the Chairman's and other gentlemen's income, and you have said that it would be difficult to adjust; would not the proper method of adjusting your proposal be to make the poor rate expenditure and school board expenditure a national tax—would not that get over the difficulty?—Yes that would.

12,977. Would you approve of that?—I should.

12,978. Would you approve of the management of the poor of the country being taken out of your hands and carried on by a central authority?—I do not quite follow you.

12,979. We have agreed so far that the rate for the relief of the poor ought to be a national charge; that being so, would it not follow that the administration of the poor law should be national?—No, not as a matter of course. The same bodies might distribute the money if they received the necessary contribution.

12,980. Let us go back to one of your replies to the questions sent to you; one of the objections that you have to the equalisation of rates is that it "is calculated to lead to lavish expenditure," would that not somewhat apply to the proposal of a common poor fund for the whole country with expending local bodies?—That I am not prepared to say.

12,981. (Mr. Arthur O'Connor.) I see that in your list of exemptions you include volunteer drill-halls; what is your authority for that?—There is statute authority, I think.

12,982. The statute authority is for volunteer armouries and not drill-halls, is that not so?—I believe a drill-hall when used for special purposes is

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Suggested duties on cycles and advertisements should be raised by Imperial authorities and distributed to localities according to rateable value.

Valuation and rating Existing state of things on the whole satisfactory.

Rates in Paddington.

Poor rate and school board rate should be made a national charge. Question of administration.

Rating on income: How to be effected in case of persons resident in more than one place.

Trade registration fees suggested.

Advertisements on omnibuses: Rating in respect of, suggested.

Loans are made to local authorities by the Government at 2½ per cent.



*Mr. F. Dethridge.* exempt under statute, but I will look it up and give you the reference.\*

24 Feb. '98 12,983. (*Mr. Dalton.*) I see you recommend that canals should be assessed "in the ordinary way"?—Yes I do.

Canals,  
valuation  
of dis-  
ussed.

12,984. What do you consider to be "the ordinary way"?—It would be according to their receipts, just like a railway company.

12,985. In your parish how are the canals rated?—They have protective clauses; they are rated at the value of adjoining agricultural land.

12,986. That is under some very old Act?—Yes.

12,987. Has it never been altered when they have gone to Parliament for a new Act?—No, it has never been altered.

12,988. I presume you are aware that in some parts of the country when canal companies have gone for further powers the local authorities have succeeded in getting their old Acts altered?—Yes.

12,989. Which is the canal in your district?—We have the Regent's Canal and the Grand Junction Canal, and we get a mere nothing from them—the assessment being based upon a nominal rental only.

12,990. (*Mr. Elliott.*) Are the London County Council ratepayers in the parish of Paddington?—Yes.

12,991. Have they utilized that position of ratepayer to object to any individual assessments in the case of your parish?—No.

\* The witness subsequently wrote:—"The Act 26 & 27 Vict. c. 65. exempted Volunteer Storehouses from rating, but it was held in the case of *Pearson v. Holborn Union Assessment Committee* (1893: 1 Q.B. 339) that the whole of the premises used solely for the purposes of a Volunteer Corps were exempt either under that Act or the general law referring to the exemption of Crown property."

The witness withdrew.

Adjourned till to-morrow at 11.30.

## THIRTY-THIRD DAY.

Friday, 25th February 1898.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. Sir J. T. HIBBERT.  
C. N. DALTON, Esq., C.B.  
T. H. ELLIOTT, Esq., C.B.

E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.  
The Right Hon. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. WILLIAM FRANCIS DEWEY, called and examined.

*Mr. W. F. Dewey.*

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13,001. (*Chairman.*) We understand that you are vestry clerk to the parish of St. Mary, Islington, and clerk to the assessment committee, and you have been vestry clerk since 1883, having had 14 years' previous experience in the office?—That is so.

13,002. Have you had any experience of a similar class outside of London?—No, I have not.

13,003. You have dealt very fully in your memorandum\* with the questions† which were put to you, and therefore I shall not take you through it all for the sake of merely repeating it, so to speak, in an examination in chief. I should like to ask you generally whether you want to concentrate our attention upon any particular suggestions which your experience leads you to think could be made for the improvement of the present system of valuation, or, rather, I should say, perhaps, assessment in the metropolis?—That is a point that I should like to deal with, because I have been associated with it (as I indicate in paragraph 6) in nearly all the

Valuation  
(Metro-  
polis) Act:  
Defects in  
Act.

12,992. With regard to your suggestion that a tax should be imposed on cycles, do you base that suggestion on the fact that the wear and tear of the roads is increased in consequence?—To some small extent.

12,993. Do you think you could justify the imposition of a tax on cycles if at the same time you did not impose a tax on horses, carriages, and carts?—One might lead to the other.

12,994. Is not the wear and tear of the roads much greater in the one case than in the other?—It is so, the tax suggested is imposed in other countries, and it would be a profitable source of revenue if adopted here.

12,995. Horses and carts are taxed in other countries, too, are they not?—Yes.

12,996. Therefore you do not altogether base the suggestion on the fact that cycles are taxed in other countries?—No. They use the road; and they help to cut up the road.

12,997. Would you tax everything that uses the roads?—No, I am not prepared to say that; but simply dealing with cycles, I am surprised to find that a registration fee of 7s. 6d. would bring so much to the revenue.

12,998. With regard to your suggestion that there should be a stamp duty on all posters and wall advertisements, would that interfere in any way with the present practice of rating hoardings?—No. I refer to those posters that do not come under the Act; there are lots of posters that are, perhaps, only up for three or four days.

12,999. Then you would exempt posters which were placed on rated hoardings?—I would not rate twice over.

13,000. (*Chairman.*) Is there anything you want to add?—No.

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Tax on  
cycles  
suggested.  
Should  
carts and  
horses also  
be taxed?

Posters  
and adver-  
tisements:  
Rating in  
respect of  
suggested.

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conferences that have been called in the metropolis, since the passing of the Valuation Act. I have had the matter more or less under consideration, either suggesting, in the first instance, to my parish that they should take it up, or, if started by the London County Council, that they should take part in it as representing Islington. When the Bill of Mr. Torrens (who was then member of Parliament for Finsbury) for altering the incidence of the water charges and making them fall upon rateable instead of gross value, which, you will remember, was introduced some years ago, I represented the inhabitants of the metropolis before the Committee of the House of Lords, as regards the administration of the Valuation Act. The water companies were represented by Mr. Hollams. So that from almost the passing of the Valuation Act I have been more or less accustomed, if I may say so, to speak of its advantages and its failures. The main difficulty, or one of the main defects of the Act is its insufficiency to provide a thorough scrutiny or supervision of the dealings of the several parishes with their own assessment.

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Valuation (Metropolis) Act: Appeal, powers of.

13,004. Are you now alluding to the point which has been before us more than once, that the London County Council, except as an individual ratepayer, has no power of appealing on the details of a valuation, but has only power of dealing with the totals of the various parishes?—That is so; and not only has the London County Council no power, but I say that, practically, the various parishes who are interested (of course, one against the other) have no such powers on account of the insufficiency of the time.

13,005. But you would not suggest, would you, that every parish was to have the power of appeal against every item in the valuation of other parishes if there was a supervising authority which had a common interest with them?—Probably not. Of course the parishes have a common appeal. They have a right of appeal now under the Valuation Act as against totals.

13,006. Quite so, but you would not like to see that taken away?—Certainly not, although I have found it of very little use. From the time since the passing of the Valuation Act there has been only one case, and that was in Kensington, I think—I am not sure whether it was against St. George's, Hanover Square—but they lodged an appeal which resulted in an increase of the valuation of the parish of St. George, Hanover Square, by some thousands of pounds.

Valuation in Metropolis: Differences of practice in various parishes.

Suggestion that Act should be administered by an independent body or official for the whole county.

13,007. As I understand it, these conferences have confirmed your opinion that differences of practice exist in the different parishes which ought not to exist, and which lead to unfairness as between one parish and another?—Yes, and many of which are directly contrary to the Valuation Act.

13,008. Would you indicate them one by one?—Allow me to guide myself by my memorandum. In paragraph 7 I say, as to the change in method of preparing the list, it is a question with respect to the authority who should discharge that duty. I omit altogether the reference to the rates, and I go on to say that "after considerable experience of the disadvantages attendant on the present administration of the Valuation Act, and having regard to the fact that the proportion of county and other central or consolidated charges out of every 100*l.* raised by way of local taxation has increased since 1869 in the county of London from 33 per cent. to 67 per cent."—that is the important question. There was a time when this Act was passed when it would have been practically of little difference as to how the parish assessed itself, because if they assessed the whole of the parish at half value, it merely meant that the rates were doubled, and therefore it was comparatively unimportant. Then the central charges—the common charges—were only 33 per cent., but now in some parishes they are 75 per cent.; in Islington they amount to 67 per cent. Then I go on to say, "I have come to the conclusion that the Valuation Act should be administered by an independent body or official for the whole county, or that each body of overseers, and each assessment committee, in dealing with its own valuation list, should have upon it representatives from other bodies of overseers and assessment committees in the county."

Areas for purposes of valuation discussed.

13,009. Do you not think you go too far when you suggest an independent body for the whole county—such as London. Would you not lose a good deal in the way of local knowledge which you can at present draw upon?—Supposing you had a body like the London County Council, they would be bound to fall back upon the overseers, or the body representing the overseers of the parish for information.

13,010. The suggestion has been made to us, and without expressing an opinion upon it. I ask you whether instead of taking the parish as the assessment unit you should take the union as the assessment unit, with a general power of supervision or of representation from the central body upon the Committee; what do you say as to that?—The union is the assessment unit under the Valuation (Metropolis) Act.

13,011. Are not the overseers of the parish responsible for their own valuation?—Yes, in the first instance, but the assessment committee is appointed by the union.

13,012. Then should we not get rid of the duty laid upon the parish overseers; is it not too small a unit for London?—Of course, you should except such a unit as Islington, which is a very large unit.

13,013. It is a unit of its own?—The parish there is the union.

13,014. If it is a union in itself, it is a large unit?—Take the Holborn union; where Clerkenwell and St. Luke's form the Holborn Union, that would be an instance in point.

13,015. Or some of the parishes in the City of London, which are much smaller in area?—Yes. The difficulty to my mind would be this—that you then practically put the valuation into the hands of persons who have nothing whatever to do with the collection of the rates.

13,016. Well, but if the principle was accepted that the valuation and collection of rates should be in the same hands, that would get rid of that objection, would it not?—To some extent it would. But you would not get rid of the difficulty that I am urging. I have not the slightest doubt as regards the Holborn Union that by the union assessment committee justice is done between Clerkenwell and St. Luke's, and between the Clerkenwell and the Holborn parishes. By what you are now suggesting you would not ensure justice between the Holborn Union and the Islington Union, or instance.

13,017. I think you must have missed the suggestion, which perhaps I did not put quite clearly to you, that the common authority over all to bind them was to be some representation in some form or other of the London County Council?—I beg your pardon; yes. I think if you had that common authority it would be comparatively unimportant. I do not think there is much in the suggestion as to how the items were made up, excepting that they would be somewhat larger.

13,018. Is it not desirable that the common authorities should be brought into the matter at as early a stage as possible before the preparation of draft lists, and before any amount is made up on the part of the assessing authority?—Speaking as a representative of Islington, I have no experience of any distinction between the union and the parish; it is all one for me.

13,019. But you say—and this was the point to which I wished to attract your attention—alluding to the conference convened by the London County Council in 1893-94: "It was apparent not only that different practices prevailed as regards fixing the gross values, especially where properties were let on lease or occupied by the owners, or, on the other hand, let at weekly rents, including rates and taxes, but that even in arriving at the rateable values certain parishes paid little or no attention to the limits of deduction laid down by Schedule III. to the Valuation (Metropolis) Act." I wish you to make a little more distinct to us what it is you allude to?—I find it was alleged in connexion with this Bill before the House of Lords, that some of the parishes did not even limit themselves to the rates of deduction prescribed by Schedule III., but where it suited their purpose, or where possibly the actual rate of deduction—the full amount of deduction, one-sixth—resulted in a fraction in the rateable amount (coming out at a fraction of pounds) they took the pound below. I have got a scale here. This is the scale adopted now, or which was recently agreed upon—I do not know whether it is carried out. It is on page 2 of the regulations agreed at the London County Council Conference, 1893-94.\* It is a copy of a scale which was used in Islington long before that. What I am calling attention to was the fact that practically Schedule III. of the Valuation of Property (Metropolis) Act gives general instructions for arriving at rateable value, by certain deductions from gross. Those, of course, have to be worked out for every pound up to a certain point. At the foot of this scale are these words: "These maxima have been adopted so far as is consistent with leaving the rateable values unfettered by fractional parts of a pound." 16½ would result, in certain cases in bringing out the rateable values to so many pounds, shillings, and pence. In many of these parishes, assuming 6*l.* 8*s.* 4*d.* as the actual rateable value, they would call it 6*l.*, thereby transgressing the schedule.

Valuation in Metropolis. System adopted in arriving at rateable value in different parishes.

13,020. To the extent of the odd shillings and pence they went over the maximum allowed by the schedule?—Quite so.

13,021. If they had taken the other pound, they would have been equally within the maximum?—Yes, it should be 7*l.*

\* London County Council Return: Assessment Conference 1893-94. Resolutions, &c. (No. 168.) P. S. King and Son, Great Smith Street Westminster, S.W.

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13,022. Have you made any calculation as to whether that makes a serious difference in the total amounts upon which rates are made?—I have not, but I think I indicated in paragraph 7 of my memorandum how a difference of one pound on each assessment in Islington would result in the reduction of the rateable value in Islington by 40,000*l.*, as a matter of fact. You can, therefore, conceive that if one parish deals with its assessment in accordance with the Act of Parliament, and a number of others do not, the honest parish may be treated unjustly to a considerable extent.

13,023. Will you pass to another point?—Another point was the question, a very important one, as to what extent large parishes adopted this principle. The Act of Parliament recognises, as the Commission are aware that the gross value is the value at which a house will let from year to year, the landlord doing the repairs. It was a custom in many parishes—I need not instance parishes—where houses were let on lease without any question of whether the lease was an old lease and the property might have gone up in value, to take the rent under the lease as the gross value, and from that to make a further deduction on account of the repairs in accordance with the scale.

13,024. Others have told us that they add 10 per cent. before taking off the 16½ per cent.?—That is the arrangement now, but in many parishes it was not the case; I believe in some parishes they do not add that 10 per cent. even now. A third point which leaked out was, that in a large number, a very considerable number, of parishes represented at this conference parochial buildings, hospitals, and schools, and hereditaments of that kind were not put into the assessment, or, if they were put in, they were put in at very nominal values.

13,025. Have you any other points?—I do not know that anything occurs to me at the moment.

13,026. What is the practice in your parish as regards the deduction of the maximum allowed of 16½ per cent.?—In all cases where the property comes under classes 1 to 5, I think it is, we allow the full deduction up to the scale as far as we can, keeping the pounds level.

13,027. Do you think that is in conformity with the intention of Parliament?—I agree that it is rather doubtful, but it would be rather a difficult thing to make varying deductions. It would entail an immense amount of detail work on the part of the body doing it, and would almost necessitate the viewing of all the properties.

13,028. Not viewing them every year, would it?—Every five years, at the quinquennial.

13,029. I will put it this way, not doing it every valuation?—I should think it is likely the aggrieved persons would allege the objections that their property had undergone considerable deterioration. I think the intention of the Act is fairly met if in all cases the utmost allowance for repairs is allowed.

13,030. Some comments have been made on that practice in connexion with the great difference which obtains between the proportion of what is called site value to structural value in various properties. You will see the point which has been made when I say that a witness sent by the London County Council contended that in cases where the site value formed a very large proportion of the whole value of the hereditament, the deduction of the maximum amount allowed was very unfair to other properties where the site value was not in such large proportions; what do you say to that?—There are very few such properties in Islington; I suppose there is half an acre of garden ground hardly to be found in Islington. I think, as regards Islington, the principle works very fairly of allowing the maximum. Whether every house should receive the full allowance or not, I should have thought hardly worth discussing; although I can understand that in parishes where there are park-like lands with comparatively small mansions (and there are very few such in London) it might be a very unfair thing to allow the maximum rate of deduction.

13,031. But I gather that your experience would not lead you to express a confident opinion as to whether a fair amount could be estimated for such a deduction without individual examination of every such premises?—I am almost certain it could not.

13,032. Do I understand you to suggest, or do you wish to express any opinion, as to whether the friction and expense inevitable to that attempt would or would not be compensated for by the greater accuracy that

would probably be arrived at?—I think decidedly not, because, dealing generally with London as a whole, I think there are comparatively few such parks and open spaces as those to which you allude, and, as I said before, if the whole of London is treated upon the same system, it really, as far as I can see for the moment, makes comparatively little difference whether you—

13,033. It does not quite depend only upon the parks and open spaces. The particular instance given to us was as between a site, we will say, at Fulham and another in Bond Street; that is the extreme difference between the circumstances, and that would not depend upon a park or open space; what do you say to such an instance as that?—I gather your Lordship to put this case: that two houses and grounds are each assessed at 100*l.*, one at Fulham and the other at Bond Street; the possible site value of the property at Fulham being 25*l.* while at Bond Street it would be 75*l.* I am putting it roughly, but I apprehend that that is the point—that the site value of two similarly assessed properties of 100*l.* would be much larger in the case of a property in Bond Street than in that of Fulham.

13,034. Well, that is the suggestion; what have you to say to it?—Of course, to that extent, there would be a certain unfairness to Fulham if the Bond Street property were allowed the same rate of repairs. I have not gone into that point very fully; I see the point, but it is not one of those that press most urgently from the parochial point of view. It is not one which I should suggest making an alteration in or providing for.

13,035. Then there has been a suggestion made to us as to the rating of empty property; what do you say about that?—Well, personally, I rather hesitate to express an opinion, but I do not see that the corresponding advantages would be very great. It seems to me that a considerable hardship would be entailed—I deal of course again with my experience in Islington—upon a class of persons who have probably invested small savings in the purchase of leasehold property. If the owner of the leasehold is going to be rated when he is already out of pocket by the fact that he is losing his rent, a considerable hardship would be entailed upon such an individual, and I think I have said in paragraph 16 of my memorandum that I do not see that he is deriving any great or corresponding advantages out of the rates. He benefits neither by the poor relief, by the education rate, by the highway rate, nor sewer rate; it may be said, possibly, that he does, to some extent, by the police and lighting, because his property may be said to be guarded, but I apprehend that the attraction of empty walls to burglars or persons likely to interfere with such property is very little.

13,036. The point is as to the injustice upon the other occupiers of property in the same parish or district as the empty property. If I understand the point rightly, it is that the quota to be paid by the parish to the total county rate is fixed by the valuation, and if part of that valuation is empty, and therefore not rated, the occupied property has to bear an additional burden to make up the sum to be paid to the common fund?—I take it that was the original principle of rating. As I read the Act of Elizabeth, it was contemplated that the occupiers (those who were receiving benefits, for instance) must take their chance as to how many empties there are, and that those who are receiving the benefits of rating should bear the burden.

13,037. If you appeal to the Act of Elizabeth, I feel bound to put this, that in the days of Elizabeth, a common fund had not been invented?—Quite so, and probably the occupiers were nearly always owners—at any rate to a large extent, I should say. I do not think there were many tenement properties.

13,038. On that point what is the opinion you have formed?—I am not very strong upon it, but I should see no advantage, but corresponding disadvantages. I would express my opinion against it, although not strongly.

13,039. On what considerations?—On the ground that if, as I am assuming, you are going to rate the leaseholder—because a great deal would depend upon that—it would be an unfair charge upon a person suffering from the loss of the rent if he were getting no benefit. I venture to qualify my evidence by saying that there might be something said for rating the site of the empty houses, because to the extent of the freeholder's interest there is somewhat of a beneficial occupation on account of the ground rent received.

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Site value and structural value: It would entail a great deal of work to ascertain the respective values. Whether maximum deduction should be allowed in Metropolis.

Empty property: Rating in respect of undesirable.

Site values: Rating in respect of. How far desirable and practicable.

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13,040. That entails an ascertainment of the difference between site value and structural value?—Yes.

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13,041. Do you mean that?—Then I should be going into a question which you have not raised, a question as to what extent the owner should be rated, whether owners should be rated to any extent, or whether site values should be rated separately.

13,042. If you have any definite opinion that you would like to give expression to, the Commission would like to hear it?—It is a very difficult question. A great deal may be said about it. Some might say that if you charge the owners, if the owners were to be taxed or rated on account of the value of the land, they would simply charge higher rents. In that sense you would simply add to the amounts already paid by the occupier. That would be the result from one point of view. On the other hand, I have heard it said that the owner now pays the rates, and that if all the rates were taken off the occupier at the present time, the owner would not be able to charge a higher rent. It is a difficult thing to see whence the rates come. But I have thought it would be possible to rate site values, to show them distinctly in the valuation list, and, if it were thought well, to charge the owners. The occupier would, of course, pay all the rates in the first instance, and would deduct the rates upon ground value from his immediate landlord, who would in turn deduct it, if it were held by a sublease, from his superior landlord.

13,043. Would you apply that to an existing contract?—I can see a good deal of hardship in matters of that sort, and there would be a very great distinction which might be brought forward as between the unfortunate widow or clergyman who had just purchased an investment with her or his own money, and, we will say, the landed proprietor who had inherited it.

13,044. Would it be consistent with your experience, that what are called site values are not the property of any one class of the community?—Quite so.

Quinquennial valuation: How far was it the intention of the Act that the valuation of property should be fixed for five years.

13,045. Have I exhausted the matters you put before us in connexion with the questions that we have just been speaking of?—There is one point in connexion with the Valuation Act, which, supposing it were to be dealt with by legislation, I should like to call your attention to. I do not know whether your attention has been called to it. I think that the decisions of the courts of law have very much altered the intention of the legislature as regards changes during the quinquennial period. I daresay the Commission may be aware that in the first place the list, of course, is made for a quinquennial period; by sections 46 and 47 provisions are inserted for the making of a provisional or supplemental valuation list, with a view to meet what was originally understood to be alterations of structure that might take place during the quinquennial period.

13,046. Or as to new buildings?—Yes, as to new buildings, or something equivalent to structural alteration. I can understand that it might be other than structural, but something equivalent to structural. A public house might have a railway station opened opposite to it. I can understand a necessity for the revision of the valuation of the public-house, but I have always felt myself, and we have thought out the question, that it was never intended to apply to mere changes of rent. But the courts have practically decided the contrary, at all events, in the cases of the Agricultural Hall and other places of that kind, and the result has been that the overseers and assessment committees of the Metropolis, anxious, of course,—in fact, being bound—to show some consideration to their own ratepayers, whenever a person now comes forward and brings a receipt showing that his landlord has dropped his rent 2*l.*, the overseers and the assessment committees, I believe, almost universally, follow that dropping. I need hardly point out to the Commission that there can be no corresponding increase where rents are raised, because the overseers never learn of it, nor would the assessment committee. So, from the time that the quinquennial list is established, unless there are large increases by additions or by new property, the valuation list begins to drop every year. That has not been very apparent in Islington, because we have had new property which has more than met it; but in the central parishes of London that might be a somewhat serious question to them, and that tendency would possibly require new legislation to prevent it. I have always felt myself that the intention was that you were to be assessed for five years for good or bad. It may not be perfect, but it is a rough and

ready way of determining the matter for the parish for five years, and unless you considerably increase or improve your property, or unless something interferes to lower its value, you are not to be relieved, or saddled with additional rates on the other hand.

13,047. Have you anything else to tell the Commission?—Not in connexion with the Valuation Act.

13,048. I understand you to approve of the suggestion that there should be a central valuation for such a county as London for property such as railways, tramways, gas and waterworks, electric lighting, telephones, and so on?—I certainly do; I think that those undertakings are only partly assessed at the present time, because they are split up like a bundle of sticks.

13,049. Instead of being taken piecemeal according to the districts they cut through, you would value them as a whole, by a common authority, and devote the proper proportion of the property to each parish or union?—Quite so.

13,050. Do you think that the appeal to quarter sessions is a satisfactory way of reaching a final decision?—No, I am not at all satisfied with the present appeals to quarter sessions. No principles are ever laid down to guide us. Take the case of the Gas Light and Coke Company's appeal—one of the most important appeals ever heard probably—in which the Gas Company appealed against some 15 or 20 parishes. They had a large number of expert valuers, who gave opinions as low as they could, naturally; we, on the other hand, retained a large number of valuers, who gave opinions as high as they could in parishes differing in themselves—such is the custom. After hearing the whole of the evidence, which occupied 18 months—of course, not right off—the appeal costing over 30,000*l.*—Sir Peter Edlin—I am not intending to reflect upon Sir Peter Edlin—ultimately announced that the court had come to the decision that the assessment was to be so much. That was the only result, and there was nothing at all in it to guide us. The court did not let us know what principles were adopted, more particularly in connexion with one question which is always raised now in dealing with such companies. I am pleased to have an opportunity of referring to it. It is the practice of making what are termed recognised allowances—deductions that have to some extent the sanction of the courts of law—to recognise something like 15 per cent. upon the estimated tenant's capital. We are certainly very desirous of guidance upon that question. The time, no doubt, was when 5 per cent., as a mere return for capital invested, and an additional 10 per cent. for the trouble taken in working those great undertakings, was probably a reasonable thing; but we are desirous of showing that at the present day 15 per cent. is an absurdly high amount to allow to a hypothetical tenant upon an assumed capital for the working of a monopoly. Whether any or what ideas guided the court of quarter sessions on the point we do not know, nor do we know what the practice of the courts is really on this point.

13,051. I observe in paragraph 17 of your memorandum you comment upon the Equalisation of Rates Act. I see at once that you are in favour of the principle of the Act, but you say, "The rates, however, in Islington have not decreased in proportion" to the 3*d.* in the £ which you receive. "In 1894-5 they amounted to "5*s.* 8½*d.*; in 1895-6, to 5*s.* 7½*d.*; and in 1896-7, to "5*s.* 6½*d.* in the £, while during the current year, "with a net grant from the fund of 23,505*l.*, they have "gone up to 5*s.* 8*d.* in the £." I should like you to carry that a little further, and tell me to what you attribute that result?—The going up of the rates, do you mean?

13,052. Yes?—They have gone up largely owing to—well, I will not say the excessive borrowing, but—the large borrowing, which has been recently exercised by the vestry in connexion with electric lighting, baths and washhouses, to a very considerable expenditure in connexion with sanitary administration, and, I think, also to improvements under the Metropolis Management Act.

13,053. Do you suggest that the subsidy received through the operation of the Equalisation of Rates Act has acted as a temptation or inducement to the vestry to embark in this expenditure?—I should hardly like to go so far as that. What I was anxious to point out to the Commission was this: I rather think you assumed, in the first instance, that I was in favour of the Equalisation of Rates Act. I think I guard myself

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from going so far as that. Of course, as representing Islington, the Commission will understand I should like to say that there has been a pecuniary advantage to Islington; but, speaking generally, I am not at all sure that this Act has been the best way of meeting what, I imagine, was the intention of the Legislature in reference to the object, which, I take it, was the relief of the poorer parishes.

13,054. The intention of those who advocated the Act, and of the Legislature in passing it, was to prevent burdens being unduly pressing upon poorer districts and richer ones getting off more easily—that was the generally accepted intention of the Legislature. Do I understand from you that there would have been a better way of attaining the result?—I think it would not be impossible to make suggestions upon that, but I am not prepared to do so. I take again the parish of Islington, and I say that Islington has not been what I call a highly rated parish from the rate in the £ point of view. I cannot go beyond that. Islington, among the 60 or 70 parishes of the Metropolis, has always been among the 10 lowest rated. One of the results of the Act is that Islington, owing to its excessive population, receives a larger grant than parishes that have rates of 2s. or 3s. in the £ more. Dealing with the point to which your Lordship was referring—of course I do not know, but would it be far from right to say that the Legislature had this in its mind—"Inasmuch as an East End parish pays 8s. in the £, or 7s. 6d. in the £, which we think is a burden upon the inhabitants, we will pass an Act which will cause the West End parishes to assist to reduce those rates." In Islington, from some cause or other, it has not had, at all events, that result. Whether that was the intention of the Legislature I would not say; but the idea would probably have been this: here are parishes overburdened with rates, and the West End parishes ought to pay a portion of those rates. That object is not attained if the rates do not go down. Of course, they have gone down slightly in Islington, but not anything like in proportion.

13,055. But the rates in Islington would have gone down at once if it had not been for this extra expenditure to which you have called our attention; and what I want to get at is this—it is rather a hypothetical question—supposing the Equalisation of Rates Act had not been passed, do you think the vestry would still have gone in for this additional expenditure?—I should doubt whether they would to the same extent, because there would have been an outcry if the rates of Islington had been raised to such an amount in the £ as would then have been necessary.

13,056. It amounts to this, that the Equalisation of Rates Act has spread the cost of your baths and wash-houses over the whole Metropolis?—I am not prepared to go so far as that. Of course, the baths and wash-houses were built, some of them, before that time. But there are some—as you can understand, with a body like a vestry, and especially as it is now constituted—who think that it is very desirous, not so much to lower the rates, as for the authority to expand itself. They see the advantages, or the presumed advantages, of electric lighting, and of the cutting off of a corner of a street, and of the widening of the thoroughfares; and now they have the money for those things without laying any great additional burden upon the ratepayers.

13,057. I think I need only ask you as to one other point. I want to know what your practice in Islington is as to compounding?—The vestry as overseers enter into agreements with owners under section 3 of the Poor Rate Assessment and Collection Act, 1869. That is not the compulsory section—the compulsory section is section 4. This enables them to enter into agreements with the owners of such properties as they think proper, and not over the whole parish, or, rather, over the whole of the houses under the Act in the parish. Before doing so, however, they ascertain from the rate collectors what are the circumstances attending the collection, and it by no means follows that they enter into agreements as regards all the property in the parish coming within the limits of the section. For instance, they treat it from their own point of view. A large number of owners are very desirous that they should be allowed this composition. The vestry ask the collectors what is the nature of the collection: "Do you find that you can get the rates with comparatively little difficulty?" and if the collector says: "Yes," they allow no compounding at all, but they collect direct from the tenants. If, on the

other hand, the rate collector says: "This is very bad property," they would probably enter into an agreement with the landlord. But in Islington the number of agreements by no means extends to the whole of that class of property, and in very few cases do the vestry allow the 25 per cent. maximum permitted by the Act; the average they allow is 15 per cent., and in some cases 20 per cent.

13,058. Do you collect the rates half-yearly or quarterly?—We collect them quarterly.

13,059. Is that universally so?—Yes, and within the quarter—we enforce them within the quarter. I have ventured to add—the Commission I thought would attach some importance to it—what the result of that quarterly collection is in Islington, namely, a loss of 6s. in every 100l.

13,060. You regard that as a very satisfactory result, of course?—Very, indeed; and I think the Local Government Auditors are in the habit of holding Islington up as a pattern. I do not think such a record could be shown elsewhere in the country with a debit of something approaching 500,000l. annually.

13,061. (Mr. Wharton.) You told us, I think, that that very heavy appeal before Sir Peter Edlin was 18 months in court. Was there any difficulty in securing the same court during all that time?—I think, if I may say so, there was very great difficulty in securing Sir Peter Edlin. Of course, he was continually going over to Surrey in connexion with the ordinary business of quarter sessions. I venture to think that the convenience of the ratepayers had necessarily to wait the convenience of the court. I am not reflecting upon the court, as it was the necessary consequence of Sir Peter having to attend to the ordinary business of quarter sessions.

13,062. I was only thinking that Sir Peter, or whoever else it was, would be obliged to attend during that trial, otherwise the court would be illegally constituted?—Sir Peter was the court, to all intents and purposes. I do not know that there was any limitation. Perhaps some two or three members were asked to sit with him. Sir Peter was the court on all those occasions.

13,063. (Mr. Stuart.) I have one or two questions to put to you. You have referred in paragraph 6 of your memorandum to the Bill\* introduced by Mr. Cohen and myself on behalf of the London County Council for the amendment of the system of assessment in London; is that a Bill of which you generally approve?—Yes, I did myself; there were some small provisos that I think the London County Council would have met us upon, but, as representing Islington and the overseers of Islington, I may say they decidedly approved of it.

13,064. The Bill was thrashed out more or less in the conferences to which you have referred, was it not?—That was so.

13,065. And I presume that the result of those conferences, even in an unofficial way, was to give a certain greater uniformity in the assessment of London?—I think they did.

13,066. You took a personal and a very prominent and useful part in that, I think?—I did my best. I was certainly there.

13,067. At the present moment, does any member or representative of the county council attend on your assessment committee?—No.

13,068. But you are on friendly relations with them upon these matters?—Yes. I think the London County Council have recognised the fact that Islington has always done its best. They never, in fact, raise any objection to our list.

13,069. My information is, as to that, entirely coincident with your own. I suppose, as a rule, the members of the local bodies would support that Bill?—In Islington they would, but probably in other parts of London there would be opposition to it.

13,070. Where, for instance?—Perhaps you will excuse me mentioning names, I might be mistaken, they are only assumptions, you know.

13,071. I will not press you upon that point at all. Now you mentioned, with respect to compounding and empties, a certain practice in your district. With respect to empties there are two questions, are there

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Collection of rates made quarterly in Islington has satisfactory results.

Appeal of Gas Light and Coke Company.

London County Council: Bill introduced to amend the system of valuation in London.

Compounding: Practice in Islington.

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\* London Valuation and Assessment Bill, No. 141 of Session of 1896.

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not; first, the question which you were discussing, namely, whether they should be rated or not; and then there is also the further question of the loss to the rate collecting body from the fact of their being empty?—Yes.

13,072. Has it, however, ever occurred to you that that loss might be borne by the metropolis as a whole?—No.

13,073. Have you any opinion to express upon that suggestion?—It would be a very crude opinion if I were to express it off hand.

13,074. Would you think over that, because I should personally very much value your opinion upon it?—I will certainly do so. You will understand me when I say that it would be necessary to consider where those empties pinch the hardest.

13,075. I quite understand, but I hope you will turn it over in your mind?—I should like to do so.

13,076. Then you have losses in collection which are very small, smaller, I take it, than almost anywhere else?—I think so.

13,077. And that you attribute to your quarterly collection?—Yes. Might I say, in connexion with that, I have put it in my memorandum (paragraph 18), but I think the Commission would not mind my emphasising it, that in 1878—the year before we adopted the quarterly collection—with a debit of something like 250,000*l.* only, the avoidable losses, I mean “runs” and “excuses” were 18*s.* in the 100*l.*, but now, when we debit twice the amount, something like 494,000*l.*, they are only 6*s.* in the 100*l.*

13,078. Taking the case of compounding, for a moment again, you have mentioned that you carry out the principle of compounding simply from the point of view of what will pay the vestry best?—Yes.

13,079. Suppose there was no compounding, how would you meet it? Have you any proposition for meeting the case from the vestry point of view?—Of course it would be a difficult thing, because these persons are fleeting tenants. A vestry however which collects quarterly, and within the quarter, would run comparatively little risk of loss, although there would be some, no doubt.

13,080. If the system of compounding were non-existent, or were abolished, would you see a profound difficulty in a weekly collection in those particular cases?—I think there would be a considerable difficulty in a weekly collection of the rates.

13,081. What is the most frequent collection that you would think would be absolutely possible?—Of course you mean in Islington?

13,082. I mean in those particular properties in which you now compound and in which we assume compounding would be at an end, and in your own district of Islington?—They are so comparatively small in number in Islington that I should doubt whether the vestry would be inclined to make any change.

13,083. You spoke of the intermediate valuation between the quinquennials; am I right in understanding that your view is that the quinquennial valuation should endure to the next quinquennial in all cases, practically, except where there is an alteration of structure?—Quite so; or an alteration of this nature, if I may say so—it is difficult to define, but you can understand that the pulling down or the addition of a public-house or a large building, or a railway station near a property might affect its value one way or the other.

13,084. But a mere alteration in rent as between landlord and tenant should not be taken account of at all?—Quite so.

13,085. Then a question was put to you about site values. I suppose in Islington there is no great variation in the proportion of value that attaches to site and building; practically, it is about the same proportion?—I should think so. The only difference, of course, being the difference of area.

13,086. But you would recognise this, would you not, that if you go, say, to the City of London, you will find that the proportion of the whole gross value which is due to the site is very much greater than it would be in Islington?—Undoubtedly.

13,087. The deduction of a sixth which is allowed by the Act is for the repair and outgoings on the buildings, practically?—Yes.

13,088. If the deduction of a sixth is fair all over Islington, roughly, it may still be very unfair when comparing Islington with the City?—Yes.

13,089. Suppose, for instance, that you have in the City property where the site value is two-thirds of the whole value, then if the deduction of a sixth was fair in an ordinary Islington property, the deduction of a sixth would be too much in the case of that particular City property?—Yes, that would be so.

13,090. Have you formed any idea of how much the City is below the rateable value of what it ought to be on account of that very cause?—No, I have formed no idea.

13,091. Every hundred thousand pounds rateable value that it was under what it ought to be would, I understand from paragraph 9 of your Memorandum, cost Islington about 1,000*l.*?—Yes, I think that is so; I made the calculation.

13,092. Whatever sum it is, it is stated in your memorandum. Do you suppose there would be any very serious difficulty in Islington in separating the value of the site from the gross value?—No, I think that is quite practicable.

13,093. It is quite practicable in Islington?—Yes.

13,094. If that were done, would it not be a more equitable way over London to make the deductions then upon the remaining portion, and not upon the site value?—Yes, I think it would be.

13,095. Then coming to another point; is not the action of the public bodies of London, both their action in respect of appeals and their action generally in connexion with rateable value in the direction of increasing and screwing up the rateable value, not of diminishing it?—No. Perhaps I misunderstand you. I think in paragraph 5 of my memorandum I show that out of the many objections that are lodged—and of course these objections are lodged by persons who seek reductions—in the case of a very large proportion of them the objection is allowed. I use the word “objection” as distinct from that of “appeal,” because both words are used in the Act, and “appeal” would mean going to the Court of Quarter Sessions, and “objection” would mean going to the assessment committee.

13,096. But the public authority, whichever it is, appears in that instance as the persons who are desiring to keep the rateable value up, and the object of the appeal is to bring the rateable value down?—Yes, of course the overseers are the persons who, having once decided it, as a formality support their own valuation.

13,097. Then when you point out that of late years there has been a great inequality in the method in which different portions of London have been valued or assessed, the method by which that inequality has been put right has been, not by reducing the assessments where they were high, but by raising the assessments where they were low?—The result of the adoption of the regulations prescribed by the conference has been undoubtedly to increase the values of parishes as a whole. One of the facts which was ascertained at that conference was that empty property was in many parts of London excluded from the valuation until it was occupied, with the direct object, and they had it mentioned, of saving the payment of the precept to the central bodies.

13,098. In respect of the increase of the rateable value of a given property, or of the principles upon which the rateable value is ascertained, in connexion with that increase, do you regard the public as the only benefiter, or are there any other people that benefit besides the public?—By the increase in the rateable value?

13,099. Yes?—Of course the Government benefits by the increase in the gross value; the public only benefits to the extent that by so much as A.'s assessment is increased the total of the rates payable by the other ratepayers are reduced in a corresponding proportion.

13,100. Then is there anyone else who benefits?—No. I do not quite, perhaps, see the point.

13,101. May I suggest to you that the water companies have a charge of five per cent. practically on the rateable value?—Yes, the water companies benefit by an increase in the rateable value.

13,102. Is it not the case that the effect of a large amount of the endeavour to put the assessment and valuation of London on a proper basis has been to present the water companies gratuitously with a large

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Rateable  
value of  
properties  
in London  
increasing.

Water  
companies  
benefit by  
an increase  
in rateable  
value of  
property.

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sum of money?—I think that has been to some extent the result. I must not be understood as saying that the result of the increase in the valuation has been that alone, even as regards the water companies, because, of course, a great deal of the increase of the valuation in such a parish as Islington has been in respect of new property which the company supplies with water.

13,103. Quite clearly; and I was very particular to take the case of the raising of the value of the same property?—The water companies have now a direct interest in the increase every quinquennium of the valuation lists.

13,104. Your rates in Islington have not diminished in the last 30 years, have they?—No; in my experience they have gone up.

13,105. Take the rateable value of Islington, and do not turn your mind to the new premises, but take the same premises that have continued through a number of years; has the tendency been that the rateable value of the same premises has risen during that time or diminished?—If I go back for 20 years it has, I think, diminished.

13,106. But if you go back 30 years?—I may remind you that some, shall I say 30 years ago, when I first became acquainted with Islington, buildings were being erected, and houses were being let, I will not say at fabulous sums, but perhaps almost as fast as they could be built; the time came—about 15 years ago or something like that—when there was a sudden drop in the better class of our property, and I should say that, dealing with such properties as Highbury New Park and Hornsey Lane, where City merchants lived largely at one time, that such properties have gone down in their selling value very nearly half.

13,107. To what do you attribute that decrease of rental?—Largely to the overspreading of the parish with smaller properties which have deteriorated the value of this property and have either driven the class of persons to whom I am alluding out of London (and they have been going out of London rapidly) or, as is the fact now, have led rather to a desire to live in what they call the West End. These two causes have been effecting great changes in Islington lately.

13,108. Would you say that any of that was attributable to the rise in the rates in Islington?—No, I should say not. I often say to persons who complain of the rates in Islington: you cannot step out of Islington, north, south, east, or west, without stepping into a more highly rated parish.

13,109. Now we will come to the Equalisation of Rates Act. There were certain questions put to you thereon, and you point out in paragraph 17 of your Memorandum that although, I think, about 3d. in the £ has come to you from the Equalisation of Rates Act, yet your rates have not fallen to that amount?—Not correspondingly.

13,110. Am I right in thinking that you attributed the failure to fall to the fact that the vestry have undertaken more sanitary operations and other operations of a more or less similar kind?—Yes, such as street improvements.

13,111. Are you aware of this: that when the Equalisation of Rates Act passed through the House of Commons it was distinctly impressed by the Local Government Board authorities on the House of Commons that it was not desirable that the sum which went to the poorer locality should go in diminution of the rate, but that it should go to enable them to carry out precisely the class of improvements you have suggested without burdening their own ratepayers; are you aware that that was distinctly stated in the House of Commons?—Not, I think, precisely that. The Local Government Board, I think, called attention by certain circulars issued, to the fact that it was the object of the Legislature, as you put it, not so much to reduce the rate as to enable a vestry to provide for its own sanitary necessities more efficiently, and I think, secondly, for its lighting, if I am not mistaken.

13,112. That was so?—Of course, it does not occur to one that the provision of electric lighting and the street improvements were directly within that, although I am not saying they might not have been intended.

13,113. Still, taking that into consideration, which I now remind you of, might not one, roughly, say that

your parish has not very greatly failed to carry out the object of the Equalisation of Rates Act?—Yes, I think that is so.

13,114. You have reduced the rates slightly?—Yes, and what they have been doing has been, I have not the slightest doubt, for the advantage of the ratepayers—and of the poorer ratepayers, too.

13,115. You mentioned with great truth that your parish has always been a fairly low rated one, and yet it receives from the Equalisation of Rates Act a considerable relief. You are aware, are you not, that your parish is the one exception to the usual state of affairs in London, that the relief has gone to the high-rated parish?—I was not aware that it was the one exception. I imagined that it was one of the few; I am not quite sure whether St. Pancras is or is not an exception, as I have not the list before me.

13,116. I suppose you have found that your vestry and the County Council of London work with a fair amount of harmony?—On some points we have differed. You may be aware that the question of the sanctioning of loans by the London County Council is a source of great annoyance in Islington, and is a very bitter matter.

13,117. I do not think I can pursue that question, as I understand it is not within the reference. I will merely confine myself to the question of the assessment. In that matter I understand you have carried a good many of your vestry's views in the London County Council?—Undoubtedly. We look upon the County Council as furthering the interests of Islington, because our object is to obtain fair assessments from all the other parishes.

13,118. Your parish, by the way, is one in which the area of the vestry and the area of the union are conterminous?—Yes, it is.

13,119. Is your assessment committee appointed by the vestry or is it appointed by the Board of Guardians?—It is appointed by the vestry.

13,120. Are the vestry the overseers?—Yes.

13,121. Are you not overseers under the Act of 1894, or have you become overseers under a private Act?—We are practically the overseers for all purposes connected with rate collection by means of our local Act, which transferred the collection of rates to the existing vestry.

13,122. What was the date of that Act, do you remember?—1857, I think; it was passed shortly after the Metropolis Management Act was passed.

13,123. Can you give me, off hand, the names of the parishes in London in which the vestry are the overseers?—I am afraid I cannot. I think they are in St. Pancras. I could give you at once an instance of where they are not overseers, that is in the large parish of Lambeth.

13,124. Do you feel that there is any importance in the question of who are overseers?—I do attach very great importance to it.

13,125. And you would attach great importance to the circumstance that in Islington the vestry are the overseers?—I do.

13,126. From what you know of Lambeth there have been difficulties, I presume?—No, I do not go so far as to say that.

13,127. I will not question you about what you do not know. Roughly speaking, would you advocate that in any change, if there was a change in the system in London, where the vestry and union are conterminous, the vestry should be made the overseers?—I think the local authority should act as overseers, not only in London, but all over the country. I think you will find that the view which is, as a rule, taken all over the country, is that those comparatively irresponsible bodies the overseers and trustees who are not directly elected by the ratepayers are really not the persons to deal, at all events in large parishes, with the collection of the rates.

13,128. The difficulty which I am going to put to you does not occur in your parish, nor in that of Shoreditch with which I am more particularly acquainted, but it occurs, for instance, in a parish like Holborn; do you think that there the local board of works should be the overseers for the whole district?—The Holborn Board of Works is practically another mode of uniting several parishes, and they have nothing to do with the

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Assessment Committee in Islington: Appointed by vestry, and vestry are overseers. It is desirable that the local authorities should be made overseers in all cases.

Islington, rates in. Their tendency to rise or fall in the last 30 years.

Equalisation of Rates Act: Its intention, operation, and results discussed.

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rates. I am assuming, for a moment, that a new authority is going to be created in London; I think, certainly, that that body should be entrusted with the duty of the collection and making of the rates.

13,129. You see no particular difficulty in taking those duties away from the parish and putting them into the hands of the Holborn Local Board of Works, just as you have them in your hands on the vestry of Islington?—Of course, there would be the question there of the different parishes; the rates in the different parishes might vary.

13,130. (Chairman.) Does it concern Islington?—No, it does not concern Islington, and in single parishes I can imagine no such difficulty occurring because there the board of works and the vestry is the same body.

13,131. (Mr. Stuart.) You have formed no conception of how assessments should be made and rates should be collected outside of London, have you?—No, I would not express an opinion on that. I may have opinions, but they would be crude, from a lack of experience, and I should not like to express them.

13,132. Is your position that, roughly speaking, taking your own parish, you feel that your parish should be the authority to make the assessment, acting through the vestry, and that there should be those additional powers given to the London County Council, roughly speaking, which are in the Bill introduced by Mr. Benjamin Cohen and myself?—I think there should be certainly some control by a supervising authority, that is, by a common authority.

13,133. You do not regard the control by the surveyor of taxes as sufficient?—No, I do not.

13,134. Where does that control fail?—If I may say so, I do not think the surveyor of taxes feels strong enough; I do not think he feels that he dare go very far in connexion with the increases of assessments. I have always found surveyors very cautious, and I have usually thought that they were advised by their board, the Inland Revenue Department at Somerset House, to be cautious in what they did. That is my own idea. I have thought that they did not want to provoke undue hostility, as it were.

13,135. (Mr. Smith.) I want to ask you one question about valuation: I see that in the case of property held on a modern lease, with the usual covenants for the tenant to repair, you add 10 per cent. to the gross value?—Yes.

13,136. You add that in respect of what items?—Principally repairs and insurance, I think.

13,137. Then, when you make your deduction, you take off 16 per cent.?—16½, as near as possible.

13,138. For what items?—For the same items, really. I fully recognise the anomaly.

13,139. What is the justification of the extra 6 per cent.?—As a matter of fact, the difficulty has been all over London to induce overseers and assessment committees to see the necessity for adding. I was going to say, anything in some cases to the rent paid under lease. I fully recognise your point. I say that the rent paid under the lease is the rateable value.

13,140. And might be taken as such without all this complication?—I think so. Sometimes the conditions of a lease, I need not tell you, will vary and the conditions of a property will vary very much.

13,141. In the ordinary case of a London house let on lease without a premium, and the tenant doing repairs, the addition and the subtraction are unnecessary?—I have always thought so; I have always said that the rent paid under lease is the rateable value.

13,142. (Mr. Dalton.) Is the comparatively low rate in the £ at Islington due to some extent to economical administration?—I think so, decidedly.

13,143. To the economical collection of the rates?—Greatly.

13,144. It would appear that if you leave a very small amount of your rates uncollected the nominal rate in the £ does not represent, as compared with another parish where there are a great many irrecoverables, the real comparative burden as between the two parishes?—Certainly not.

13,145. It would be rather hard if the Equalisation of Rates Act had simply taken the nominal rate in the £ in the different parishes, and distributed the fund in

accordance with any such rate of that kind?—Do you mean that it would have been an encouragement to inefficiency?

13,146. Yes, and it would have been a discouragement to economy?—Quite so.

13,147. What is the position of the majority of the householders in Islington, are they wealthy persons?—No, certainly not, far from it; they are largely clerks and artisans. It is essentially a residential parish. There are few or no manufactories or warehouses or large business premises—few, I say, or none; there are a few but it is essentially a population of persons who would live in houses of between 30l. and 40l. or 45l.

13,148. That class of person would naturally be very sensitive to any increase in the rates, I suppose?—Yes.

13,149. And that has to some extent probably kept the rates down as well as the economy?—Yes.

13,150. You have, I see, to summons a very large proportion of them every quarter?—That, if I may venture to explain, is not, perhaps, as would be thought the result of the poverty of the inhabitants, but as a rule is due to their thinking it worth while to pay a shilling for a fortnight's additional time. They treat the summons very much as a sort of final demand. As a rule, if you were to read the annual report, you would find that very few of those people have to be distrained upon.

13,151. I see that from the figures you have given us in paragraph 11?—When I tell you that the shillings for the summonses amount to about 1,300l. per annum, you will imagine that we do not lose by it. These shillings, I may say, do not come to the vestry clerk.

13,152. Yours is a class of parish, then, that the Equalisation of Rates Act was intended to benefit, is it not—you have comparatively poor ratepayers?—Yes, but not so poor, I should think, as in many parishes of the East End, where considerably less relief is obtained.

13,153. Are you speaking of the amount of relief in the £?—Yes.

13,154. Not of the total amount of the relief?—I am speaking of the effect upon the rates, if I may say so.

13,155. Of the 3d. in the £?—Yes.

13,156. You think there would be poorer parishes in London where the relief to the rates would be less than 3d. in the £?—Yes.

13,157. Could you name any such parishes?—I should hardly like to speak off hand, but I fancy I might name such a parish—I am not speaking with certainty—as St. Luke's, where the rates, at all events, are very much higher.

13,158. That is in the neighbourhood of the City, is it not?—Yes, and it adjoins Islington to the south.

13,159. But it contains a great deal of warehouse property, office property, and so forth, which is highly assessed?—Yes.

13,160. Then, on the quinquennial valuation question, I think you expressed an opinion that an alteration in rent during the five years should not be taken into account in the valuation?—That is my own opinion, decidedly.

13,161. Do you confine that to old tenancies, or do you think that it is equally applicable if a new tenancy is created in the course of the five years?—Do you mean where there is a change of tenancy?

13,162. Yes, I do?—I think it is quite unnecessary. A man who takes a house, takes it with the understanding that it is rated at 40l. a year, we will say; he perhaps presses his landlord; the landlord may be in immediate difficulty, and he lets the tenant take it at 38l., but the value of that property has not altered.

13,163. Take the case of a tenancy which is expiring at the commencement of the quinquennial valuation; in such a case I suppose the outgoing tenant does not care to appeal against the valuation?—No.

13,164. It is a matter of no importance to him?—That is so.

13,165. Then the subsequent tenant who comes in has had no voice on the question, although perhaps he finds that he is too highly assessed?—Yes, of course there is that to be said.

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A central authority desirable in London to control various valuation authorities.

Valuation of property held on lease in Metropolitan. Practice of adding 10 per cent. to gross value and deducting 16 per cent. gives unnecessary double.

Islington, rates in: Classes of rate-payers.

Quinquennial valuation in Metropolitan should fix valuation for five years.



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13,166. Would you not allow in those cases the man to have an opportunity of appealing?—I do not think it is necessary. Speaking from my experience in Islington, the assessment is governed by the value of the adjoining property in nearly every case, and is arrived at after a consideration of the returns of rents paid in adjoining houses.

13,167. There has been rather a rapid fall, I understand, in the rentals of some classes of property of late years?—There has. It commenced some 15 years ago; it is now going up again, but we are not finding the result in the valuation list of its going up; we know it to be so in a few incidental cases, but they never come to light until the quinquennium.

13,168. (Mr. Elliott.) With regard to what you said in reply to Mr. Stuart as to the interest of the revenue authorities, you would agree, would you not, that the interest of the revenue authorities is very great?—In what way do you mean?

13,169. Supposing a lump valuation of 100,000*l.*, the interest of the Inland Revenue authorities would be very much greater than the 1,000*l.* of which you spoke in the case of Islington?—Yes.

13,170. Both the Income Tax Schedule A and the House Duty would be dependent upon it?—Yes.

13,171. Have you had any opportunity of making yourself acquainted with the views of the Inland Revenue authorities as to the working of the Act generally?—Are you dealing with the question of the allowance for the site?

13,172. I am dealing now with the question of what has been called the under-valuation?—Which I have complained of—now I understand. I think the surveyors of taxes, and I have known many in Islington, have all expressed the opinion that in very few parishes has that Act worked as it has in Islington, and that it suffers elsewhere.

13,173. Then you would not agree with the expression of opinion that was given before this Commission a week or two ago, that that Act on the whole has fulfilled the intention of the Legislature?—No, I should hardly think it has.

13,174. From the same witness we had the statement that the low valuation at present existing is due very much to the difference between the definition of gross value in the Income Tax Act, and the definition of gross value in the Valuation (Metropolis) Act. Has your attention been at all called to that?—I cannot say that I know what the distinction is.

13,175. The surveyors of taxes who attended before us pointed out the distinction, but you are not familiar with that distinction?—I always understand the gross value to be the rent which an annual tenant would pay, providing that the landlord did the repairs and insured the property, and the tenant paid the rates and taxes.

13,176. The Valuation (Metropolis) Act says that it is to be a reasonable rent, does it not?—Yes.

13,177. The rent at which it is worth to be let?—Yes.

13,178. Those words, I think, do not occur in the Income Tax Act, do they?—I see what you mean; you are bound by the actual rent.

13,179. Yes, and the other is the full rent; but you have not studied the question of the distinction between the two definitions?—No. We have carried it into effect to the extent which I think I have mentioned. Terraces of 20 or 30 houses are very common in Islington, all let according to the peculiarities of the particular landlord or tenant at varying rents, from 3*l.* to 42*l.* say; the overseers would assess those at probably an average of 40*l.*, thereby carrying out to some extent the interpretation of gross value in the Valuation (Metropolis) Act, that is, putting on a reasonable rent.

13,180. You are not prepared to express any opinion as to whether in the event of the amendment of the definition in the Valuation (Metropolis) Act as suggested by the surveyors of taxes, this question of under-valuation would disappear?—No, I should not like to express an opinion on that. I should hardly think that affects us very much in Islington.

13,181. With reference to the question of central control, did your vestry pass any resolution in regard to the Bill of 1893?—I am not quite sure, but I think they petitioned in favour of it.

13,182. Do you know why that Bill was dropped, and has not recently been pressed forward?—I think there was a great deal of antagonism on the part of some of the London vestries who, no doubt, influenced their representatives in the House, and pointed out probably that it would not be for the advantage of the particular parishes. I think there was a good deal of jealousy of the London County Council having the control.

13,183. With reference to your remarks as to central control, I rather gathered from you that you had in your mind some form of central control other than the London County Council; you spoke of some other authority, did you not?—Yes, because I am not sure that I look upon the London County Council as a perfect body for such a purpose. I think they have a very great deal to do at the present time, and the result would be that it is possible this would fall into the hands of officials, and might be hastily administered. The work during the quinquennial year of any body that deals with the adjustment of the valuations of the County of London, as a whole, would I venture to say occupy the body's or the individual's time fully, and should have very full consideration.

13,184. What other form of control was present to your mind?—In the first place it occurred to me whether it would be possible to create such a board, or whether it would be worth creating. Of course, I have hardly thought the matter out. Again, it has occurred to me whether it would be possible to ensure that on each of these assessment committees there should be a representation of other parishes of the metropolis who are as much interested in seeing that Islington is properly rated as they are in seeing that they themselves are properly rated.

13,185. You contemplate roughly, then, as I understand it, the constitution of some tribunal which should comprise representatives of the various assessment committees?—At all events, representatives of the parishes in some shape—whether they should come direct from the assessment committees or in what way, I hardly like to say. But I think in some way each parish should be either represented, or should have an opportunity of urging its views.

13,186. Do you think that by the constitution of such a central body as that you would get a body of men who would be more likely to be experts in questions of valuation?—I certainly do. I doubt very much whether the London County Council at the present time, with all deference to their ability, are possessed of the necessary knowledge in small matters.

13,187. You would, as I understand it, be in favour of the appointment of some central authority which should be gathered from the different assessment committees, and which should comprise men familiar with the work of valuation?—I think that would be a very good idea.

13,188. Would you prefer that to vesting the central control in a body elected for a great variety of purposes such as the London County Council?—I think I should myself.

13,189. One question as to the property in Islington: I gather that the work of valuation in Islington is not of very great difficulty, since the class of property is very similar?—Yes.

13,190. And that fact to some extent accounts for the comparative ease with which you assess and collect the rates?—You mean the assessment, because it would not so much affect the collection of the rates.

13,191. You have not very many difficult problems of valuation to settle in Islington, have you?—No.

13,192. (Sir John Hübbert.) I was intending to ask you questions with respect to the Valuation (Metropolis) Act, but you have given answers in your evidence that satisfy me that you are not satisfied entirely with the working of that Act?—I am not.

13,193. I presume that one of the chief reasons is that it fails to attain uniformity in valuation?—Yes, I think so; and, of course, I, representing Islington, have reason to believe that Islington has been very deeply aggrieved in the past by the result of the working of this Act in other parishes.

13,194. If you were called upon to amend the Act, would you suggest that there should be some central controlling body?—I should.

13,195. Apart from the question of what that body should be?—Yes.

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A central authority, other than London County Council, is desirable in London to control various valuation authorities.

Valuation of property in Islington. Comparatively an easy matter.

Operation of Valuation (Metropolis) Act is not altogether satisfactory.

A central authority is desirable in London to control

Valuation (Metropolis) Act has hardly fulfilled intention of legislature.

"Gross value" and "reasonable rent."

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13,196. But you do admit that the London County Council, by the action that it has taken in calling a conference, has been of great use in improving the valuations in the Metropolis?—I certainly think so.

various valuation authorities.  
Quinquennial valuation in Metropolis should fix valuation for five years.

13,197. You suggest that when the quinquennial valuation is made for five years, it should be for five years certain, and that there should be no alterations, except for alterations in the structure of the property?—Yes. I think the interpretations of the courts have altogether defeated the intention of the Act.

13,198. Is not your view supported in this way: that you have only the power of asking for returns from the ratepayers at the commencement of each five years?—That is the only power that is given us by the Act, but we do, as a matter of fact, frequently send out and obtain, in many cases, these returns during the quinquennium.

Power to obtain returns from owners and occupiers as in Metropolis should be extended to rest of country.

13,199. Do you think you have the power to obtain them?—We act upon it; I do not think we could compel it.

13,200. I suppose you would quite agree, with respect to other parts of the country outside the metropolis, that it would be a great advantage to have the power of asking for such returns as you have in the metropolis?—I should think so.

13,201. I presume you find it to be of the greatest service?—The greatest.

13,202. Of course, in allowing an exception in the case of alteration of structural property, you include new property?—Quite so.

Compound-  
ing in Islington.

13,203. Just one question about compounding: Has your vestry ever considered the question of applying compulsory compounding under section 4?—Yes.

13,204. And have they decided against it?—They have decided against it, because it would be an unwise thing from a pecuniary point of view; they have come to the conclusion that they would be losers.

13,205. Does not your present system, which last year required 25,000 summonses to be issued, rather harass the ratepayers?—We do not find it so.

13,206. These people, I presume, are brought into court, are they not?—They attend very largely as a matter of course, and get time allowed almost as a matter of course—a week's time or something of that sort is what they want. The class of persons who compound in Islington are not so very much above them, and are as likely as not to be summoned themselves.

13,207. Would there not be greater certainty of getting more money than you do under your present system by obtaining your rates from the owners under section 4, even with the deductions?—No, I think we have come to the conclusion that we should be decidedly losers.

13,208. You have counted the cost?—Yes; you can imagine that when I tell you that 6s. in every 100l. represents our loss.

13,209. But that is a state in which I may say very few parishes in the country would be?—That is so; largely, if I may say so, owing to the fact that they allow the quarter to run over before they attempt to enforce, and the person has gone.

Quarterly collection of rates in Islington.

13,210. Of course you lay great stress upon this collection of rates quarterly?—And within the quarter; and I say so again, because I have reason to believe that you remove from your collectors a very great temptation which is often afforded to them by not collecting within the quarter. I only heard of a case the other day, not in my own parish, though I remember one. In some parishes in London the collection of the rates overlaps, and collectors—unfortunate men—have been more than once induced to help themselves from the quarter's rates, knowing that before that quarter is balanced up they will have a new quarter coming in.

Demand notes and receipt forms: Uniformity desirable. Actual purposes for which rates are levied should be specified.

13,211. It opens the door to great abuses, then?—I think so.

13,212. There are two points referred to in your memorandum on which no questions have been put to you, and I should like to put one particularly with reference to there being more uniformity in the forms of rate demands and rate receipts?—That is a very interesting point to me.

13,213. Is there not some special provision in the metropolis for a consolidated rate?—No, there is no such thing now as a consolidated rate. That was

destroyed by the Act of 1888 when the London County Council was formed, by which the whole of the council's requirements are merged in the poor rate.

13,214. You suggest—in which I entirely agree with you—that the present names which are now used in that form of obtaining money for rates are very misleading?—I think they are undoubtedly so.

13,215. For instance, the poor rate includes the police rate?—And the county council expenditure and the metropolitan asylums.

13,216. And the school board rate?—No, not the school board rate. The school board rate is included in the general rate by an equal absurdity.

13,217. Would you suggest that if a new form could be authorised, the poor rate should merely mean the amount collected for the relief of the poor?—That is my point.

13,218. In the same way with respect to the asylums rate, that that should merely mean the expenditure of the Metropolitan Asylums Board?—Quite so, or practically the relief of the sick.

13,219. So with the county rate with respect to the expenditure of the county council?—Yes.

13,220. So with the education rate with respect to the expenses of the school board?—Quite so.

13,221. So with the police rate with respect to the expenses of the police?—Quite so.

13,222. And so with the district rate with respect to the expenses of the local authority?—Quite so.

13,223. When the rate is demanded from the ratepayers, you would have all these different specified names introduced, showing the purposes for which the rate is demanded?—Yes, because, as a matter of fact, as I could show you by my own rate receipts, we are bound now to split up the meaning of the rate by a lot of almost unnecessary words in order to show the ratepayer what he is paying for; otherwise we have letters coming to know what is the cause of this increase in the rate and whose fault it is. We want at once to lay the burden upon the right shoulders.

13,224. Of course, if that is good for the metropolis, it would be equally good for the country generally?—I should think so. I am not quite sure of one thing, perhaps, in regard to the country. In London the incidence of the rating in regard to all these rates is practically the same, owing to there being comparatively little land; but I am under the impression that probably there are some rates in the country, lighting it may be, and so on, where the incidence of a rate would not be the same on one property as on another. Certain properties, I am under the impression, are exempt perhaps from the sewers rate or from something of that kind.

13,225. Still, your view with respect to making the poor rate merely represent the money spent upon the poor would be equally applicable to the country as to the metropolis?—Yes, only I am proposing to abolish in London the term lighting rate and sewers rate and calling all the district rate, which is a far better term, I think, than to call it a lighting rate.

Tenement houses: Compounding desirable.

13,226. With respect to what are called tenement houses, what is your suggestion as to the mode of meeting that difficulty?—That is a growing difficulty, I believe, at the present time in London, and persons who own this class of property are forcing some of the parishes in London to assess to the poor's rate separately, not in houses, but rooms which might be let out in tenements one quarter and as a whole the next.

13,227. In the case of flats, is each occupier of a flat rated separately?—Yes. Where we have artisans' dwellings and labourer's dwellings built in Islington for the purpose, and structurally separate, we rate them separately; but we have a difficulty in dealing with that class of house which you are probably familiar with in some parts of Islington which are going down. Say, a respectable street the houses in which originally let at 40l. a year goes down in value and the landlord finds he must let his houses out in separate tenements, at all events one here and one there; then when they are let out in tenements neither of the occupiers can be rated for the whole, but it is certainly very undesirable from every point of view that each tenant should be rated separately from the other—that the house should be separately arranged one quarter and then perhaps have to be restored or re-arranged another quarter.

Mr. W. F. Dewey. 13,228. The present system is very inconvenient, no doubt, to the rating authority?—Yes.

13,229. And to the preparation of the list of rate payers?—Yes.

13,230. Would you consider the mode of rating the owner would be the best way out of the difficulty?—I certainly do, and I imply in paragraph 18 of my memorandum that I am under the impression that it is reserved by existing legislation in the Act of 1867.

13,231. Are you quite certain that that has not been repealed?—I am almost certain that it has not been repealed.

13,232. I do not know whether you are aware that that clause was put in the Act of 1867 when compounding was abolished?—Quite so, and Mr. Sturges Bourne's Act was repealed.

13,233. In the year 1869, I think it was, the whole compounding system was again set up?—Yes, by the Poor Rate Assessment and Collection Act.

13,234. Did not that Act repeal this exception?—No, I think not; and I think Sir Hugh Owen expresses that view himself in his introduction to the Act.\* I think it right to say that there was a decision upon it very shortly after it was passed in *Stamper v. the Overseers of Sunderland*—a very noted and often referred to case, in which the overseers of Sunderland attempted to rate Stamper, who was the occupier of a room or rooms in such a property. He appealed, and it was held that he had been improperly rated.

13,235. I may say that I am interested in this question. Do you think there would be any difficulty in the rating of owners in such cases?—We never find any difficulty in Islington, because, as a rule, and I think it is so with the metropolis generally, these landlords collect their rents inclusive of rates, but they would be very desirous of getting a commission if they

\* The witness subsequently wrote—"In the 5th edition of the Poor Rate Assessment and Collection Act, by Hugh Owen, junior (Knight and Co.) there occurs the following note to page 8:—"The Representation of the People Act, 1867, by section 7, enacts that where the dwelling-house or tenement shall be wholly let out in apartments or lodgings not separately rated, the owner of such dwelling-house or tenement shall be rated in respect thereof to the poor rate. The section referred to is not repealed by this Act, and continues in force in parishes wholly or partly comprised in Parliamentary Boroughs."

The witness withdrew.

Mr. WILLIAM CHAMBERS LEETE called and examined.

13,242. (Sir John Hibbert.) I believe you have been vestry clerk of Kensington for some years?—Since 1889.

13,243. Having previously occupied other positions of official experience in other departments?—Prior to taking up my position at Kensington, I was for six years under Mr. Dewey at Islington, holding the position of chief clerk at Islington. Altogether I have had some 20 years' experience in municipal life.

13,244. You have had a very varied experience, I presume, in your position as assistant vestry clerk at Islington and in your present position?—The vestry of Kensington, like the vestry of Islington, are overseers for rating purposes, and consequently my experience has been somewhat wide.

13,245. Is the Kensington case somewhat parallel to the Islington case, or does it differ in any great respect?—I think you will find that it runs very much on the same lines.

13,246. In regard to the valuation list, you, I presume, take much the same action with respect to the making up of that list as is done in Islington?—Yes, I may mention that the parish of Kensington is a union within itself, using the words of the Valuation Act, and the vestry therefore appoint the assessment committee, and I act as clerk to that committee. The vestry act as overseers, and they prepare the list, the actual duty of the preparation of the list being deputed by them to a committee, which is a somewhat large committee, consisting of 32 members of the vestry with other *ex-officio* members.

13,247. The valuation list, I see, contains something like 24,000 rateable hereditaments?—Yes.

13,248. What is the population of Kensington?—About 167,000.

13,249. Would you say a few words\* with respect to the second part of your memorandum, which refers to

could force the vestries and overseers into dividing the assessments.

13,236. Would it not be necessary in those cases to give the landlords some allowance, like you do in the case of compounding on account of possible empties which might occur?—No, I think not. It seems to me that, in the case of a 35l. or 36l. or 40l. house, the person who is interested in the house has no more right to claim an empty than I have in my house or you might have in yours, because you might happen to have two of the rooms at the top unoccupied.

13,237. In the case of empty houses they are not rated at all, and they do not pay any rates?—Quite so, but if I, in my house, happen to have half of it unoccupied, I have to pay for it.

13,238. Would you treat it as a whole house?—As a unit, yes.

13,239. When you are speaking with respect to the appointment of the overseers by the different authorities in the metropolis, are you aware of the clause that was put in the Act of 1894, giving power to the Local Government Board, on the application of any municipal borough or county borough, or any other urban district, to make an order granting the appointment of overseers and assistant overseers to those bodies?—Yes, but the Local Government Board will not do it, or at all events transfer the powers and duties of overseers to the local authorities.

13,240. Is that the case, that they have not done it?—They have declined to do it in our parish, where, however, as I have already said, it is not much needed, because we are the overseers for rating purposes; but we are not the overseers, for instance, for making out the registration lists, or for the preparation of the jury lists, or for dealing with disorderly houses. As a matter of fact, we do it all because the overseers are members of the vestry, and I act as the clerk to both bodies.

13,241. Would you be in favour of making that provision compulsory?—As I say, I would make the local authorities responsible for the whole of this class of work, which is administered by such an authority in Islington, and, I think, with very great success.

Mr. W. F. Dewey.

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Overseers and assistant overseers, appointment of, by borough councils. Powers of Local Government Board.

Mr. W. C. Leete.

Valuation in Kensington. Preparation of lists.

Mr. W. C. Leete.

Conferences convened by London County Council were beneficial.

the principles adopted by your assessment committee in dealing with the valuation list and determining the gross estimated rental and rateable value of different classes of property. You have, I suppose, sent representatives to the conferences that have been called by the London County Council?—On both occasions Kensington was represented at those conferences.

13,250. Do you approve of the action taken by the London County Council; do you consider that it has been of service to the different parishes of the metropolis?—I have mentioned in paragraph 13 of my memorandum that I consider it was a most politic step which the Council took in convening those conferences. I am quite satisfied that the work performed at those conferences has resulted in good generally to the metropolis. I am not altogether in sympathy with the action taken by the County Council in regard to dealing with the valuations in the metropolitan parishes. There, I think, they have not shown quite the discretion that one would have hoped for.

13,251. I suppose you would admit that the action of the London County Council has been the means of obtaining greater uniformity in the assessments of the metropolis?—Through the action taken at the conference where we all met, and where we laid down certain rules which should guide the rating authorities in dealing with valuation matters, and owing to the prominence which was given to the matter, and to the guidance which was laid down by those rules, good has been accomplished.

13,252. While we are upon that question, may I ask you whether you would approve of some central body being appointed?—I do not say that it would be the London County Council—but some central body which should control the different actions of the different assessing authorities of the metropolis?—I am clearly of opinion that there should be a supervising authority.

13,253. Have you formed any opinion as to what that supervising authority should be?—I rather fancy the

Mr. W. C.  
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A central representative authority desirable in London to control various valuation authorities.

Valuation in Kensington: Principles adopted in arriving at gross value.

Valuation of licensed premises in Kensington.

Valuation in Kensington: Maximum deductions are made.

Compounding in Kensington.

appointment of a Board. I heard the evidence given by the last witness, and he expressed exactly the view that I was going to submit to the Commission, namely, that it should be a board upon which the representatives of the various parishes should sit. I do not think that it is desirable that an elected body, elected on a somewhat narrower franchise than the vestries, should supervise the work of the vestry. I think there is objection to be taken to that on principle. It causes some friction, but if there could be a central board, on which the Government should have its representative, the various central authorities their representatives, and upon which the parochial authorities should be duly represented, I think that would be a very good board to deal with this matter.

13,254. Will you state the principles you adopt in Kensington with respect to the valuation of properties of various kinds?—In the case of quarterly or annual tenants, or where the property is held under three years' agreements, with no liability upon the tenant for repairs, the rent is taken as the gross value. Where the property is held on agreements or leases which throw the liability for repairs upon the occupier, it is our practice to add 10 per cent. to the rent to arrive at the gross value. In the case of freehold properties, where no assistance is derived from the letting value of adjacent and similar property, it is our practice to take 4 per cent. on the value of the land, together with 5 or 6 per cent. on the value of the building, and thus to arrive at our gross value.

13,255. With respect to the assessing of public-houses, do you adopt the rules laid down by the conference that was held?—In the main we follow those rules, but just at the present time the valuing of public-houses in the metropolis is really furnishing very great difficulties to the authorities. As a rough and ready principle, we take the rent reserved under the lease together with a per-centage (calculated in accordance with Table A. of the resolutions passed by the Conference\*) of half the premium, with 10 per cent. added for repairs, and the sum of these amounts represents the gross value.

13,256. Do you obtain the valuations of public-houses by experts, or merely by the assessment committee?—By the valuation and rating committee, who act as overseers.

13,257. Do they employ experts to value these properties?—No, we have not found it necessary to employ experts.

13,258. I suppose your experience is that the value of these houses has very much increased of late years?—Of recent years there have been remarkable rises in the price.

13,259. As regards the deductions made from the gross value, do you take the maximum in every case?—We take the maximum deductions as laid down in the third schedule of the Valuation Act, and I believe that course is followed in every other metropolitan parish.

13,260. I daresay you have heard the questions put to the former witness with respect to what might lead to a certain amount of unfairness in the valuation owing to the difference in the value of the sites upon which properties are built?—Yes, I heard those questions.

13,261. What is your view upon that point?—I must confess that I have not given thought to that particular point, and without having given some thought to it, I should hardly like to speak upon it.

13,262. With respect to the composition, do you allow compounding under both sections of the Act in Kensington?—In Kensington section 4 is in operation. The vestry adopted section 4 of the Act shortly after the same passed, and it has been in force in Kensington ever since.

13,263. What is the allowance you make under section 4?—Under section 4, as you are aware, we rate the owners; there is a compulsory deduction of 15 per cent., and then it is our practice to require those who desire to be rated for the whole year to give notice to that effect, and those notices are considered on their merits, and in some cases a further abatement of 5 per cent., in some cases 10 per cent., and in some cases the maximum further abatement of 15 per cent. is allowed.

13,264. Would those extreme cases of allowing the additional 15 per cent. cover empties—would the owner pay for empties?—In all cases where a further abatement, whether of 5, 10, or 15 per cent. is allowed, the rates are paid whether the properties are empty or full. I might mention the number of properties in the parish rated at 20l. and under to which section 4 applies is 2,765, that is 11·13 per cent. of the rateable hereditaments of the parish. The number of properties in respect of which the owners are voluntarily rated for the property, whether the same is empty or not, is 2,193, and the deductions allowed beyond the statutory 15 per cent. are as follows: in the case of 356 properties an additional 5 per cent. is allowed, in the case of 452 an additional 10 per cent., and in the case of 1,385 an additional 15 per cent.

13,265. What is your system with respect to the collecting of the rates, is it half-yearly or quarterly?—In Kensington the rates are made and collected half-yearly—in the early part of April and of October the rates are made, and they are for the period from Lady Day to Michaelmas, and from Michaelmas to Lady Day respectively.

13,266. The number of assessments, I think, you said was 24,000?—Yes.

13,267. And out of that number it appears you had a considerable number of summonses which were obliged to be issued in the parish for the last year—5,168, I see?—That was the number.

13,268. In 1,379 cases you were obliged to issue distress warrants?—That is so.

13,269. Is that not rather a large number out of the number of assessments, considering that you have the compulsory composition arrangements in operation?—I should say that it is a very large number.

13,270. How would you account for it?—I have no explanation to offer, but I submit to the Commission that the number of summonses issued goes to show the difficulty that persons have in paying their rates in Kensington.

13,271. Now, with respect to Kensington and Islington, is the class of persons different? Have you a lower class in Kensington than you had in Islington?—Kensington is a peculiar parish. It might be divided into two parishes. There is the wealthy residential district of South Kensington, there is a residential district of the middle class in the north, and in North Kensington, too, there are also some of the very poorest persons that can be found in London.

13,272. Is that latter class a decreasing body?—It is an increasing quantity.

13,273. Not a decreasing one?—I should say it is an increasing quantity. Having had experience of the collection of rates both in Islington and in Kensington, I have not the slightest hesitation in saying that the rates are far more difficult to collect in Kensington than they are in Islington. In the one parish you have a more uniform description of property; the rents are not so high, and consequently the demands in the shape of rates are not so high. It is when you come to demand the very much larger sums that the capacity of the persons is tested to the utmost to meet those liabilities. For instance, in South Kensington, even in our wealthy districts, persons, we may say, without due forethought, take upon themselves responsibilities which they are not able to cope with, and eventually it comes to this, that we are compelled to take the most extreme process, even to committal to prison, to obtain from them or to extract from them the rates.

13,274. (Mr. Elliott.) Do they actually go to prison?—Large numbers go to prison. Dealing with the year ending Lady Day last, in 139 cases, applications were actually made for the committal of the person to prison. Of course the whole 139 persons did not go to prison. Many paid either during the time that was given before the warrant should be put in force—possibly a week or so was given by the magistrate—and in other cases the amounts were paid on arrest; but I should say that at least 25 or 30 persons actually suffered incarceration.

13,275. (Mr. Dalton.) What time would they remain in prison?—The warrant of committal runs for one month. Of course, when a person goes to Holloway, in many cases efforts are made by the friends of the person to pay over to the governor of Holloway Prison the amount of the rates which the warrant is for, and the person is then released; but in many cases the persons serve the full term.

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Collection of rates in Kensington: Is made half-yearly.

Classes of rate-payers in Kensington.

Collection of rates in Kensington and Islington compared. Number of committals to prison.

\* London County Council Return. Assessment Conference 1893-4. Resolutions, &c. (No. 166). P.S. King and Son, Great Smith Street, Westminster, S.W.

Mr. W. C. 13,276. (*Sir John Hibbert*.) I presume that most of those cases would be cases of persons living in houses over a rateable value of 20l. ?—In all cases.

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13,277. Is not that rather extraordinary?—It is. I give you, as one instance, a person in Cromwell Road, which is spoken of as one of the wealthy districts. It is a person who keeps an hotel; I have had to apply for a warrant of committal against that person for certainly the last eight half-years.

13,278. (*Mr. Elliott*.) He has never gone to prison, I suppose?—He has been arrested, but the money has always been forthcoming.

13,279. (*Sir John Hibbert*.) Have these difficulties suggested to you any plan of making it less hard upon the ratepayer—any change in the mode of collection, or any other plan that you could adopt which would alleviate the pressure?—No. The only remedy that I see is to keep down the rates to as reasonable an amount as possible.

13,280. Are your rates higher than the rates in other parts of the metropolis?—According to the last published return of Mr. Gomme's, our rates were 5s. 11d. in the £ for 1896-7, the average rates for the metropolis being 6s. 2d. in the £.\*

Collection of rates in Kensington : Empty houses, losses, arrears, &c.

13,281. (*Mr. Stuart*.) Is there anything else that you want to add to what Sir John Hibbert has put to you?—On the question of the collection of the rates, I should like to call attention to two points in connexion with the table showing the percentage of rates collected, the percentage of rates lost on empty houses, the percentage discharged as irrecoverable from various causes, and the recoverable arrears carried forward, which is given in paragraph 17 of my memorandum. One is the large percentage that has to be written off by reason of empty properties; no less than 6·47 per cent. in the year 1896-7, and that is lower than it has been for some years, it being in 1895-6, 7·96, and 1894-5, 8·19. The other is that the amount actually discharged—that is for runs and excusals—is 0·42 for the year 1896-7, 0·45 for the year 1895-6, and 0·54 for the year 1894-5. I think that really amounts to about 8s. in £100. The last witness noticed that the loss in Islington on that source was about 6s. in £100, so that there is really no very wide discrepancy between Islington and Kensington as regards the loss from runs and excusals.

Surveyor of taxes : His attendance at all meetings of valuation authorities in Metropolis, generally speaking, would prevent serious wrong being done by those authorities.

13,282. Is there any other point that you would like to make any further remarks upon?—With regard to the question of the surveyor of taxes and his position, I may mention that in Kensington, at the quinquennial periods when the valuation list is being prepared, it has been found a convenient course to allow the surveyor of taxes to attend all meetings of the Valuation and Rating Committee when acting as overseers. The surveyor of taxes has no statutory right to be present, but the vestry have always considered that it has assisted matters—at any rate, they have, at the last two quinquennial valuations with which I have been associated, deemed it expedient that the representative of the Crown should be present from the commencement of the proceedings. That, no doubt, has led to a simplification of the work of the assessment committee when revising the valuation list, because if the surveyor of taxes attends the valuation and rating committee, and is heard by them when the assessment is fixed, it avoids the necessity for him to lodge objections. At the last quinquennial valuation the number of objections lodged by the two surveyors of taxes who had districts in Kensington were 32, and I may state that 30 of those referred to public-house property, which I have already said is creating so much difficulty for the authorities.

13,283. Do you regard the intervention of the surveyor of taxes as not adequate for keeping the London rating authorities on a uniform basis of action?—The surveyor of taxes, if he is a person who does his duty, does certainly, I think, prevent any serious wrong being done by an assessment authority, but I do not think the surveyor of taxes looks at it with so keen an eye as a representative might who was sent there by, we will say, the various metropolitan central authorities to watch the interests of the metropolis, and not the interests of the country generally.

\* For the year 1897-8 the rates in Kensington were 5s. 8½d., and the average for the Metropolis 6s. 1d. See London County Council Return. Rates made in 1897-8 (No. 384). P. S. King and Son, Great Smith Street, Westminster, E. W.

13,284. Is there any other point that you would like to explain or enter upon further than you have done?—I think not.

13,285. I see that in paragraph 13 of your memorandum you refer to the Bill\* for the Amendment of the Valuation (Metropolis) Act, introduced into Parliament on behalf of the County Council by Mr. Benjamin Cohen and myself; do you, generally, approve of the provisions of that Bill?—I was, as I have stated before, present at the conference, and I took some active part in the discussions with regard to that Bill. In the main, I approve of it. The only point I was at difference upon with the conference generally was with regard to the constitution of the County Valuation Committee, which it was proposed should be appointed under that Bill. You will remember that at the early part of the conference a resolution was passed that the County Valuation Committee should consist of certain members of the London County Council, and representatives from the various assessment committees of London, but I fancy that the Bill as finally settled left the appointment of the County Valuation Committee entirely in the hands of the London County Council. That I deemed to be an objectionable feature of the Bill.

13,286. You prefer the first arrangement?—Yes.

13,287. Was it the conference that suggested the second arrangement, which was finally adopted in the Bill?—The conference were not quite consistent on that point. At one meeting they passed a resolution on one line, and at a subsequent meeting, with a more scanty attendance, I think it was, they rather departed from their former resolution.

13,288. Still, I may take it, that with the exception of that important point that you refer to, the general lines of the Bill are such as you would approve?—Yes.

13,289. Do you think that then there would be a fairly satisfactory system of valuation and assessment in the metropolis?—Yes, I do.

13,290. Your present parish is a parish where the union and the vestry are conterminous?—Yes.

13,291. The vestry are the overseers, are they not?—For rating purposes the vestry act as overseers.

13,292. Should I be right in supposing that you think that that system might well be extended to all other similarly situated parishes?—Yes, I think the local authority of the district should have entrusted to it the valuation of that district, undoubtedly.

13,293. You probably heard my question to Mr. Dewey about those portions of the metropolis that are under what we call Schedule B. Do you see any similar way of dealing with them?—I perceive a difficulty whilst the existing boundaries remain, but if those districts were created governing districts, then I think the same principle which applies in Kensington could be made applicable to them.

13,294. Do I understand that what you mean is, if they were to all intents and purposes a directly elected local authority?—That is so—made the unit for local government purposes.

13,295. Are they not that almost as it is, exclusive of the poor law?—For Board of Works purposes they are; that is to say, for all works under the Metropolis Management Act they are, undoubtedly.

13,296. Would you propose, as part of the same scheme, to do away with the parish as an area for the poor law, and to make the union conterminous with the Local Government Board district?—I have not thought of the position as regards the working of the poor law.

13,297. Then I will not go into that. I presume the system of valuation and assessment that you would fairly approve of in the metropolis would be the overseers being the local government body, and certain supervision being exercised from the centre, with a view to keeping them on the same basis?—Yes, a certain supervision, to see that the principles of the Act were not departed from. But I do feel that it is essential that the work should be done locally, because I think you get local knowledge.

13,298. I was coming to that; I was going to say that I presume you would be entirely against an

\* Valuation (Metropolis) Bills, Nos. 79 of Session of 1893, and 130 of Session of 1894, and London Valuation and Assessment Bill, No. 141, of Session of 1896.

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Bill for the amendment of Valuation (Metropolis) Act. Approval of its provisions except that County Valuation Committee should consist of London County Council.

Valuation in Kensington : Areas and powers of overseers.

County valuation authority desirable for supervision, but not to perform actual work of valuation.

Mr. W. C. Leete. endeavour to make a county valuation the basis?—I should.

25 Feb. '98 13,299. You need not answer this question unless you like; would you apply the same scheme to the rest of the country; have you considered whether you would make a county valuation authority, or a union valuation authority, or a local district valuation authority, or a parish valuation authority?—I am afraid I must say that I have not considered the question in its bearing upon the country outside the metropolis.

Losses on empty houses should be made a common charge throughout Metro- polis. Divergence in practice in Metro- polis of including new properties in valuation list. 13,300. Now, passing to another point, you have mentioned in paragraph 17 of your memorandum the loss to the parish from empties and the like; quite apart from the idea of rating empty buildings—which is altogether a different question—have you considered the question of whether the loss on empties should be borne by the parish or should be made a common charge on London?—I am strongly of opinion that no parish ought to be called upon to contribute to common charges on the empty property within the district.

13,301. That would practically come, from another point of view, to making it a common charge on London?—Certainly.

13,302. Have you thought how you could manage to let the parishes off from contributing on their empties?—The point was raised at the conference which was before referred to, when a resolution was passed.\* The attention of the conference was called to the divergence of practice as regards the rating of empties. As Mr. Dewey has just said, some parishes rated their properties immediately they were structurally complete, other parishes awaited occupation before they put these properties into the valuation list. To remedy that, the conference passed a resolution that all properties should be assessed immediately they were completed, and it went on to state that, with a view to encouraging parishes to do this, the central authority should, in the issue of their precepts, be required to make an allowance for the empty properties. It was thought that that might be done by the central authority, requiring from the district a return of the empties for the previous year, and allowing on that basis.

13,303. Did that proposal seem to meet with favour?—That proposal found favour, and was passed as a resolution of that conference. It went on to say that an amendment of the law should be brought about to allow this to be done, but of course that amendment of the law has not yet been effected.

13,304. It was not introduced into Mr. Cohen's and my Bill?—No, it was not.

Empty property in Kensington: Particulars of. 13,305. But I presume you know we were very anxious not to overload that Bill?—That is so. It may be interesting to the Commission if I state from my rate books the rateable value of the empty property in Kensington during the year ending Lady Day, 1897, upon which the parish was required to contribute towards common charges.

13,306. We should be glad if you could give us that?—The rateable value of the property in the half year to Michaelmas 1896, was 136,090*l.* and in the half year to Lady Day 1897, 133,003*l.* that gives a total of 269,093*l.*

13,307. Out of a rateable value of how much?—Out of a total rateable value of two millions. Then of course that has to be divided to give it for the year, so that you may take the rateable value of the empty properties in Kensington to have been 134,500*l.* in round figures.

13,308. Out of a total of two millions?—Yes, that is to say, taking the common charges at 4*s.* in the £. (Mr. Gomme makes them 4*s.* 2.21*d.*.) Kensington contributed to the common charges nearly 27,000*l.* more than it should have done.

13,309. And in fact that 27,000*l.* became an additional burden upon existing occupiers?—That is so.

Compound- ing in Ken- sington. 13,310. Then, take the question of compounding; when you compound you draw a smaller sum for your vestry, but do you have to pay on the full amount to the central authority?—Certainly.

13,311. Do you suggest any method of meeting that difficulty?—Of course that has not been so glaring a difficulty in Kensington.

\* London County Council Return, Assessment Conference, 1893-94, Resolutions, &c. (No. 168). P. S. King and Son, Great Smith Street, Westminster, S.W.

† For 1896-97. In 1897-98 they were 4*s.* 1.7*d.* See footnote to 13,280.

13,312. Still it is a difficulty of the same class, is it not? You are rated by the central authority upon the total value, and you yourself only raise from say two thirds or three fourths of that value, and the consequence is that it is as if a fourth was empty for the purposes of calculation?—Yes.

13,313. I think you said that the rates in Kensington were 5*s.* 11*d.* in the £.\*?—Yes.

13,314. What percentage of these rates is raised by the vestry, or are they all collected by the vestry, or by whom are they collected?—All the rates are collected by the vestry.

13,315. Then would you propose having a similar arrangement generally throughout London for the collection of the rates as well as for the assessment by the local authority?—Do you mean one uniform system of collection?

13,316. To explain what I mean, the rates are not at present always collected by the vestry of course; as you have already said that you would have the assessment made by the vestry, acting as overseers, I suppose you would have the rates collected generally by the vestry, or local authority?—Certainly. I may state that in Kensington, prior to the year 1888 there was a board of trustees of the poor, and the position was somewhat complicated. The vestry still ascertained and made the rates, but as regards the collection of the poor rate that rested with the trustees of the poor, whilst the vestry collected the general rate. Of course, had there been any conflict between the two bodies it would have simply resulted in chaos, but as a matter of fact the trustees of the poor appointed the same men as collectors as the vestry, and so the matter was arranged without much friction.

13,317. When did that system come to an end?—In 1888, the Local Government Board, by a Provisional Order, abolished the board of trustees of the poor and transferred all their duties to the vestry. Since that time, of course, the matter has been very much simplified.

13,318. I presume greatly to the public advantage?—Undoubtedly.

13,319. You are aware that there are districts in London where the former state of things in Kensington still prevails?—I believe there are.

13,320. You see no reason why that should continue to prevail, I presume there has been no regret in Kensington at the change?—Not at all, but the reverse.

13,321. You collect that 5*s.* 11*d.* of rates, but of course the vestry only has the control of a portion of that?—Only of a portion.

13,322. How much does the vestry control?—On our rate demands we summarise, for the information of the ratepayers, the purposes for which the rates are levied. We show thereon the expenditure of the County Council, the Metropolitan Police, the London School Board, and the Guardians of the Poor—over whose expenditure the vestry has not the slightest control; also the expenditure of the Baths and Washhouses and Public Library Commissioners, over which the vestry may be said to have only a limited control, because the duties of those bodies have not been taken over by the vestry.

13,323. The vestry could take them over under the Act of 1894, could they not?—They could. Our rate demands also show, of course, the amount which the vestry have direct control over.

13,324. Do you take any account in that notice paper that you have described to me of balances unapplied from last year?—No, we simply deal with the calls of the various authorities.

13,325. But you raise sometimes more than is required, and sometimes less, do you not, because of the balances existent?—That we do show in our estimates which we prepare; but with regard to the rate demand, that shows the amount which it is assumed will be spent during the period.

13,326. Of that 5*s.* 11*d.* how much is spent under the control of authorities within Kensington, and how much is altogether beyond their control?—I can give you the return for a few half years.

13,327. Perhaps you will do so?—I will give you for the half-year ending Lady Day, 1897; the expenditure

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Collection of rates in Kensington: Purposes for which rates are levied, and authorities who expend them.

\* See footnote to 13,280.

Mr. W. C. by the vestry then was 58,308*l.*, and the expenditure  
Leete. by other authorities, 230,710*l.*

13,328. (Mr. Elliott.) Could you give those in detail?  
25 Feb. '98 —Yes. The London County Council, 53,996*l.*; the  
equalisation charge, 8,663*l.*

13,329. (Mr. Stuart.) Is that 8,663*l.* the balance of  
the equalisation, or is that the product of the whole  
6*d.*?—It is the contribution to the fund by the parish.

13,330. But you get back a portion?—That is the  
amount after the allowance has been made; it is the  
net payment.

13,331. That is what I meant; it is the net payment  
by you after the total 6*d.* has been paid and after the  
deduction of what is received back again?—That is so.

13,332. You have a net sum to pay out of your  
pockets of 8,663*l.*?—Yes.

13,333. Will you go on, please?—Then, the guardians  
of the poor are responsible for 87,341*l.*

13,334. That, I presume, represents the sum payable  
by the parish other than comes on the Metropolitan  
Poor Fund, or does that include what you pay towards  
the Metropolitan Poor Fund?—It includes what is  
paid towards the Metropolitan Common Poor Fund.

13,335. Less what is got back?—Yes.

13,336. That is the net guardians' precept?—That is  
the net guardians' precept, exclusive of the County  
Council. Then there is the Police Rate, 21,575*l.*; the  
Commissioners of Baths and Washhouses, 2,288*l.*; the  
Commissioners of Public Libraries and Museums,  
1,991*l.*, and the expenses of the Burial Board, 290*l.*

13,337. (Mr. Elliott.) What about the School Board?  
—Then, the School Board for London represents  
54,566*l.*

13,338. (Mr. Stuart.) Where does the Asylums Board  
come in?—Under the guardians' call.

13,339. You do not know, of course, how much that  
comes to?—No, I do not.

13,340. Have you given us the whole sum?—I think  
you will find that I have given you the whole sum.

13,341. Of these items the vestry is not the largest;  
the largest appears to be the guardians?—Yes, that  
is so.

13,342. Have you ever had the guardians claiming  
to be the assessing and rate-collecting authority?—I  
never heard of it.

13,343. They never were, I suppose, in your district,  
except so far as through the trustees of the poor in the  
old time?—I believe so.

13,344. Have you anything to say upon these various  
items, or upon your objection to or approval of them as  
outside your own control?—I have made several obser-  
vations in paragraphs 27 to 38 of my memorandum, as  
regards the equalisation of rates fund; perhaps you  
would say whether you would take that at the present  
moment.

13,345. If you would like to say anything upon the  
equalisation of rates fund by all means do so now?—I  
venture to submit to the Commission that the question  
of this equalisation of rates is one upon which a con-  
siderable amount of misapprehension has existed, and  
it is one which requires to be approached in a very  
judicial manner. That in the peculiar circumstances  
of the parishes of the metropolis there must be certain  
expenditure in the administration of its affairs, whether  
such administration is carried out by a central authority  
or a local authority, which should be borne equally by  
the rateable occupiers of the whole Administrative  
County of London, no person who has considered the  
subject will gainsay. The principle has been widely  
recognised in regard to the Metropolitan Common  
Poor Fund, in regard to the expenditure of the London  
County Council, in regard to the Metropolitan Asylums  
Board, in regard to the School Board for London, and  
in regard to the Metropolitan Police; and it has now  
been further extended by the operation of the London  
(Equalisation of Rates) Act, 1894. I should like, in the  
first place, to point out one fact which, of course,  
ought to be apparent to everybody, but to which, I  
venture to think, sufficient importance has not been  
attached in the past, viz., that, by reason of the fact  
that all the expenditure of the central bodies is appor-  
tioned among the various parishes and districts on the  
basis of their rateable value, there is something more

than equalisation of rates effected, and that is that in  
the parish or district in which rents are high whether  
you take the wealthy resident occupying a mansion or  
the clerk or artisan occupying an 8 or 10-roomed house,  
he is called upon to assist, by contribution, the rate-  
payers in the parish in which lower rents prevail.  
To make my point perfectly clear, if I may, I will  
take two persons whose circumstances shall be equally  
good; they have eight-roomed houses affording exactly  
similar accommodation, the one situate in Kensington  
and the other in Islington. In the one case a rent of  
50*l.* per annum is paid, and in the other the rent is 40*l.*  
The Kensington ratepayer not only pays an equal rate  
in the pound with the Islington ratepayer, but he has  
to pay that rate on the increased amount at which he  
is assessed by reason of his higher rent.

13,346. You have made your point very clear, as,  
indeed, your whole evidence has been. First of all,  
I understand that your point is that there is already in  
existence, without any new machinery being brought  
into play, a large contribution from a richer parish to  
a poorer one, through the common public bodies,  
because of the larger rateable value of very similar  
property in the richer parish?—You have exactly  
grasped my point—that the higher rental in itself does  
at once create an equalisation—more than an equalisa-  
tion, it creates a contribution from the wealthier to the  
poorer districts.

13,347. I see your point; but may it not be said, on  
the other hand, that the contribution which is got  
through the rates is meant to be, as far as possible, a  
contribution on the basis of ability to pay, and that the  
person who lives in a house of 50*l.* a year in your  
district is thereby showing a greater ability to pay  
than the person who lives in a 40*l.* house in the other  
district?—I recognise that that is the idea which has  
prevailed as regards the incidence of local taxation;  
and I venture to suggest that that may be a somewhat  
false basis. I think that in dealing with the incidence  
of local taxation sufficient attention has not been given  
to that fact.

13,348. Would it not be possible, now that we are  
trying to see how to arrive at a fair contribution from  
one district to another, to consider this—that the person  
who lives in the 50*l.* house in your district should be  
relieved of the taxation on that portion of the value  
that arises in your district, namely, I presume, the site  
value, and that the owner of that site value should be  
brought in for the difference—do you perceive my  
point?—I perceive the point, it is the rating of ground  
values.

13,349. I do not wish to put it in that way; I want  
to put it in a more business-like form?—The rating of  
the site as distinct from the structure.

13,350. I will put it in this way; a cause of the  
difference of the rental of identical houses—we will  
presume them to be identical in your district and in  
some district in the East End—is really a difference of  
the site value, is it not?—I should say it is.

13,351. You are feeling that your occupier contributes  
more than, if all other things were equal, he ought,  
owing to his contributing on a basis of 50*l.* instead of  
on a basis of 40*l.* I ask you whether the real way of  
correcting that difference would not be to tax somebody  
else, if it could be done?—I think it would.

13,352. Do not answer this question unless you have  
considered it, but have you ever thought whether it is  
a possible thing to isolate site values from the general  
value of the building and property together?—The  
question has been before me, because it has been before  
my vestry. I am bound to say that I have not yet  
seen any practical solution of that question put forward,  
nor do I feel prepared to suggest one personally.

13,353. Would it be possible, do you think, in your  
district, to value the sites as apart from the gross  
value of the property as a whole?—I think it would be  
absolutely impracticable.

13,354. To ascertain them, do you mean?—Yes, I  
may say, taking the South Kensington district, that I  
cannot conceive it would be possible. As I understand  
your suggestion, it would be to have two columns in  
your rate book—one, rateable value of structure, and  
the other, rateable value of site.

13,355. I do not suggest the rateable value of  
structure and the rateable value of site; I suggest a  
rateable value, namely, the rateable value of site?—  
That would be the same thing, I take it.

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Equalisation  
of Rates Act  
in Metro-  
polis:  
Basis of contribu-  
tion dis-  
cussed.

Site value  
and struc-  
tural value:  
Very diffi-  
cult,  
perhaps  
impossible,  
to value  
separately.

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13,356. I do not wish to enter into the argument, but I think it would not. There would be many cases in which the rateable value of the structure and the rateable value of the site, if added together, did not necessarily make the rateable value of the premises?—I see that.

13,357. There might be very inferior premises built upon them; however, excuse me, I do not wish to enter into that. Would you go so far as to say that your feeling is that there would be a difficulty in ascertaining the value of the site?—Yes, I think there would be.

13,358. More difficulty than in ascertaining the value of the building and the site together?—In dealing with the building and the site together, you have a great deal to guide you in the rent derivable. But once you depart from that, ignoring that, you are, I venture to think, landed somewhat in a difficulty in arriving at any value of the proportionate parts.

13,359. Could you put it higher than to say that you are arriving at a greater difficulty?—I content myself with that—it is a very serious difficulty.

13,360. Suppose, for instance, I wish to buy a site, could I not get a value?—Yes.

Equalisation of Rates Act in Metropolis: Basis of contribution discussed.

13,361. I do not wish to go further in the matter because it has rather come up incidentally. Now, you have complained of the Equalisation of Rates Act, upon the grounds that you have stated; but are you not straining at a gnat and swallowing a camel? I see that your London County Council rate, your school board rate, and your police rate come together to 130,000*l.* a year, and I presume that of your guardians' precept, at least 50,000*l.* out of that 87,000*l.* would belong to the common poor fund—I should probably not be far wrong in that. Putting them together you get 180,000*l.* and the Equalisation of Rates Act is 8,000*l.*; of course, that is 5 per cent., but still do you complain of the others in the same way?—In dealing with the Equalisation of Rates Act, I should, if I could, like to exclude Kensington from my thoughts. My objection to the Equalisation of Rates Act is to the principle that has been adopted by the framers of the Act in applying their grants. They have adopted the very rough and ready idea—if we collect on rateable value, and distribute on population, we shall effect some good as regards the various parishes of the metropolis. I venture to suggest that in that they have absolutely failed. I compare the working of that Act with the working of the common poor fund, and I think that is a reasonable comparison to make. The result of my investigation shows me that the disparities are very exceptional. I have gone to some little trouble, and have prepared a statement contrasting the equalisation charge with the Metropolitan Common Poor Fund for two half-years—

13,362. Give us the one parish that you feel most backs up your position?—I would give you the following illustrations of disparity in support of my view. I find the parish of Hampstead pays 7 per cent. to the common poor fund, but it pays only one per cent. to the equalisation of rates fund. Bethnal Green receives 10 per cent. from the common poor fund, but only 5 per cent. from the equalisation of rates fund. Marylebone actually receives a small amount from the common poor fund, but contributes a substantial amount to the equalisation fund.

13,363. You have a better case than any in Islington, have you not?—Islington, of course, is the most glaring case of all. Its contribution to the common poor fund is 2 per cent., and I may state that since 1872 half-year by half-year the parish of Islington has been called upon to contribute to that common poor fund to about that extent, and she receives from the equalisation fund no less than 9 per cent.

13,364. But while these facts are important, why should they not be so? Surely the common poor fund is an endeavour to deal with the indoor pauperism of the metropolis, and the other is an endeavour to deal with something totally different? You would not surely expect from the beginning that there should be any relation necessarily between the sums received or paid by the parishes on these two bases?—But surely I think the idea, when the Equalisation of Rates Act was passed, was that you should tax the wealthy parishes to assist the poor parishes. I cannot conceive that there can be any better test as regards the wealth or poverty of a parish or district than its Metropolitan Common Poor Fund.

13,365. Let me suggest another test as to the wealth or poverty of a district, namely, the rateable value per head of the population?—I should decline absolutely to be bound by that test.

13,366. I am afraid that that is what the authors of the Equalisation of Rates Act rightly or wrongly took as the test?—Yes, they did.

13,367. Now, I think you have nothing more specially to say on the Equalisation of Rates Act beyond what is in your memorandum and what you have emphasised?—I do not know what the idea of the Commission is as to whether they intend printing the memoranda of the witnesses.

13,368. Your memorandum will be printed, so I do not think you need expand it. Have you any complaint to make of the 53,996*l.* for the county council, the 21,575*l.* for the police, the 54,566*l.* for the school board, and the 50,000*l.* odd for the common poor fund, in regard to those contributions being under outside management?—No.

13,369. You have suggested a board in connexion with appeals on rating; was that board that you suggested a central board in London to settle appeals or to make them; I mean, was it to be a judicial board to which appeals were to be referred, or was it to be a board which was to have the opportunity of objecting to the assessments in given parishes?—What I intended to imply was that it should be a board which should deal with the supervision of the work of the various assessment authorities throughout the metropolis.

13,370. Could you sketch for me in a moment what it would do? Is it to come into your parish and say to you: We must object to the rating of that individual property; and if you say we stick to our guns, then it is to say, we will appeal against you to a court—is that the idea?—I think so.

13,371. Where would that board get the funds for those appeals?—They might get their funds by being authorised to levy precepts as the other central authorities do at the present moment.

13,372. Do you think it would be a very wise step to make another precept levying authority?—I think it would be immaterial to the ratepayer whether the expenses of this central board were borne in that manner and were demanded from him in that way, or whether the expenditure of another body already in existence was increased sufficiently to allow of their performing that particular duty.

13,373. You see no disadvantage, do you, in the issuing of precepts by bodies who have not to collect the rates?—It has been a recognised principle which can be followed. So far as the local authorities are concerned, the fewer the better. Of course I can quite see that another course might be adopted, and I am not at all sure that it would not be a satisfactory one. That would be to place it in the hands of a Government department; for instance, throw the responsibility on the Local Government Board; just in the same way as, I take it, they preserve a check on the boards of guardians in regard to their expenditure out of the common poor fund, so the Local Government Board might be made responsible for seeing that the Valuation Act is properly applied in the various districts.

13,374. But that would not get rid of my difficulty of where the money is to come from, for the ordinary taxpayer would not like to pay for keeping the London rates in order, would he?—Perhaps not; but, of course, there is one point to be considered, namely, that the taxpayer is at present interested in seeing that the properties of the metropolis are properly valued.

13,375. Through the surveyor of taxes?—Through the surveyor.

13,376. You do not happen to know, do you, why the London County Council Bill for the amendment of the method of assessment in London failed to pass?—No, I do not; I think it was crowded out for want of time.

13,377. (Mr. Elliott.) Following up what Mr. Stuart has just now put to you with regard to the constitution of this central supervising authority, I gather that, in your opinion, it is absolutely necessary that the actual work of valuation should be local in the first instance?—I think it is desirable.

13,378. Then do you contemplate that the principal duty of the central or supervising authority should be the framing of regulations?—It is to see that the

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A central valuation authority desirable in London to control various valuation authorities.



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A central valuation authority desirable in London: Functions of such a body discussed, and what authorities should be represented. Question of appeals.

principles of the Valuation Act are not departed from. I will give just one instance. If one parish adds 10 per cent. to the rent in the case of leasehold properties in order to arrive at its gross value, and another parish adds only 5 per cent., an injustice is done by the parish that adds only 5 per cent. That actually, I believe, does occur in the present day. There are parishes in London, like Islington and Kensington, where the 10 per cent. is added, and there are parishes in the metropolis where I believe, as a rule, 5 per cent. only is added.

13,379. Do you think that in regard to the uniform application of principles of assessment to individual properties you would get what you want by adding some representatives of the central authority to the local authority, very much in the same way as the surveyor of taxes acts as the representative of the Imperial Exchequer now?—That was the suggestion that was put forward at the Conference, namely, that this county valuation committee, as it was termed, should have the power of sending representatives, not only to the meetings of the assessment committee, but to all meetings of the overseers. Many of us at that Conference thought that would be absolutely unworkable, and I believe so now. I think it would be absolutely ridiculous if I had to send to a central authority a copy of all my agenda of the meetings of my valuation and rating committee when they were discussing the matter of a valuation in a list. We thought that it would be sufficient if they had the same power as is given to the Government of allowing a representative at all meetings of the assessment committee. That, I think, would be perfectly right, but, of course, if that person came, then I think it ought to be so arranged that that person should not come in addition to the surveyor of taxes, but that he should take his place.

13,380. But you do not think that the substitution of the representative of the local authority for the representative of the Imperial Government would be satisfactory to the Imperial taxation authorities, do you?—That, of course, would be a matter for consideration between them.

13,381. Have you any doubt about it at all?—I do not suppose it would be satisfactory.

13,382. The two points that I want to put to you are these: The framing of general regulations is one thing, the application of those regulations is another; I want to know from you whether you will still allow the application of any general regulations that might be framed to be in the hands of the assessment committee?—Of the local authority?

13,383. Of the local authority as distinguished from the central authority?—Certainly.

13,384. But you would say that some central authority, either the Local Government Board or some other authority, might be authorised to prescribe general regulations where it was necessary to supplement the Act of Parliament?—Certainly. I think it would be perfectly competent, perfectly possible, to arrange that all copies of valuation lists prepared in a parish should be submitted to a supervising authority. That supervising authority would be able to check, by their officials, the work in that list, and if they saw any glaring cases where the principles of the Valuation Act had been departed from, they should be placed in such a position as would entitle them to raise an objection to that list, and to have that matter brought before another tribunal.

13,385. Is not that the application of the principles by a central authority? I understood you just now to say that you would prefer that the application of any general principles to particular properties should remain in the hands of the assessment committee?—Yes, I do think so as regards the work of detail.

13,386. But I understood you just now to say that the supervising authority should have power to examine the list in detail, and to make corrections?—I think they must do that, or else, how can they see whether the principles of the Valuation Act are being adhered to?

13,387. You do not think it would be sufficient to leave to the central authority, whether a Government department or some central municipal authority, the duty of prescribing the principles without, at the same time, vesting in them the power of seeing in detail that those principles were carried out?—I think that must be admitted.

13,388. With regard to the question of appeals, have you formed any idea as to what the proper tribunals for appeal should be in London?—I think the present difficulty is with regard to the appeals to special sessions. As you are aware, under the Valuation Act, in regard to any appeals which are made to special sessions, the court are entitled to allow those appeals, and to correct the valuation of the hereditaments brought before them, but their decisions are not allowed to have any effect on the totals of the valuation list, and, fortunately for the parishes, appeals to special sessions have been very few indeed. Why, I do not know. It appears to me that the county justices of a division sitting in the locality ought to have constituted a very desirable appeal tribunal; but they have not been made use of, and fortunately for the parishes, because, as I point out, the totals are not altered on the appeals to special sessions.

13,389. Supposing that under such a system as you have indicated, the assessment committee form one opinion as to the value of the property, and the supervising authority form another opinion, who should arbitrate between the two, or do you contemplate that the opinion of the supervising authority should hold good?—We decidedly claim that we should go before an impartial tribunal. That was one of the strong points that was fought out with regard to that Bill which has been referred to, because in the Bill, as originally drafted, the supervising authority had the power of veto. Our valuation list was to be submitted to this central authority, and they were thereupon to insert such a valuation as they might think expedient, and that was to have effect. That was very strongly protested against by all of the authorities in London, and in response to the very strong objection taken, the vetoing section of the Bill was withdrawn.

13,390. Then your opinion is that, on questions of fact, the decision of the assessment committee should, in the first instance, stand, subject to appeal, either by a supervising authority or by the individual ratepayer, to some impartial and judicial tribunal?—Quite so.

13,391. I do not know whether your attention has been at all drawn to the difference in the definition of gross value in the Income Tax Act and in the Valuation (Metropolis) Act?—I have not gone into it closely, but perhaps I may be allowed on that point to say this: My own desire is to see an amendment of the law, whereby the gross value and rateable value shall be done away with, and only one value shall be required to be entered in the rate book. I cannot help thinking myself that there is unnecessary confusion caused to the public as regards this gross value and rateable value, and that if we had one item—annual value—to take the place of both these, a very sensible and wise amendment would be effected. About the time that the surveyor of taxes or the Inland Revenue authorities are pressing their calls for income tax under Schedule A, and for the inhabited house duty, you would be surprised at the number of letters I receive, wanting to know how it is that the imperial authority bases its demand upon one amount, whereas the local authority bases its demand for rates upon another amount. I do not know whether the matter has been further complicated, but it has now been altered by the recent Order of the Inland Revenue authorities, whereby they make the deduction from our gross value to find their figures, on which they levy the income tax under Schedule A.

13,392. There is a fixed statutory deduction under the Act of 1894, is there not?—That is so.

13,393. You heard, I think, the evidence of the previous witness; at any rate, you heard some of the remarks which he made as to the under-valuation of certain parishes in London, and as to the failure on the part of some parishes to properly administer the Valuation Act. Would you, from your long experience of valuation matters, say whether, in your opinion, those complaints are justified?—I have no sufficient evidence to justify my making any such assertion.

13,394. Do you think any substantial inequity, as between parish and parish and ratepayer and ratepayer, has resulted under the system, as it was established in the Act of 1869?—I do not think there has, because I think if you found in possibly one case a parish had been under-assessed, in another case, in all probability, if you had a very close scrutiny, you would find that the parish was over-assessed. I take my own parish of Kensington. At the last quinquennial valuation, in

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"Gross value" and "rateable value": "Annual value" should be substituted in rate-book.

A central valuation authority desirable in London to see that property is not under-valued.

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1895, we had to reduce the valuation on our ordinary house property by nearly 50,000*l.* My own experience justifies me in stating that to-day I believe Kensington stands over-assessed to even a larger extent than that—that is to say, that if a new quinquennial valuation list were made this year, we should find that that valuation list would be 50,000*l.* less than the one in force.

13,395. I will put it to you in this way: Do you consider that any evil of sufficient magnitude exists at the present time with regard to inequality of assessment and insufficiency of assessment in London as to render it necessary that some heroic measures should be taken to prevent it?—I do say this: that now that the common charges form such a substantial proportion of the rates levied, it must be conceded that there should be some authority which shall have supervising power to see that the local authorities do not under-assess. I am bound to say that, with the common charges staring one in the face, there is an undue temptation to a locality not to assess to the hilt, but rather to under-assess.

13,396. (Mr. Smith.) Do you know any reason why, in natural justice, the imperial taxation should be upon the gross, and the local taxation upon the net?—No.

13,397. Have you heard of any suggestion?—Never heard of one.

13,398. You gave an illustration just now of inequality between parishes in London, and you said that one parish was in the habit, properly enough, of adding 10 per cent. to the value of a leasehold house under the conditions you described, and another parish of adding 5 per cent.; do you know a good many where they do not add anything at all?—No, I do not.

13,399. Is there no part of London in which some addition would not be made to a leasehold house, where a tenant undertakes to repair?—I cannot imagine such a parish.

13,400. Is there no union in London—or perhaps I had better put it—is there no assessment committee which makes no addition in such a case?—I cannot imagine such a case.

13,401. (Mr. Stuart.) Perhaps we had better inform you that we have had direct evidence that the City of London does not add the 10 per cent.?—Then, I venture to submit that you have clear evidence before you that the Valuation Act of 1869 has been absolutely departed from.

13,402. (Mr. Smith.) My question was rather in reply to the suggestion of Mr. Elliott that everything is for the best in the best of all possible worlds, and I thought I could bring a stronger instance than your 10 per cent. and 5 per cent.—that I could bring an instance of comparison between 10 per cent. and nothing at all?—I was not aware of that case of the City.

13,403. (Mr. Dalton.) How would you determine the annual value for imperial and local purposes? You would not take the gross, and you would not take the present rateable value, I understand; then, what would you take?—I am not at all sure that the present rateable value would not be a proper amount to take as the annual value in the case of a house let to a tenant at a yearly rent, the landlord doing the repairs. But it would be, I take it, immaterial, as regards the principle, whether you took the gross or rateable, or whether you took something else. The position I am contending for is, that you should take one value, and that that should be the annual value, and that that annual value should be defined in the best manner possible. I leave it for better and more capable persons than myself to say what that annual value should be, but I can assume that it would affect the taxation least by taking the present rateable value, which has now been practically reached by the Government, so far as income tax under Schedule A is concerned, and which is only departed from in the case of inhabited house duty.

13,404. The Government allowance is very much less complicated than the allowance that you have in the Schedule to the Act of 1869, is it not?—I do not know what the Government allowance is.

13,405. In regard to the Government allowances—I think there are only one or two of them—they do not draw those narrow distinctions between different classes of property that you do in your Metropolitan

Valuation Act?—I know as regards the majority of the property it is one-sixth. The only difference between the local authorities and the Government department at the present moment is this, that we do not enter into shillings and pence, but take the pound above, whereas the Government, I believe, base their call upon the actual figures; that is to say, taking a gross of 100*l.*, we take the rateable to be 84*l.*, but the Government would make theirs 83*l.* 6*s.* 8*d.*, or whatever it may be.

13,406. May I put my question in this way: do you see any reason for those different scales of deduction that are set out in the Schedule to the Valuation (Metropolis) Act?—No, I do not.

13,407. You pointed out, I think, that there is a great loss to the rates in your district from the empty houses; that is rather due, is it not, to the high value of the houses that are empty than to the large number of unoccupied houses?—It is not altogether due to the high value; it is due to numbers as well as to value.

13,408. You are aware that in the City unoccupied properties are rated, I think, at a half of the rates?—Yes.

13,409. That, I understand is what you would propose to have in Kensington?—No, we do not propose that. I have touched upon that in paragraph 26 of my memorandum, and, without venturing to give an opinion, I have simply put down certain arguments which, in my humble judgment, can be adduced in favour of collecting some rates from empty houses.

13,410. I think you suggest there that the placing of some liability to contribute, at least in some proportion, to local taxation upon owners of empty property would tend to prevent properties being intentionally kept empty, and would serve also as an incentive to all owners to secure tenants for their houses?—I believe that.

13,411. It is a misfortune to a neighbourhood that houses should remain unoccupied merely because the owner is asking for a higher rent than he is likely to obtain?—Certainly.

13,412. And that has been recognised for a very large number of years in the City as regards the rates levied by the Commissioners of Sewers, has it not?—Yes.

13,413. I think, while you approved the action of the London County Council in certain matters in relation to the valuation of property, you did not approve of certain other action they have taken. Will you explain what is the action of which you disapprove?—The London County Council, without, of course, any authority at law, has attempted to exercise the powers of a supervising authority, and, in doing so, I venture to submit, they have produced a feeling of some friction as between the central authority (the County Council) and the local authorities. In the case of my own parish we have had communications from the Local Government and Taxation Committee of the Council, which I have read with some surprise and some regret, being desirous that, at least, so far as my authority is concerned, the relationship between the local authority and the County Council should be, certainly, of the most friendly description. I will give an illustration. Our supplemental valuation list is deposited; an official from the valuer's department comes down and examines that supplemental list. In due course I receive from the clerk of the Council a letter to the effect that the Local Government and Taxation Committee, having examined the supplemental list of the parish of Kensington, have noted a certain number of properties which are set forth in a schedule, with regard to which they ask the consideration of the assessment committee to the alternative values which they have placed against the said properties; and they go on to state that further information with regard to these properties can be obtained on application at the valuer's department of the County Council. In the case of my last supplemental list there were, I think, 24 such properties. Had the County Council or its officials had the knowledge that was in the minds of the overseers and assessment committee, not one of those representations would have been made. I take the first case, a house which we had put in the valuation list at 90*l.* per annum. The suggestion was that that value should stand at 93*l.*; the reason, I know, was that they had come down, and had seen that the property was held under a five years' agreement at 85*l.* a year, and they had jumped to the conclusion that it should be 85*l.*, plus 8*l.* added for repairs, thus making 93*l.* the gross value—not knowing

Mr. W. C. Leete.  
25 Feb. '98

Empty houses: Losses in respect of. Suggested that they should be assessed to some extent. This procedure adopted in City of London.

London County Council: Actions of that body not always agreeable to local authorities.

Valuation in Metro- polis: Per- centages added to gross values. Alleged that nothing is added in City of London.

Gross value" and "rate- able value": Actual value should be substi- tuted.

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the fact, which was known to the local authority, that the five years' agreement contained covenants for only partial repairs being borne by the tenant, and not knowing the further fact that the two houses on either side—in fact, a block of houses on either side—were all assessed at 90*l.*, following the direction which had been laid down by the Conference that, where a row of houses structurally alike existed, neither the high rent nor the low rent should be taken, but that a mean should be taken in order that those properties might be assessed at one common amount. That is just an instance of what I may call the pettifogging dealings of the County Council with the work of the local authority. I venture to suggest that representations of that character savour of unnecessary interference with the work of a body of gentlemen who are elected, as I say, on a wider franchise than the County Council.

13,414. Do you think it is undesirable that centralisation should extend to details of that description?—I do.

13,415. You say in paragraph 12 of your memorandum that you feel sure the ends achieved have been in no way commensurate with the expense which the Council has incurred in this task. Do you know at all what that expense is?—No, I do not. I believe returns have been asked for; I do not know whether they have been obtained.\*

13,416. Coming next to the Equalisation of Rates Act, you would admit, I presume, that sanitary administration is a purpose to which, if possible, you should make the whole of London contribute to the expense in common, in the same way as they do to education and to the maintenance of the poor?—Yes, that is conceded.

13,417. In the case of the school board, you have one authority for the whole of London, but for sanitary purposes you would not, I presume, wish to have one authority for the whole of London?—No.

13,418. Therefore, if the different parts of London are to contribute to sanitary expenses, you must throw aside the question of the formation of one central authority?—Quite so.

13,419. What principle would you take in preference to the principle of the Equalization of Rates Act in order to effect that object?—It appears to me that it ought to be done by grants-in-aid in respect of the specific performance of duties.

13,420. If you do that, would not the result be that the more you spend the more you would get?—No, I want to limit that. Take, for instance, the removal of dust from the houses of a district. Parliament, very wisely, has said in the Public Health Act, 1891, that the dust shall be removed from all houses once a week. In certain parishes it may be the wish of the inhabitants that it should be removed three times a week, as in certain parts of Kensington. It might be desirable that some grant should be made to all districts to provide for the removal once a week; but it would be manifestly unfair if Kensington was entitled to remove, at the expense of the whole area, its dust three times a week, whilst Bethnal Green was content to remove it once a week. That is the difficulty that you would have to face, namely, the expenditure by the authorities, and what expenditure really applies to sanitary administration.

13,421. But the contribution under the Equalisation of Rates Act was kept well within the expenses of sanitary administration in each district, was it not?—I think not. It is with regard to the application of the grant that I fall foul of that Act. Instead of a carefully controlled administration as in the case of the common poor fund, where there are specific headings under which expenditure is to be made, and which are paid for out of the common fund, with an adequate check in the shape of an audit by the Local Government Board auditor, in the case of the equalisation of rates fund, you simply throw over to the parish of Islington a dole of 20,000*l.* per annum, making no provision that the expenditure by Islington of that 20,000*l.* shall be in any way checked. It may go to the reduction of existing rates; it may be spent on more efficiently carrying out the sanitary administration; or it may be spent on the brilliant illumination of the High Street by electric light. I cannot conceive of a more vague provision than that which is contained

in sub-section 6 of section I of the Equalisation of Rates Act with respect to the application of the sums paid to the sanitary authorities under that section.

13,422. Do you approve of the principle of a common contribution?—It is infinitely better than the principle laid down by the Equalisation of Rates Act.

13,423. I rather gather from the contrast that you drew between Islington and Hampstead and other districts that you thought that because one parish contributed to the common poor fund a considerable amount and a comparatively small amount to the equalisation fund, that was a proof that the Equalisation of Rates Act was bad: but take the parish of Islington, for example. You are aware that the parish of Islington in former years—I do not know whether it is so now—gave more outdoor relief and less indoor relief than certain other parishes in London?—No, I was not aware of that.

13,424. The consequence of that was that it received back less from the metropolitan common poor fund in proportion to its total expenditure on poor law relief than other parishes in which a different system was in force. Without going into the question of the merits of indoor relief and outdoor relief, you would admit that that would produce an inequality in the amount received from the fund and by the parish as compared with another parish which paid heavily to the indoor poor, and very little to the outdoor poor?—Yes, I follow the point.

13,425. You are aware, are you not, that when the Local Government Act was under discussion, and a similar proposal was made to apply the Metropolitan Common Poor Fund principle to the whole of England and Wales, it was rejected by the House of Commons on the ground that in some districts the practice was to give the majority of the relief in outdoor relief, and in others to give indoor relief, and that it would work, therefore, very unevenly. Without going into the question of which is the better system, would not that be an objection to the Metropolitan Common Poor Fund—that if a union spends all its rates, or practically all, on indoor pauperism, it will get a large grant, and that anything that it pays towards outdoor relief comes out of its own pocket?—Yes, and rightly so, I should say.

13,426. I do not want to go into the question whether it is right. You would expect, therefore, that when you apply a different principle under the Equalisation of Rates Act it will have different results, and that it does not necessarily follow that because Islington, according to your view, contributes too much to the outdoor relief, and too little to the indoor, therefore, when you come to divide a grant under the Equalisation of Rates Act, it should receive from that central relief fund in the same proportions as it has received its share from the common poor fund—you would not say they should necessarily go on all fours?—No; but before I could answer that point I should have to go into the question as to how far Islington's procedure under the common poor fund differed from Hampstead, St. Luke's, or other parishes. I might find that possibly the procedure of Islington followed very closely that of many of the other parishes, and, if so, then of course my argument would still stand.

13,427. But you have no evidence of that fact, I am sure?—No, I have no evidence that Islington has to any appreciable extent acted differently as regards the common poor fund from other metropolitan parishes.

13,428. You are not aware that it has been quoted, whether rightly or wrongly, by certain persons as a proof that outdoor relief is not so expensive as it is commonly considered?—No, I am not.

13,429. I do not wish to express an opinion, understand, upon the question of outdoor relief as against indoor relief, but what I want to protest against is, that it should be assumed that the principle of the Equalisation of Rates Act is necessarily wrong because Islington receives under the Equalisation of Rates Act, whereas it pays under the Metropolitan Common Poor Fund?—Of course, if I simply had the instance of Islington to depend upon I should not have so emphasized my figures as regards this comparison between the two funds; but I venture, leaving Islington out of the question, to submit to this Commission such figures as do show a most glaring disparity. I cannot think that the poor parishes really do derive the benefit from this Equalisation of Rates Act that it was hoped by the framers they would receive. I feel sure that the results

Mr. W. C.  
Leete.  
25 Feb. '98

Equalisation of Rates Act in Metropolis: Basis of contribution discussed, and effect of Act.

Equalisation of rates in Metropolis discussed: Suggested that contributions from fund should be given in respect of specific services.

\* Quinquennial Assessment, 1891. Cost of Assessment Appeals. An unpublished Return pursuant to an order of the London County Council of the 11th July 1893.

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Equalisation of Rates Act in Metropolis, effect of.

of the application of the basis of the fund must have surprised the promoters of the measure.

13,430. On that we have not had the figures before us, but I think that we have been informed by the statistical officer of the London County Council that the effect of the Equalisation of Rates Act has been to equalise rates in the metropolis; I observe that in paragraphs 30 and 31 of your memorandum you distinctly state the contrary?—Yes, I distinctly join issue with him.

13,431. With regard to Islington and Camberwell, they are both districts, I think, are they not, in which the class of residents who live in them are not so wealthy as those who formerly lived in them?—I cannot speak for Camberwell. So far as Islington is concerned, I do not think there has been any very substantial change in the character of its residents. I speak, of course, only with knowledge acquired since

1883; but, having been a resident of the parish of Islington, I am surprised to find that they have to plead poverty.

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13,432. (Mr. Stuart.) We had evidence, you know, in the opposite sense from the vestry clerk of Islington. Have you anything more you would like to put before the Commission?—The only point—and it touches upon equalisation—that I wish to mention is one of those questions upon which equalisation might have been effected by the London County Council, but which they have not dealt with—the main road question.

13,433. You have dealt with that in your memorandum, have you not?—Yes, fully.

13,434. Let me correct one thing—the Equalisation of Rates Act was not the Act of the London County Council, it was the Act of Parliament?—Quite so, only it was supported by the London County Council.

The witness withdrew.

Adjourned till Thursday, March 10th, at 11.30.

**THIRTY-FOURTH DAY.**

Thursday, 10th March, 1898.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

SIR E. W. HAMILTON, K.C.B.  
H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq., C.B.

E. O. SMITH, Esq.  
The Right Hon. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*  
T. LLEWELYN DAVIES, Esq., *Assistant Secretary.*

Mr. W. H. Warner.  
10 Mar. '98

Mr. W. H. WARNER, called and examined.

13,435. (Chairman.) I understand you are a partner in the firm of Messrs. Lofts and Warner, Estate Agents and Surveyors?—Yes.

13,436. You have had a long experience in the firm, I think?—Yes, I have had over 30 years.

13,437. You deal largely with London property?—Yes, very largely; I think I might almost claim that we have had as much experience as any firm dealing with property in London.

13,438. In the first instance I want to get quite distinctly what you mean by two terms which you use in your memorandum\*—one "the ground lessee," and the other "the building lessee"; perhaps you would explain those terms?—I think, perhaps, those two terms are meant to be synonymous.

13,439. Then we are to take them as the same?—Of course there would be a variation in the terms; you might get a man who takes a piece of land, and then lets it out again.

13,440. That variation is exactly what I want to know; what do you mean by the term "ground lessee"?—I mean the person who takes the land from the landowner.

13,441. What do you mean by "the building lessee"?—The ground lessee would take from the owner, and pay all the rates and taxes, and the building lessee would do the same; so that for all practical purposes you might treat them as the same.

13,442. Do you know instances of there being both a ground lessee and what you call a building lessee upon the same property?—I know that such things do occur, but I do not know that I could give you an instance for the moment.

13,443. For the purpose of your memorandum, you mean the same thing by "ground lessee" as by "building lessee"?—Yes it is a fact that sometimes a builder will take from an owner a large tract of land to be built upon, and then he will sub-let it out again under the

same conditions as regards the payment of rates and taxes, only he parcels it out.

13,444. Then, on what does he get his profit?—He finances the builder, and that is one source of profit; and in another way he probably gets an improved ground rent.

13,445. The point being this, is it, that there may be more than one different interest between the ground landlord and the person who buys the house when built, and lives in it?—Yes, more than one.

13,446. Is that common?—It is very common, only I would say this, that in the end the intermediate man falls out.

13,447. Quite so: the original ground lessee, if he parts with his interest at all, makes a man who takes it from him contract to pay the rates and taxes?—The intermediate man falls out; for instance, I take a piece of land, we will say, some acres in extent, from A, who is the ground landlord; I parcel it out, and I finance a builder, and I undertake all the making of the roads—all those expenses I am responsible for—then I undertake to get for the man I let to, a direct lease from the ground landlord.

13,448. But before the intermediate man falls out, as you express it, am I right in supposing that the ground lessee, if he parts with his interest at all, insists on the man to whom he parts with his interests, taking his position as a payer of rates and taxes?—Yes, always.

13,449. So that the payment of rates and taxes is not divided, but always becomes an incident of the last holder of the land?—Yes, of the tenant of the landlord.

13,450. I should like to put one general question to you as to how far in your experience those who look for places of abode calculate the amount of the rates that they will have to pay as influencing them in a decision between one place and another?—Where things were equal, it would have the effect of sending a tenant to the district where the rates were least.

Mr. W. H. Warner.  
10 Mar. '98

Ground Lessee and Building Lessee: Definition of.

- Mr. W. H. Warner.**  
10 Mar. '98
- Rates, amount of: How far does amount of rates influence tenants in selecting particular localities, and to what extent are rates taken into consideration by ground landlord and building lessee when making their contracts.
- 13,451. What do you mean by things being equal; are you thinking of suitability for each purpose?—There comes in the question of situation very often. For instance, we will take Grosvenor Square and Portman Square: you may have two houses, one in each of those squares, very similar, and the rates and taxes per £ may be very similar, and yet it would not be either of those questions which would influence anybody going there. A man says I want to live in Grosvenor Square because I wish my address to be Grosvenor Square, or I prefer to live in Grosvenor Square because it is that side of Oxford Street.
- 13,452. No doubt, but taking it a little more widely than that, have you seen anything in your experience which leads you to think that as rates rise people move from one place to another to escape them?—I think that takes place in outside districts, say round about London, where the rents would be, perhaps, 50*l.* or 60*l.* a year.
- 13,453. I wish to exclude such special places as the City of London or Mayfair, because a certain class of people think they must live in Mayfair, and a certain other class must do business in the City of London, and therefore other considerations come in; but there are large classes of persons to whom it does not make much difference whether they live in, we will say, Hampstead or Fulham, or in districts which are not, so to speak, congested?—Yes, that is so.
- 13,454. Now, how far do you think the influence of the calculation as to the amount of rates comes in in the selection of abodes by such persons?—Shall I take this kind of instance? Supposing we say at Balham there were houses that could be let profitably at 50*l.* a year, and supposing that in the adjoining parish of Streatham there were also houses of a similar class to be let at 50*l.* a year; in each of those districts the man who had built the house would calculate that he ought to get a return for his outlay, say of 5 per cent., which would bring up the rent so that the house could be made to let at 50*l.* a year; but, supposing the rates in Balham were 3*s.* in the £, and the rates in Streatham were 6*s.* in the £, then people who wanted to take houses would prefer to go to Balham, and the consequence would be that the owner of the house at Streatham would have to bring down the income that he received from the outlay on his house so as to balance with the other.
- 13,455. That is the builder, the man who builds the house, would have to do it?—Yes, that is how it would apply. A tenant under those conditions would take his house in Balham, and the result would be that the man in Streatham would not be able to get such a good return for his money as the man in Balham.
- 13,456. I understand you to put to us that in a case like that the builder takes these things so carefully into calculation that the ground landlord gets less in the place where the rates are at the moment higher, or likely in the builder's opinion to become higher in the near future than is the case with the ground landlord where the rates are not so high?—Certainly.
- 13,457. You are not only, of course, an agent for properties in that state, but you have experience in dealing with properties after they have been some years built, and when they are changing hands as between tenants and owners of the leasehold?—Yes.
- 13,458. How far in their case does the influence of rates go?—I think it is always taken into consideration in every transaction that takes place with regard to the letting of a house.
- 13,459. It is, of course, obvious that after the house is built, if there is a rise in rates it falls upon the person who is the beneficial owner of the house at the moment that the rise takes place?—Yes. But in those sort of instances which you are sketching out to me, I anticipate you mean that one man has a house of 50*l.* a year, and for some reason perhaps, either from the outlay that he has made or something of the kind, it changes hands at a higher rent. Would that be what your question was indicating?
- 13,460. I was for the moment not thinking of the fluctuation in rent, which, of course, takes place sometimes and greatly complicates the possibility of making an accurate calculation. For the moment, so far as the fluctuation in value was concerned, I was leaving that out of account and dealing only with the question of the rise of the rates?—It would always influence it if the rates increased. It is known in certain districts that you can get a house for 60*l.* a year or 70*l.* a year,
- and if you were to increase the rates those rents would fall in proportion.
- 13,461. What I am leading up to is to get, in your opinion, on whom does the incidence of a rise in the rates really fall; we know, of course, that the owner of the leasehold pays them?—Yes, he does.
- 13,462. But how far does he succeed under any circumstances in shifting the incidence on to anybody else, and on to whom?—As soon as he has the opportunity of doing so he shifts it on to the person from whom he takes the house, unless some other reason springs up which gives an extra value to the house.
- 13,463. Would you say that in districts where houses are much sought after the owner of the houses has a greater facility for shifting the incidence on to the tenant and getting a rise in rent, but where it is a back-going district, so to speak, the incidence of the rate is more likely to fall upon the owner of the houses?—I think it comes into operation in both cases. I think it is always taken into consideration, even in those districts which you except—the Grosvenor Square neighbourhood and the City. It is always taken into consideration by the tenant. Of course I do not mean to say that there are not some people who are so foolish that they do not ask any questions at all, but you cannot prove a rule by such cases as that.
- 13,464. It would follow, I suppose, from what you have just said, that at the conclusion of a long lease of 80 or 90 years, when the ground landlord has to make a new bargain, the same causes that you put to us as having effect in the first building on the land would have effect upon the price that the landlord would get for any renewal of the lease?—Certainly.
- 13,465. You make a statement in paragraph 2 of your memorandum which I should rather like to have made more distinct, though I admit it is not absolutely relevant to the Inquiry. You say: "For instance, take Oxford Street where the rates are similar for both sides of the street, yet shops on the north side are much more valuable than on the south side"—why is that?—Because the English people always like to walk on the sunny side of the street—that is one reason. You will find that in nearly every principal town in England.
- 13,466. I thought that was probably the case; therefore a shopkeeper exhibiting his goods in the window can afford to pay a higher rent on the north side, because more people pass to see them?—Yes.
- 13,467. And you say that is not peculiar to Oxford Street, but it is a fortunate accident for those who own property on the north side of any street, and an unfortunate accident for the others who are on the opposite side?—Yes. It is a very curious thing that in almost every town in England you will find that the sunny side of the town, the western side, is generally better than the eastern side.
- 13,468. Are there no trades which are better on the south side of the street than the north?—I never heard of any.
- 13,469. For instance, if you were a fishmonger, would you take the sunny side of the street?—If I were a fishmonger I should want to have my shop where people would come to look at my fish. I think in Oxford Street you would find the fishmonger would give more for the north side than for the south side.
- 13,470. (*Mr. Wharton.*) In order to get rid of his wares?—Yes. With regard to a question which your Lordship was asking me just now, there is a remark in paragraph 9 of my memorandum which to some extent bears upon it. You were asking about the question of rates affecting the rentals. I think I have there pointed out that, taking the three elements that govern rental value, that which relates to the rates is an arbitrary payment, and the other two are matters of bargain.
- 13,471. (*Chairman.*) I followed that. In some way this is the sort of process: a man who is going to take land to build houses on calculates in his own mind roughly what he thinks he will be able to get for rent; then he has to think out what in that district the rates will be, and when he finds out what the rates will be upon that rent he then has to make up his mind what he is going to offer for the privilege of building on the land?—Yes.
- 13,472. What is the precise object with which you make this statement in paragraph 7: "I do not think the expenditure of money raised by rates has rendered property more valuable, as the expenditure in that

**Mr. W. H. Warner.**

10 Mar. '98

Rates, rise of: How far can occupier shift burden of increased rates upon owner.

Rent frequently higher on one side of a street than the other. Reasons for this.

Ground landlord and building lessee: To what extent do they take payment of rates into consideration when making their contracts.

Mr. W. H. Warner. "respect has probably been equal per foot frontage in rich and poor districts" P.—Because I think from what I have read of the opinions that have been given that it has been suggested that land in London has been enormously increased by money that has been spent out of the rates.

10 Mar. '98

Rates, expenditure of: How far does expenditure of rates benefit the property of the owner, and how far is it a benefit to the tenant, discussed.

13,473. Do you mean to put it to us that no expenditure of money raised by rates renders property more valuable?—No, I do not. I think some of the money has rendered property more valuable—that which applies directly to land—but then you cannot spread that over the whole thing. For instance, you take money spent in forming a new street, no doubt it has improved the value of property in the neighbourhood of that street up to a certain distance, but not all over London, not as regards land. It has been a benefit to the community.

13,474. Surely a well considered system of sewerage would render property more valuable, would it not?—Yes.

13,475. As put in your paper it is rather too broad a statement, and it can hardly stand?—What I meant to say was this—that it has not been more improved by that expenditure in the West End than it has in the East End.

13,476. Then you are on the much controverted question of betterment in that paragraph?—No. What I had in my mind was this—that granted that there was some improvement by reason of some expenditure raised from the rates, that improvement was not greater to the land, say, in the West End than in the East End. There is a corresponding benefit *pro rata*.

13,477. Is it this—that the higher the rate upon a particular property, the more it is benefited. I do not quite understand what your point is?—Supposing there is public expenditure which it is admitted has some benefit which might attach to the land, that does not attach to the land in a greater ratio per foot frontage in the West End than in the East End.

13,478. When you say "has rendered property" are you thinking only of the ground landlord's property?—Yes.

13,479. Any one reading that sentence, I think, would naturally think that "property" there meant rateable property?—I think I could carry it to the houses themselves.

13,480. Then I put it to you again. Does a well considered system of sewerage not render property more valuable?—Certainly, than property which is without sewerage.

13,481. It makes not only the houses which are upon it, but the land upon which the houses are built more valuable?—Really the interests of the landlord and of the man who puts the house on it run so close that they are almost identical in their proportion, because the one bears on the other. There are three quantities in a rent; one is the land; another is the building; and the other are the outgoings. That is the occupying rent. Numbers 1 and 2 run together very closely. In different districts you cannot fix any special rules—how much should go to one and how much to the other, because in certain parts the ground is worth as much as the houses or more, and in other places it is only worth perhaps a fifth as regards their proportion of the rental value.

13,482. Assume for the moment that after an area is built upon, improvements are effected in the sewerage, or in access, or in any other way which are paid for by the rates, during all the currency of the long lease the leaseholder pays those rates?—Yes.

13,483. And by so doing, at the end of the time he hands over a more valuable property to the landlord, does he not?—He has had his benefit from it.

13,484. No doubt, and I do not say that he has not bargained to do it; but as a matter of fact that is the effect, is it not?—Yes, I suppose in a measure it would be so. There would be this to say about it—that the tenant during a long lease had reaped the benefit of those rates. Either those rates are imposed upon him for a benefit which he has obtained, or else it is what you might call a robbery. If you impose a tax on a tenant like that, the supposition is that you impose it for a benefit that he is to receive; if not, it must be something which you take from him which is not fair.

13,485. I am not suggesting that anything is done to the leaseholder which is not in his bargain; I am only

stating that that is the effect of the bargain—is that not the case?—Yes, but on the other hand you see the landlord has only got a fixed benefit for a certain number of tied years and the tenant may reap the benefit of that extra value during his term.

13,486. Can you give me any indication of your opinion upon the very much controverted question—on whom does the rise of rate really fall?—I think that it falls upon the land and the building that is put upon it.

13,487. It clearly cannot fall on the land under the present system till the end of the lease?—Not if it is a long lease, not directly.

13,488. Then we get out of that for the moment; therefore it must be, must it not, between the owner of the leasehold and the occupier of the leasehold?—Yes.

13,489. On which of them does it fall and under what circumstances, in your opinion?—It falls upon the occupier in the first instance, for as long as he is unable to alter his tenancy, that is to say, if I take a house for 14 years, and I undertake to pay the rates and taxes; for 10 years we will say they are 5s. in the £—

13,490. I want you rather to make the expression quite clear; you say "if I take a house." I want you to distinguish between the owner of the leasehold and the occupier of a leasehold dwelling house?—I as an occupier of premises do not know whether they are leasehold or freehold. I am the occupier, the person who lives in them and pays the rates and taxes. I take a lease of those premises for 14 years, undertaking to pay all rates and taxes; for the first 10 years the rates and taxes are 5s. in the £; for the next four years they are 6s. in the £; as between the 10 years and the 14 years, that is during the four years, I have to bear the increase; but directly that tenancy ends I should go to my landlord, and I should say: "I will not pay you the same rent because the rates and taxes have been raised; and he would then have to reduce his rent."

13,491. Not necessarily, because he might say "All right, go on as you are, or else go; I can get a better rent from somebody else"?—That would be from other circumstances. To get at a point like this one must take things equal; you cannot bring in another set of circumstances which will influence that man. I am going upon the supposition that there are a great many parts of London where things are equal all over, large districts where a regular rent rules and where it is not in the power of the landlords to get this extra rent.

13,492. In that case you put it to me—and I am not inclined to disagree with you—that at the conclusion of the term of hiring the rise of the rate comes upon the owner of the fabric?—Yes.

13,493. Take another case, which is rather more complicated, but which is not that of a dwelling house; supposing the rates rise upon shop premises during the continuance of the lease, have you any opinion to express as to whether any part of the increase can be put off by the occupier upon those who do business with him and purchase his articles?—I should think that it is a thing that people constantly endeavour to do because that must take place in streets like Bond Street and Oxford Street.

13,494. I have no doubt they endeavour to do it, but what I want to get from you is whether they endeavour successfully, in your opinion?—For the moment only are they successful.

13,495. If they then charge such high rates for their articles, they gradually drive away custom?—Yes, you have the greatest possible instance of it close to you here. If it was not for that very circumstance, that large building, the Army and Navy Stores, would not be in such a very flourishing condition. I think myself that it is these high prices which are put upon articles we will say in Bond Street, and the principal streets where people go to shop in the West End, that has driven the people away from those shops to deal at the Stores, because they do endeavour to put something on.

13,496. Then you would say, I suppose, that when a shopkeeper begins to find that out he ultimately comes back upon the landlord, and says, "I cannot pay you so high a rent"?—Yes, and if he cannot recoup himself in another way he will come back to his landlord. In

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Rates, a rise of: A rise in rates ultimately falls upon the land and the building upon it unless special circumstances exist.

Rates, a rise of: In case of shops in West End of London, the occupier will try and shift the burden upon his customers. Beyond a certain point, he cannot do this, owing to trade competition of co-operative stores, and he must then try and shift the burden on his landlord.

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Bond Street, rents no doubt have gone up to such a pitch, but I think that outside those districts there has been a very great depression in shop property for the simple reason that they are not able to put anything on to recoup their rents, because people go away directly they do that, and deal where that does not come into play. Small shop property is no doubt very depressed.

Ground landlord : Burden of increased rates ultimately falls on ground landlord.

13,497. (Mr. Elliott.) I want you to leave out of your mind, in any questions I put, any reference whatever to existing contracts, and to assume that no contracts are in existence?—That we start with an acre of land, that you own the acre, and that I am somebody else —

13,498. No, I do not go back quite so far as that. I want to take the case of property which has actually been erected, but in regard to which no contracts of tenancy exist. I take it there may be several interests in an ordinary property in London?—Yes.

13,499. There is the interest of the ground landlord?—Yes.

13,500. The interest possibly of a mortgagee?—I think you must leave him out.

13,501. Do you never have a mortgagee's interest?—Yes, but as dealing with anything affecting land, I do not think you must call into the question the mortgagee. The mortgage is a matter of bargain; I may borrow 100l. on a piece of land for convenience, or I may borrow 2,000l.

13,502. But in point of fact a portion of the annual value of the property does go to the mortgagee, does it not?—It goes through the hands of the owner of the land; it does not go direct to the mortgagee.

13,503. Assume that a person has built a house, and borrowed a portion of the money to build it, to that extent the house is not his, but the house is the property of the person from whom he has borrowed the money?—A mortgagor and a mortgagee are the same people in effect.

13,504. They each have an interest in the property?—They each have a similar interest. I mean that a mortgagee is a person who, say, owns half my land, but he holds it under the same conditions that I do, only I borrow half the money of him.

13,505. Leaving out, then, the question of the mortgagee in addition to the interest of the ground landlord, you may have the interest of one, two, or three, or possibly more leaseholders in succession?—Yes.

13,506. Are you at all familiar with the manner—I think you will be familiar with the manner—in which the burden of the property tax is divided amongst those different interests?—Yes.

13,507. It is divided by a system of deduction, is it not?—Yes.

13,508. And therefore, from the ground rent paid to the ground landlord, there is a deduction in respect of property tax, is there not?—The tenant pays it, and he could deduct it from the landlord. It always comes upon the landlord.

13,509. Each interest in its turn deducts property tax from what it pays?—For the simple convenience of payment and collection; it has no effect upon the property at all.

13,510. The amount of the ground rent is diminished by the amount of the property tax, is it not?—It is subject to it.

13,511. I want you to answer the question I put to you—the amount of the ground rent that the ground landlord receives is in fact diminished by the amount of the property tax?—Yes, in the same way as if you have your money invested somewhere else.

13,512. Therefore, all the world knows that the ground landlord does pay income tax?—Yes, just like any ordinary person. Everybody pays income tax whose income is high enough.

13,513. Your argument, from which I do not for a moment dissent, is, is it not, that the burden of the rates does fall, in fact, upon the ground landlord?—Yes, it comes back to him.

13,514. But the amount of his ground rent is diminished by the amount of the rates on the property?—Yes, it is influenced by that.

13,515. Leaving out of question any difficulty with regard to existing contracts, in regard to which I quite share your views, do you see any difficulty in the way

of providing in the case of some of the rates for the adoption of the same system of deduction that you have for the property tax?—I do not want to go into theories, I rather want to give my evidence on facts.

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13,516. I am asking you whether you see any practical difficulty?—I do not see why there should be any.

13,517. I was asking you whether you saw any difficulty in point of practice?—I think there would be a good many complications about it, because there are such a variety of interests. Let me ask you first of all whether you mean—

13,518. No, you must not ask me questions. I ask you whether you see any practical difficulty in the way of adopting the same system of deduction in regard to certain specified rates as is at present adopted in regard to the property tax?—I do not think I have gone into the point sufficiently to answer your question as you want me to answer it.

13,519. Do you find a general agreement with the views that you have expressed as to the burden upon the ground landlord of the rates at the present moment?—Yes, I think there is a general opinion that any increase of rating, generally speaking, falls back upon the land.

13,520. Do you think that is the view generally held by the ratepayers, that is by the persons who actually pay the rates to the rate collector?—I think it is probably not.

13,521. Supposing that you had some system of deduction, do you think it would then be pretty clear that the ground landlord did in fact bear a substantial burden?—I think they would think they were passing the burden on to somebody else. A man does not know how near he is to his ground landlord. An occupier you see may be four or five away from his ground landlord. He would think he was getting something out of the man to whom he paid the rent.

13,522. You are aware of course that there is a very considerable number of persons who have expressed the view that the ground landlord, at the present moment, does not bear any burden?—Yes.

13,523. And that he ought to bear a burden?—Yes, I am quite aware of that.

13,524. The whole purport of the evidence you have given to the Commission is that, in fact, he does bear a burden?—Yes.

13,525. Now, leaving out of question existing contracts, do you not think a certain advantage would arise if in lieu of the present indirect payment, there was a direct payment of the rates by the ground landlord, by a system of deduction, if you please?—I think it would lead to endless confusion.

13,526. Does it lead to endless confusion in the case of the property tax?—No, but I do not think you could bring it to the simple way in which the property tax is deducted.

13,527. (Mr. Smith.) We all know that you have a large experience in West End property. Have you also a large experience in property outside London?—Yes; my business is not in any way confined to the West End, or to London at all.

13,528. Your name seems familiar to me. You are aware probably that in the case of municipal improvements throughout the country, they are paid for by loans borrowed by the municipality from various persons?—Yes.

13,529. And that in the repayment, you pay back not only interest but capital?—Yes.

13,530. Have you ever considered that to the extent to which capital is repaid, the owner is directly benefited?—That, of course, depends a great deal upon what that expenditure is—whether it is of a permanent character.

13,531. Granted that it is an improvement to property, and the tenant repays both interest and capital, to the extent to which he repays capital, does he not benefit his landlord's property?—If you could show that at the end of a long term, there was some lasting benefit to the land; there is no doubt there must be some improvement in respect of that, but, on the other hand, I think, those who have paid for it have taken it into consideration.

13,532. Leases generally run for 21 years on house property, do they not?—7, 14, or 21 years.

Rates, expenditure of: How far does expenditure of rates benefit property of owners. Loans borrowed by municipality. Capital repaid from rates as well as interest.

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13,533. Loans for the repayment of capital frequently run to 60 years, do they not?—Yes.

13,534. Then there must be some unexhausted improvement, to use an agricultural expression, to the benefit of the landlord?—The ground landlord, do you mean?

13,535. I am speaking of the simple owner of the land; we will cut out the intermediate people—you recognise that there is a distinction between the tenant paying the interest on the loan and the instalments of capital on the loan, do you not?—Yes.

13,536. With regard to London, I suppose, you would say that prudent people take rates into account, but what influences people in London more than anything else, is fashion, is it not, in selecting the situation of their residence?—Only in the case of a few—only in the case of those who can afford to pay for the fashion; certainly not, I think, in the case of the bulk of the inhabitants of London. With them, it is how cheap can they get a house.

13,537. With the bulk, no doubt, that is the case, but still, situation has more to do with it in London than elsewhere, has it not?—I should think not.

13,538. It has an enormous effect upon the letting value of property, has it not?—In certain districts.

13,539. For instance, the proximity of a park to a house is a great benefit, is it not?—Certainly.

13,540. However acquired—whether paid for by rates or whether paid for by the Imperial Government?—Yes.

13,541. But a house in Park Lane looking into Hyde Park, and a similar house in York Terrace looking into the Regent's Park, would let at very different figures, would they not? Supposing you could have a house nearly similar in Park Lane to one in York Terrace, should I be wrong in saying one would be worth twice as much as the other?—No, you would not.

13,542. (Mr. Clare.) I think I understood you plainly to express the opinion that rates affected the amount of the rent that an ordinary occupier of a house would be willing to pay?—Yes; that is to say, he takes into consideration what rates he has to pay.

13,543. Should I be putting it correctly by putting it this way—that if an ordinary person wishes to take a house to live in, he calculates that he can afford out of his income to pay so much in respect of his abode?—Yes.

13,544. He knows under existing conditions that he has to pay two things—namely, rent and rates?—Yes.

13,545. Therefore, if he goes into a neighbourhood where he knows that the rates, roughly speaking, on a particular kind of house, come to 20*l.* a year, and he only wants to pay 100*l.* a year in respect of his abode, he will not pay more than 80*l.* in rent?—No, the rates are fixed: I want you to keep that in mind in everything you are asking me. The rates are arbitrary, but rent is a free commodity. He cannot help himself as regards the payment of rates.

13,546. If a man is only prepared to put aside out of his income 100*l.* a year in respect of his abode, if he knows that he will have to pay 20*l.* a year in rates, he will only be willing to take a house which will cost him 80*l.* a year in rent?—That is right.

13,547. If he had to pay no rates at all, he would be willing to pay 100*l.* a year in rent?—Yes.

13,548. Allow me just to follow this out a little bit, to see if you and I are agreed. Suppose a piece of bare building land, and a builder who is prepared to negotiate for the purchase of it; did I understand you correctly to say that the consideration which would actuate him in fixing the price he would be willing to pay for the land, is what net profit could be made out of the land when it was developed?—Yes.

13,549. I will ask you to assume the case of a piece of building land on which 10 houses can be erected. Assume that each house will produce a rental of 80*l.* on the assumption that the rates are 20*l.* a year; that will produce a gross income of 800*l.* a year from the 10 houses when erected?—Yes.

13,550. Of course, a prudent owner would put aside a certain amount per annum for repairs, would he not, and empties?—Yes.

13,551. Taking that at 10 per cent., that would make a net revenue of 720*l.* from the 10 houses?—Yes.

13,552. The builder then calculates that when he has developed this land he can get a net income of 720*l.*, leaving his tenants to pay all the rates?—Yes.

13,553. I will just ask you to assume for a moment that each of these houses cost 1,000*l.* to build. What is a reasonable rate of interest for a man to require on bricks and mortar?—That is a very wide question.

13,554. Is it not a very usual thing to calculate six per cent. as the net return that a man ought to get as a speculative builder?—He ought to get that.

13,555. I will ask you to assume that he wishes to get 6 per cent. in this case; the builder wants, then, on his 10,000*l.*, 600*l.* a year net?—Am I to assume first of all that this house, which you say is 80*l.* a year, only cost 1,000*l.*?

13,556. I am asking you to assume that it cost 1,000*l.* to build, irrespective of the land—just for the sake of an easy calculation?—I cannot follow that calculation, because you are assuming that you are going to get 80*l.* for a 1,000*l.* outlay, that is 8 per cent. You must take it on equal grounds.

13,557. Pardon me, I assume that the house when built and occupied, which must involve the occupation both of the buildings and of the land, will produce 80*l.* a year?—Yes, with that I agree.

13,558. I want to get at the division between the ground landowner and the builder; the builder has spent 1,000*l.* on each house, that on 10 houses is 10,000*l.* I assume that he wants as a return for his investment 6 per cent. net on his money. That will mean that he will want 600*l.* a year out of 720*l.* net that he will get from the rents for himself?—Yes, assuming that they have only cost 1,000*l.*

13,559. I have asked you to assume that. Therefore, the price that the builder can afford to pay for the land is the difference between the 600*l.* a year he wants on his investment, and the net rental which the property when developed will produce?—Yes, that will be one way of looking at it; he could afford to pay that.

13,560. In the case I put to you, the builder will want 60*l.* per annum himself from each house, and if he gets 80*l.* net from the tenant he can then afford to pay 20*l.* a year to the ground landlord, as the ground rent for the land?—Yes.

13,561. And that is the way that he arrives at the price he can afford to pay for building land?—Yes, he ought to go on that sort of calculation.

13,562. Now I will ask you to follow me one step further. In arriving at this calculation, he has deducted from the ground rent paid to the landlord the 20*l.* for the rates, which he calculates the occupier will pay, has he not?—Yes.

13,563. By deducting the 20*l.* that the occupier thus pays from the 100*l.*, you get down to 80*l.*?—Yes.

13,564. Therefore, the whole of the 20*l.* which he calculates the occupier will have to pay has come out of the landlord's pocket when he sells the bare building land in the first instance?—If that 20*l.* had not to be deducted, he would have got 100*l.* instead of 80*l.*

13,565. The landlord would have got 20*l.* a year more rent?—And still your calculation would follow on; he would get the 60*l.*, and the landlord would get that 20*l.*

13,566. Plus the 20*l.* that the builder can pay him on the 80*l.* rent?—If that 20*l.* did not exist, and a man was willing to give 100*l.* a year for that house including his rates and taxes, and the builder is to be satisfied with 6 per cent. on his 1,000*l.*, as you say, he could then afford to give to the ground landlord that 20*l.*, and if he were satisfied with his 6 per cent. on his outlay, that 20*l.* would belong to the land.

13,567. That is exactly what I want to get at?—He cannot spend that money without he uses the land.

13,568. In that case I put it to you, that if no rates had existed in the district, the landlord would have got 40*l.* a year for his land instead of 20*l.*?—Yes, following that calculation.

13,569. Therefore, it is clear that so long as the rates do not exceed 20*l.* a year on that 80*l.* house, the whole of the rates are paid for by the ground landlord?—On that method of calculation, yes.

13,570. So that the tenant, having calculated that he would pay 20*l.* a year in rates, and only giving 80*l.* to his landlord, it does not make any difference to the

Rates: In London the amount of rates generally influences tenants in selecting their localities. Fashion is an element which only influences a few.

Ground landlord and building lessee. To what extent do they take payment of rates into consideration when making their contracts, and to what extent does the ground landlord bear the burden of rates.



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tenant whether he pays 80l. to the landlord and 20l. to the local authority, or whether he pays 100l. to the landlord and none to the local authority?—None, whatever.

13,571. And as that 20l. has fallen upon the ground landlord, as I have shown you in the original bargain, the only increased burden that falls upon the occupier is the extent to which the rates are increased beyond 20l. a year?—For his term.

13,572. So that if a tenant has a lease for 14 years, and at the end of, we will say, the third year, the rates have increased from 20l. up to 25l., the occupier really has to bear the whole of the increased burden of 5l. a year?—Yes, until he can re-adjust it; but that is his bargain.

13,573. Rates are regulated by the action of the local authorities, are they not?—Yes.

13,574. And, as a rule, we will assume that any expenditure out of the rates is in some shape or form for the benefit of the people living in the locality?—No, I will not go to that; I say that many of these are for the benefit of the community, not of the locality, but they are fastened on to the locality.

13,575. At any rate, the members of the local authority are elected by the occupiers of the houses who would have to pay the increased burden, if it is put upon them?—Yes.

13,576. The landlord has no voice in it?—No.

13,577. Therefore, in the case I have given you, the extra 5l. increase of rates has been put upon the house by the people whom the occupier and others have elected to regulate the financial matters in the locality?—Yes. I believe that is the only system by which it can be done.

13,578. (Sir Edward Hamilton.) I am sorry to say that I missed the early part of your evidence, but the general drift of it is, is it not, that you hold that the incidence of rates really falls a great deal more on the ground landlord, or rather the people who have superior interests in the land, than on the occupier?—Yes. The occupier, I consider, is the mere medium of the payment of it.

13,579. You hold with your large experience of all kinds of would-be occupiers that they really do take into account not only what they have to pay in respect of rates immediately, but what they would probably have to pay during, we will say, the course of their lease?—I think they do.

13,580. You think they do?—Yes; you see it is all a matter of bargain with them.

13,581. But of course an unforeseen increase of rates during the course of the occupier's lease, you would admit, must fall upon the occupier?—Yes. That is a risk you cannot help, and you take it. You run the same risk when you go and instruct your broker to buy you railway stock.

13,582. No doubt; I admit that?—You must run the risk, whether you are an occupier or a buyer of anything. There is no certainty in these days. The only certainty that I know is rent day.

13,583. Therefore, where rates are very oppressive, you would say that it is not the occupier that has got so much to complain of as the people who have superior interests in the land to him?—Yes, it falls back upon the land.

13,584. But it is a person who pays the tax, not the land—the land does not pay?—It is a person who takes the land—it runs to the land.

13,585. Supposing rates go up materially in a certain district; does that have an almost immediately adverse effect upon the price which you can obtain for the landlords, or for those who own houses?—They creep up so gradually that you do not get violent instances of that; you do not get rates jumping up immediately from 5s. to 7s.; supposing they were to do so, you would feel it at once.

13,586. I suppose there has been a very material increase of rates within your experience in certain districts with which you have had to deal?—Yes. There is one particularly that I have referred to in paragraph 6 of my memorandum, which is the district in which my office is. Between 1881 and 1898, the rates have risen from, I think, 3s. 7d. to 5s. 9d., and that in the face of a very large increased rateable value.

13,587. Are you referring to St. George's, Hanover Square?—Yes.

13,588. I suppose that within that period, which is a period of 17 years, rents have certainly not fallen, and their tendency has been to go up, notwithstanding the increase of rates?—No, certainly not.

13,589. (Chairman.) By "no," do you mean not fallen or not gone up?—They have not gone up. I am always arguing upon things that are equal. You cannot go and take a street under altered circumstances; take, for instance, Mount Street: the whole of Mount Street is rebuilt, but then the income Mount Street produces is larger, no doubt, but that is by reason of the expenditure on a different class of buildings. I can give you the figures about that, if you wish it. I have mentioned them in my memorandum.

13,590. (Sir Edward Hamilton.) I think they are in paragraph 7?—Yes, they are. But notwithstanding that increase of the sum to be rated on, the rates have gone up from 3s. 7d. to 5s. 9d. certainly, but Mount Street has derived no extra benefit by reason of that.

13,591. Take a house, we will say, in Grosvenor Street, which has been the same for the last 17 years: do you suppose that if there were so many years of the lease to run of that same house in 1881 and in 1898, that it would command no higher price now than it did in 1881, though the rates have gone up to a very material extent?—It does not command so high a rent.

13,592. It does not?—No, taking a similar house, I mean.

13,593. (Mr. Wharton.) You have already answered Sir Edward Hamilton on the subject of rates having risen in some parts of London; can you speak generally as to the rise of rates in the metropolitan area?—I have got a list here of what the rates are in a great many of the parishes, but I am afraid I cannot go back in point of time. It is very difficult to get these returns for any years back, but if it would be interesting at all I would be glad to hand in this paper, which shows what the rates are in the different parishes over a great portion of the metropolitan area.\*

13,594. Could you prepare us that information for certain specified periods?—No, I have taken the figures for the present time.

13,595. Could you ascertain for us, do you think, what the variation of rates quinquennially in, say, half a dozen different parts of London has been?—I think it could be procured, but it would take time to do it.

13,596. (Chairman.) The paper which you have referred to is the County of London Valuation in force on the 6th of April 1898?—Yes, that is the document, only my copy has got an addition to it in the margin; I have put there the rates in the £ in different unions.

13,597-8. (Mr. Wharton.) There has been a very large rise of rates in the last 20 years in the metropolitan area, has there not?—Yes.

13,599. Can you say, generally speaking, what that rise has been—from what to what?—The figures vary in different parishes, but I should say from between 4s. and 5s. up to between 6s. and 8s.

13,600. Varying, no doubt, considerably in various localities?—Yes; I see that I have extracted from somewhere or another the difference. In 1881 the gross value of the metropolis was 27,405,488l., and in 1897-98 it had risen to 43,452,597l. It would be exceedingly interesting if the data could be got showing exactly what the rates were in the different parishes in 1881, and comparing them with what they are now, and also taking during the same period what the outlay had been for the improvements which are chargeable upon the rates. In Mr. Harrison's evidence he gave it as being, between 1835 and 1888, 39,000,000l.†

13,601. Looking at the somewhat continuous rise of rates, has that altered the system of granting leases—

\* This information is contained in the Annual Returns of the London County Council of Rates made in the County of London.—To be obtained of P. S. King and Son, Great Smith Street, Westminster, S.W.  
† London County Council Return. County of London Valuation in force on 6th April 1898, but subject to appeals. Under the Valuation (Metropolis) Act, 1889. (No. 353).—P. S. King and Son, Great Smith Street, Westminster, S.W. The second and complete edition was published on the 15th March 1898.  
‡ Report from Select Committee on Town Holdings; together with the Proceedings of the Committee, Minutes of Evidence, and Appendix. House of Commons Paper, 341 of 1890. Pages 364-6.

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Rents have not gone up.

Rates in the Metropolis. Rise of rates during the last 20 years.

Rates: Rise of, in Metropolis. How far has it affected the desire to take leases.

Rates are imposed upon occupiers by local authorities, who are elected by occupiers.

Rates, burden of: Falls on ground landlord. The occupier is the medium who pays them.

Rates: Tenants take into consideration the present and prospective burden of rates.

Rates: Burden of, falls on ground landlord.

Rates in St. George's, Hanover Square, have considerably increased in recent years.

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I mean, are people less inclined now than they were before to take leases, in the face of the possibility of having to pay as occupiers increased rates?—For building?

13,602. No. I am speaking of people occupying a house for a long term instead of taking it year by year?—I think if people could take houses year by year that they would much prefer to do so.

13,603. As I understood you to answer Lord Balfour, the two main guiding influences in the value of property are, in your opinion, the popularity of the locality and the question of the rates?—Yes.

13,604. In some cases people will take a house without regard to the rates, because they are determined to live in a certain locality?—Yes, in exceptional cases, that is so.

13,605. In other cases people are guided by the question of the rates?—Yes.

13,606. (Chairman.) I missed one point in your memorandum. You say in paragraph 12: "The question has been raised as to the rating of vacant land which has either directly or indirectly a building value, and statements are frequently made that land which is available for building purposes is withheld by the owners in order that it may obtain an enhanced value by reason of surrounding improvements created by the money of the ratepayers"?—Yes, I say that.

13,607. Without going into the allegation in the latter part of that quotation. I understand you there to express the opinion that it is, shall I say, inexpedient or unfair to attempt to rate vacant land?—As building land.

13,608. But, in any way, vacant land would not be now rated at all?—That is not producing anything at all.

13,609. Is it not? That is just the point. Is it not producing an increased value to the owner by reason of this waiting?—I do not think so.

13,610. Supposing a man demolishes a block of buildings at the end of a lease, and the adjoining block falls out five years later—a block absolutely adjoining—he thinks he can deal with the two blocks better as one at the end of the longest running lease (and, being a skilled person, probably his anticipation is correct) and that he can easily count upon the value of the earlier block increasing 10 per cent. during those five years; is it not fair that in return for that 10 per cent. he should pay something to the rates of the district?—But, taking that instance, the waiting is merely a matter of convenience to build two blocks together perhaps; he would be able to get his value at once if he chose.

13,611. It may be so; it may also be, may it not, to get an increased price?—I do not think it is.

13,612. You do not think so?—No, I do not think that obtains.

13,613. Not in your experience?—No, I know of cases to which you might refer at the present time, but the thing is only kept open for a mere matter of convenience.

13,614. Excuse me, I have no individual case in my mind, and I have no knowledge that would warrant me in putting one. Supposing a considerable block of houses comes down it increases (of course *pro rata*) the burden, for the time they are down, upon other properties in the parish?—Yes, that part does not contribute to the rate what it contributed before.

13,615. Why should it not contribute?—Because it is not deriving any occupation benefits.

13,616. But if the value of it is increasing, which I ask you to suppose is the case in some instances, is it true to say that it is not deriving benefit?—It is not deriving benefit by reason of occupation.

13,617. Is it not in a sense in the occupation of the man who is keeping it vacant?—Yes it is in his occupation, but to no immediate profit.

13,618. You are changing now; you use the words "no immediate profit." I assume that you find that owners of property look pretty sharply after their own interests, and that "very few owners," as you say in your own words, "are foolish enough to withhold land from tenants willing to take it for building purposes at its fair value"?—Yes, that is so.

13,619. You credit the owners as a class with having a pretty sharp eye for their own interests?—Yes.

13,620. If a man keeps land vacant, he does it for his own interest?—Yes, that must be so.

13,621. Then why should he not be rated upon it—I do not say upon the full value as if it had houses upon it—but why should he not pay something on it in return for that?—He does in a way pay, because if there is any enhanced value to him by reason of his keeping it, when it comes into operation that enhanced value is developed and contributes its *quota* towards the rating.

13,622. Do you put it to us that, got at in that way, that is a fair thing to the occupiers for the years in which it is vacant, because you will bear with me when I remind you that what underlies the question of rating is that each year is to stand upon its own footing, so to speak; the occupiers are here one year, and away another year, and the man who loses money by vacant land in 1895, may be anywhere in 1898 when the place is developed?—Still there is the land, and there is the value lying in the land, which will produce its *quota* towards the rating.

13,623. But to the relief of a wholly different set of occupiers?—Yes, that is so. I will not mention names, but we will take a place in London in which some houses are being pulled down, and the land has been taken into a garden. That land had a considerable building value in it, but by reason of its being taken down, it gave a larger rating power to other properties surrounding it, and so you could not rate that land on what somebody might have been willing to give for it, and yet you say, Why?

13,624. Now you are, if I may venture to say so, suggesting to me an argument, or an inference, which I did not intend to use?—Then I did not quite gather what you said.

13,625. I did not assume that the vacant land should be rated upon its full value, but I said, is it not right that it should pay something, because I understand you to express an opinion that it was not right that it should be rated at all?—That is so—as vacant land.

13,626. In other words, I wanted to find out whether your objection to rating vacant land was an abstract objection to the abstract unfairness of doing it, or to the difficulty of finding a test of its value—which is it?—My theory is that it should not be rated unless it is producing some direct income.

13,627. If I could convince you that it was producing some direct benefit to somebody, should not that person be rated?—I should be open to conviction.

13,628. (Mr. Clare.) May I just refer to the case of the Great Central Railway Company, which is now pulling down a large quantity of property in London. I do not know whether you are acquainted with the Acts of Parliament, and know that under the Lands Clauses Act if a railway company buys property for the purposes of their railway, and pulls it down, they have to continue to pay the poor rates on the assessable value of the property immediately before it is pulled down until their new works are finished?—Yes, but that is not vacant land.

13,629. You know that is the law, do you not?—Yes.

13,630. And that by custom Parliament invariably also inserts clauses in the railway Bills, compelling them in a like way to pay municipal and urban district rates?—Yes.

13,631. If a railway company pulling down a quantity of houses has to pay rates upon the old valuation until the new houses or new premises, whatever they may be, are built, why should not an individual or a syndicate, or a building company do the same?—In the railway instance, they are using the thing at once.

13,632. No, pardon me; sometimes it may take a railway some years to construct the line. The railway company, for the sake of argument, buy the whole side of a street and pull it down; they are compelled by law to pay the rates on the old assessment of that side of the street until their new buildings are up and the new buildings come into assessment. Do you see any reason why Parliament should not apply to the individual, to the syndicate, or to the building company, the same principles they apply to railway companies?—That seems to me to be a thing a little bit different, because the railway company is making immediate use of that.

13,633. I will put it again: A building company buys the whole side of a street and commences to pull

Vacant land; rating in respect of, discussed: It would be unfair to rate vacant land as building land. It does not derive any occupation benefits, and there is no immediate profit to the owner. Very few owners would withhold land from tenants willing to take it for building purposes.

Vacant land: Rating in respect of. Lands Clauses Act. Case of railway company having to pay rates in respect of property they have pulled down, and before they have rebuilt again. Difference in the position of a railway company and a private owner.

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the houses down; it takes them three years, we will say, before they have finished rebuilding that street, and before the houses come into assessment. If they were a railway company incorporated under Act of Parliament, they would have to pay rates on the old assessments of that property which they purchased until their new property came into assessment. I ask you, why should not that law be applied to the landowner, or the syndicate, or the building company, in the same way as to a railway company?—I do not know why it should or should not. I cannot answer the question.

13,634. (Mr. Elliott.) The railway company comes to Parliament for certain privileges in the one case, does it not?—Yes.

Rates, rise of: How it affects the working classes. Large proportion of houses in Metropolis are rented at less than 50l. a year.

13,635. The private owner does not come to Parliament for those privileges?—Yes; I think that would be the answer to the question—one gets some benefit and the other does not. I could give to the Commission a little instance here which might be interesting; it arises from my memorandum, but not directly by a question. I have prepared a table which goes to show how the increase of rating would bear upon the working classes who occupy the bulk of the small properties of London—the 30l. a year houses. It raises the old question how the increase of the rates would influence the ground landlord, the lessee, and the tenant as well. It shows that every 6d. you put on renders it necessary that the working classes should go further afield.

13,636. (Chairman.) But not the working classes more than anybody else, does it?—Yes.

13,637. Why?—You have before you some evidence from Mr. Harrison showing that the houses which were rated under 30l. a year were 30 per cent. of the whole, between 30l. and 40l. a year 23 per cent. of the whole, and between 40l. and 50l. a year 13 per cent. of the whole—that is 66 per cent.\*

\* Report from Select Committee on Town Holdings; together with the Proceedings of the Committee, Minutes of Evidence, and Appendix. House of Commons Paper, 341 of 1890. Page 370.

The witness withdrew.

Adjourned till Thursday next at 11.30 o'clock.

## THIRTY-FIFTH DAY.

Thursday, 17th March 1898.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

C. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq., C.B.

ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*  
T. LLEWELYN DAVIES, Esq., *Assistant Secretary.*

Mr. WILLIAM HENRY BALDWIN CASTLE, called and examined.

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13,646. (Chairman.) You are the head of the firm of Castle and Son, your offices being at 40, Chancery Lane, and you yourself have personally been in practice for more than 30 years?—Yes.

13,647. During that time you have had a large experience in valuing for poor rate purposes, a good deal of exceptional property, such as railways, gas and water companies, tramways, mines, &c.?—Yes, all over England you may say.

13,648. It is upon your experience that you are willing to speak to us to-day?—Yes.

13,649. Speaking generally, in the first instance, do you think the present system of valuing this exceptional class of property is a satisfactory one?—That is rather a difficult question to answer. I do not think it is quite satisfactory.

13,650. What do you think are the chief disadvantages of it?—Do you mean, now, the exceptional properties,

13,638. Sixty-six per cent. of what?—66 per cent. of the whole of the houses in London are under 50l. a year.

13,639. You may develop any point you want to make, but I do not quite follow what you propose here?—If you take a house which is let at 30l. a year, which is the size of the largest number of houses in the Metropolis, and which is a house in which the landlord would do the repairs, that house would be rated at 24l. a year—

13,640. Why 24l.?—Because there is a deduction.

13,641. A deduction of what?—A deduction according to the Valuation (Metropolis) Act.

13,642. You are allowing for the deduction?—Yes.

13,643. Very well, go on?—The ordinary ground rent of such a house as that would be about 5l. a year, and the interest on the cost of that (350l.) at 5 per cent. would be 17l. 10s., the repairs and insurance amounting to about 6l. That would only leave a balance of 1l. 10s. to cover contingencies. The cost to a tenant of that house would be as follows:—Rent 30l., rates at 6s. in the £, 7l. 4s., water rate 1l., inhabited house duty, 7s. 6d., making a total of 38l. 11s. 6d., or about 15s. a week. That is too high for the ordinary labouring man to pay out of his wages.

13,644. Obviously, one can see that?—Then if you take the ordinary rent that he can pay, which is about 6s. a week, that would be paid in a house of two tenements, and would mean 12s. a week for a house which would give 26l. a year; the interest on 250l., which is the lowest price that you could get such a house for, would be 15l., rates and water, &c. 4l. 10s., repairs 5l., that is 24l. 10s., leaving only 1l. 10s. for ground rent.

13,645. What is the inference you want us to draw from that?—That if you increase the rates you would not be able to build houses for the working classes that would be fit for them to live in—if the rates go very much higher.

or do you mean the ordinary class of property, such as houses and shops.

13,651. I am not referring to houses and shops at all; I am taking you entirely on the exceptional classes of property which I mentioned a moment ago. I will take railways if you like as an instance, do you think the present system of valuing railways is satisfactory?—As far as it goes, I think it is.

13,652. But how far do you think it is satisfactory?—I do not see any better method of valuing them than the present method.

13,653. Do you not think that a parish, for example, is put at a disadvantage when it has to contend with a large railway company if that parish thinks the valuation is insufficient?—Of course there are difficulties at every step you take, but the question is how to avoid them.

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Railways, valuation of: How far present system a satisfactory one.

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13,654. Supposing a larger area was made responsible for the valuation in the first instance, such as an administrative county, do you not think that persons employed by the county would be better able to arrive at a fair value of a railway company—taking a larger length of mileage—than a parish can do?—I do not think the enlargement of the area would simplify the process of valuation of the railway if no other means were given to the valuers than there are at present.

13,655. Have you any other means you could suggest to give the valuer, speaking from your experience?—Under the County Rates Act the Committee have power to order a return from a railway company, but here parishes have no power at all; we simply apply for information, and it is generally refused.

Railways,  
valuation  
of: Process  
of valuation.  
Deductions.

13,656. When you are employed by a public authority to value their bit of railway, what is the first operation you go through?—We write a letter to the rating agent of the railway company, and we ask him for certain information, that is to say, we ask him for the length of the line in the parish, or rather to check our lengths; we also ask him for the gross receipts per mile, and the corresponding train miles, and we ask him for the half-yearly accounts, and for an order to view the stations. That is our first step.

13,657. Do you receive an answer to that which enables you to proceed further?—They generally send us the half year's accounts and the order to view, and they either check our lengths, or agree to our lengths. Then we have to work upon that with the general knowledge we possess, and to obtain the train miles from other sources. We are enabled to make a fairish valuation, I do not mean to say a correct valuation, because, of course, it is not quite correct, but a fair valuation.

13,658. Could you give me some idea of the sort of process which goes on in your own mind when you have to value a piece of railway. What are the considerations you, yourself, take into account?—Of course if we have made other valuations in the neighbourhood then we have some data to go upon, but if not we go down and investigate, to the best of our ability, the sort of traffic that passes over the line.

13,659. How do you estimate the traffic that passes over the line?—That is a matter of process, and I can hardly tell you how that is done. That is the outcome of a long experience.

13,660. Still you must see something, I suppose, to enable you to apply that experience, must you not?—Yes. We can get from the half-year's accounts a rough estimate of what the value per mile is over the whole line, and from local knowledge, which we have to acquire, we can then ascertain to the best of our ability whether the portion we are valuing is above or below the average.

13,661. What is the average?—The average is found out from the half year's accounts. The railway companies formerly used to keep their accounts a little differently to what they do now, but they always supply shareholders with the amount of train miles run during the year.

13,662. The railway companies have been here, and the rating agent of the Great Western Railway Company said that the railway companies have more to complain about as regards the system of arriving at the rateable value, than as to the total result. When he was asked to explain that, the question which was put to him by Lord Emlyn was this: "You have something you wish to say to us, have you not, with respect to the scale of deductions allowed to railways?" and the answer he gave was: "Yes, in dealing with our variations, as a rule, it is over the scale of deductions that the principal amount of contention arises; there are other questions, of course, as to the working expenses, but as a rule, the statutory deductions are the prominent source of trouble and expense and appeals, there is no doubt about that." Does the question of deductions come within your experience?—The whole contest between the parties is upon the deductions.

13,663. Have you any comment to make upon the statement of the rating agent of the Great Western Railway Company?—Yes, the whole subject of dispute between the two parties is what the deductions shall be. Perhaps I should explain the process.

13,664. That is exactly what I asked you to do some moments ago; I will just take it in your own way?—I did not quite understand what your Lordship meant.

The gross receipts are arrived at either by the companies sending them, or by estimates; we then take the half-year's accounts, and we proceed to subtract from them the average annual expense for locomotive power, carriages, wagons, general charges, traffic expenses, and incidentals, all which we find in the half-year's accounts. That deduction from the gross receipts leaves what we call the net receipts, and it is after you have arrived at the net receipts that the general dispute arises. They dispute, first, the tenant's capital and the allowances thereon, and they generally dispute what we call the landlord's statutable, that is, the amount of money required to keep the property in a state to command the rent. It is those three points on which nearly the whole of the contest arises.

13,665. Do you think it right that every individual parish should have to go through that process with a railway company, when surely it might be done upon a more comprehensive scale at the instance of a larger local body such as a county?—Of course that would be less expensive to the individual parish, because then the individual parish would only bear its proportion of the whole cost.

13,666. Do you see any objection to doing it in that way?—No, not at all.

13,667. Could you draw anything like a complete list with regard to the various items of deduction?—The railway companies claim, as far as my knowledge goes, from about 120 to 130 per cent. on what they call the gross receipts to estimate the tenant's working capital in the district. We, as parish valuers, dispute that point, and say that about 80 per cent. would be about right. They then claim 20 per cent. for the tenant's allowances: the universal rule of thumb for nearly all courts now is 17½ per cent., but that was fixed about 25 years ago, when money was at a very different value to what it is now. Nobody can get 5 per cent. for borrowed money, plus 10 per cent. for the use of the money—the same money, mind—and 2½ per cent. for risks and casualties.

13,668. Then, I understand, you are not satisfied that 17½ per cent. is the proper figure for tenant's allowances?—No, at a contest I should say 12½ per cent. would be quite sufficient.

13,669. Do you see any difficulty in fixing that generally, and so eliminating one source of dispute—say for the whole length of a railway, or for a railway line over, at any rate, a larger area than it is fixed now?—No, not if some reasonable figure could be arrived at between the parties.

13,670. Is there a uniformity with regard to the 17½ per cent. for tenant's allowances at the present time?—It is by rule.

13,671. Does it vary at all between one district and another?—No, the only case I know of where it has varied at all, is close by Poole, where they only gave 12½ per cent.; otherwise it is pretty well universal: in fact, it has been so universal that we have not cared to contest it.

13,672. Turning from railway companies, you have also experience about gas companies, I understand?—Yes.

13,673. Do you say that the present system of rating those companies is satisfactory?—I cannot suggest any better way.

13,674. Mr. Livesey, the chairman of the South Metropolitan Gas Company, said this to us: "The present system of rating public companies tends to excessive assessments, especially in the case of gas companies. The system is so unintelligible that none of the assessment committees even pretend to understand it; and in the event of an appeal to the sessions, unless the chairman is experienced in rating cases, it is as unintelligible and confusing to the court as it is to the assessment committees." The result is unequal and uncertain assessments." Do you support that statement, or do you wish to make any criticism of it?—It is a difficult statement to criticise, because, of course, it all depends upon the gentleman who is sitting in the chair. These cases are very complicated, and I can hardly explain the matter to you—even the judges of the land hardly understand it. To impart my knowledge to you would be a very difficult thing indeed to do.

13,675. I should have thought that, with your ability and experience, you would have been able to tell us a little more about it, because you say, "I think another

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Railways,  
valuation  
of: 12½  
per cent.  
for tenant's  
allowances  
is sufficient.

Gas companies,  
valuation  
of: Discussion  
upon certain  
points raised by  
Mr. Livesey.

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"proof that the present state of the law does not press very hardly on any particular class of property is the few appeals we have to quarter sessions." Mr. Livesey's statement seems to imply that the confusion is so great, that it is not much use to appeal?—It is a very difficult matter for a gentleman who is not thoroughly conversant with the points, to hear half a dozen gentlemen on the one side, and half a dozen gentlemen on the other, swear diametrically opposite things, and then to know which is correct.

13,676. That is an incident of the present system?—Yes.

13,677. Is not that rather increased by the method of the valuers being paid by the result?—No, I think not, because the valuer is in the same position as an architect, or any other professional gentleman. He has his reputation at stake; he is not going to jeopardise his status by wrongfully advising his committee to do things which they should not do.

13,678. No; but still, without imputing anything wrongful to the expert, is it not within your experience that there is an extraordinary amount of difference between the opinions which two experts arrive at, sitting on each side of the table?—No doubt, there is.

13,679. Will you not go with me if I suggest that that is stimulated to some extent by the side on which they are retained?—Undoubtedly, but I do not think that the payment affects them. When you are on the side of a railway company, you have to contend to the best of your ability for what they wish to do, which is to reduce the assessment.

13,680. But in fact, on each side you do become an advocate rather than a witness?—Yes.

13,681. Mr. Livesey gave us an instance that has had some effect on our minds. He said: "Two gas companies supply the parish of Lewisham. The rating surveyor advising the assessment committee settled with the Crystal Palace District Gas Company at a rateable value of 4 per cent. on the receipts for gas in the parish, and the same surveyor at the same time claimed a rateable value of 21 per cent. on the receipts of the South Metropolitan Gas Company"—which, as you know, is Mr. Livesey's Company?—Yes, I know; I have acted for that Company.

13,682. "This was in 1895, on the 1894 figures in both cases?"—That is easily explainable.

13,683. I will let you see the whole thing, and then I will ask you for the explanation, because I want you to help me: "The price of gas of the Crystal Palace District Company was 2s. 8d. per 1,000 feet, and that of the South Metropolitan was 2s. 4d. per 1,000. The first-named Company paid 14s. 8.66d. per ton for its coals, and the last-named 10s. 6.56d.—the net cost of the former, after deducting the receipts for residuals, was 4s. 9.84d. per ton, and that of the latter was 1s. 4.34d." He goes on to say: "It is one of the defects of the present system that the better a company serves the consumers the higher it is assessed." Would you make any comment you like upon that?—Yes, that is due to the method of arriving at what a tenant would give for a property by taking the gross receipts, and deducting the working expenses. If the company has a large area, of course it can work cheaper than a company having a narrower area, and, therefore, to start with the net receipts would be considerably more per cent. on the gross receipts in the one case than in the other. A tenant coming in would give more for the larger area and the better worked company than for the smaller one.

13,684. Your argument confirms Mr. Livesey, as I expected it would. He goes on to say in other words just what you have said, "The receipts of the Crystal Palace Company in the parish were 37,800l., and the Company was assessed at 1,513l. Those of the South Metropolitan were 31,700l., and the same rating surveyor claimed 6,650l.," as the assessment. Mr. Livesey adds, "A system that permits such glaring inequalities cannot be other than unsatisfactory and wrong?"—That is his inference.

13,685. Yes, that is, and I put that as his inference avowedly, and I want to know what you have to say about it?—I do not think his inference is correct. If you are to take a tenancy from year to year, and you are to treat these monopolies—for they are monopolies—on the tenant's value principle, a tenant would give more, as I said just now, for the larger company, because his standing expenses you see would be the

same as with a smaller company; his director's fees would be pretty well the same, and so would his secretary and staff. It is like a man having two or three shops; he can work them better and more easily than he can if he only has one.

13,686. You mean, to put it in other words, that out of the gross receipts of 31,700l. for the South Metropolitan they would make a larger net profit than the Crystal Palace Company upon its gross receipt of 37,800l.?—Certainly. There is no doubt that Mr. Livesey has the reputation of working more cheaply in his gas company than any other company that I know of.

13,687. Quite so, but Mr. Livesey's point, I think, is this—that this class of property is, unlike people in other businesses, rated upon its profits. That I understand to be the point which he is condemning as unfair, and that is the point on which I want your comment?—As I said just now these companies are created by Act of Parliament, and they have a monopoly in a certain district to supply a certain article. If I am a butcher or a baker, or any other tradesman, I have competition next door to me, but these companies have no such competition, the only competition they have is the sliding scale.

13,688. You say, therefore, that because they are monopolies they should be rated on their profits, while a man who has not a monopoly should be rated on the value of the hereditaments that he occupies?—Certainly.

13,689. Have you had any experience of valuing electric lighting properties?—Yes, I am acting now for the Cambridge Electric Light Company.

13,690. Those who represented the electric light companies gave as their main point of objection to the present system its uncertainty and want of principle; is it your experience that the electric light companies are valued in the same way as gas companies?—Yes, exactly.

13,691. Upon their profits?—Yes.

13,692. Therefore the comments which apply to the one, would apply to the other equally?—They would apply to all public companies having a monopoly. "The great feature in the electric lighting companies is the deduction for statutable, because no one really knows the life of these things. A thing may be of great service to-day, and a new invention may come out, and the thing may be scrap iron to-morrow. Therefore they require very heavy statutable deductions, as we call them, and if the parish does not give them that, of course it is an injury to the company.

13,693. Do you think that the present system is satisfactory?—I think it works very well, and I do not know of any better one. Of course, there are always hardships everywhere.

13,694. The reason you give for saying that the present state of the law does not press hardly upon any particular class of property is the few appeals we have to quarter sessions; but if this method of valuing public companies has been settled as the law it would of course be no use to appeal to quarter sessions about it?—Not if we have statutory Parliamentary deductions.

13,695. If it has been settled at law that public companies are to be assessed upon their profits or what a tenant would give for them, it would on that point of course be no use to appeal to the courts?—No, but in arriving at what the tenant would give, it is not the method that is wrong, but it is the process of arriving at the method.

13,696. You see these people complain not only of the process of arriving at the method, but of the method itself?—Of course, I do not know what they think.

13,697. I understand you to say that you think the method is right?—The method is as near right as possible; right on its merits, I mean.

13,698. What makes you fix upon once in six years as the period in which a new valuation should take place in rural unions?—It is a perfectly arbitrary figure. In the metropolis it is every five years, and I thought that was too often for rural districts; I do not think they require it every five years, and so I said six.

13,699. Why take six?—It is simply a figure.

13,700. There is no reason for taking six, then?—No, but I thought 10 years too long.

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Gas companies and electric light companies, valuation of: Rating monopolies in respect of profits is a just system.

Re-valuation in rural districts should be made at intervals of about six years.

**Mr. W. H. B. Castle.** 13,701. Do I understand you to advocate the rating of Government and county property like ordinary properties?—Yes.

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Government property and county property should be valued like any other class of property. Method of valuation of certain properties which are never sold or let.

13,702. Without for a moment saying that the present system is in all respects perfect, do you or do you not think there would be a risk of a small local authority endeavouring to mulct the Government as much as possible?—No. I do not think that is possible. The Government have an officer who looks after their interests—Mr. Vincent Griffiths, a very able man: I do not think he would allow anything of the kind.

13,703. Assuming that the position is that you are to take what the hypothetical tenant would give, how would you arrive at what a hypothetical tenant would give for a large Government building, such as the Foreign Office or the India Office?—We are thrown back then upon what we call a contractor's rent—that is, what sum of money would be expended by a contractor in replacing that building.

13,704. What rate of interest on the capital value would you take?—The usual rate for all ordinary property is 5 per cent. for the net.

13,705. When was that fixed as the usual rate?—Thirty years ago, I should think, by the London courts, and it has been adopted by everyone ever since; it used to be 4 per cent.

13,706. As the return from invested money decreases I suppose it would have some effect upon the rate, would it not, in your mind?—No, I think not; it might in certain properties, but I think, speaking generally, it would not, because you are taking a tenancy from year to year, and no man would invest his money in factory property, or that class of property, from year to year, without he could get a good return for his money, because he might have to go out of it, and then, of course, the money would be lost.

13,707. I should like to understand your position upon the, as you say, very vexed question of the rating of machinery; at present, is there any definite principle followed by the overseers as to what machinery is to be rated and what is not?—Universally so?

13,708. I am asking you, of course, within your experience?—Some unions do not follow it, and some unions do.

13,709. Do not follow what?—Do not follow any principle at all. I have been instructed to make two valuations, one including machinery and one without, and the committee have adopted the one without in several cases. If the manufacturers are in a majority on the Assessment Committee of course that has an effect.

13,710. If a question was referred to you between a Local Authority and a manufacturer, and you were told to arrive at the fair value of the property for rating purposes, what principle, as regards machinery would you yourself adopt?—I should go and inspect the machinery and see what I thought was fixed or applicable to the particular trade in question and necessary for that trade, and I should then take 5 per cent. for the net and  $7\frac{1}{2}$  per cent for the gross.

13,711. You say, "necessary for the trade." Do I understand you that you would take each trade separately and would reject the principle which has been sometimes followed, of taking the machinery which was so fixed to the structure as to be practically irremovable?—That law is obsolete now. The Chard case\* went further than that; the Chard case was the last case that was settled with regard to machinery.

13,712. I am not so much asking you as to the present state of the law; perhaps I did not put the question quite distinctly, I want to know what you think in the abstract is the fairest principle, even if it involve an alteration of the law?—I have given you an example in my proof which I think is a very good one, of a corn mill; the process that the corn goes through before it comes out in the form of flour and other residuals is explained there. The machines are a little bit heavier than this despatch box, but some of them are not very much. There are two or three cylinders about 10 or 12 inches long and about 8 inches in diameter; they are confined in a box and the corn passes through them and is ground; these rollers are mere chattels really, but still they are so essential to the trade of a miller that we take them into account.

13,713. But if the miller moved from one place to another, would he not take those machines with him?—Yes, he would, and then it would be no longer a mill.

13,714. Under those circumstances, do you adhere to your view that it is fair to include their capital value for rating purposes?—Yes, they are essentially mill property, and we are rating a mill, we are not rating a warehouse.

13,715. Would you rate a butcher upon the block, upon which he chops his meat?—No, I should not. There is a continuity here; there is a process going on. The corn is washed and dried and put into a hopper, and it passes through these different machines to make it into flour. You cannot cut a machine off and say: I will take it away, because, if you do, the process will be gone, and it would be no longer a flour mill. But you can take a butcher's block away, he is not obliged to use it. He can chop on his counter if he likes; there is no continuity of process there. It is a difficult question.

13,716. I fully appreciate that, but I do not quite appreciate the importance of what you term continuity as a principle?—Take the process of brewing. The water is boiled and the malt is boiled with the water. It is in a copper and the hops are put to it, and it passes through several processes before it comes into beer, but you could take the copper away.

13,717. Do you know any instance of a brewery being let as a brewery?—Yes, one or two.

13,718. Who supplies the coppers in those cases?—The landlord.

13,719. Does he?—Yes. These cases are very rare. There has only been one to my knowledge, and that was in Banbury.

13,720. Is there anything on the rating of public companies which I have missed, which you would like to impress upon us?—No, except that I think it would be an advantage if the Committee had power to request certain facts and figures to be given to them by the different companies. I think that it would be a very good thing if all the appellants had in their notice of objections to state what was the result they wished to arrive at.

13,721. On the question of appeals we know that the appeal in the first instance lies to the quarter sessions, and that on points of law there is an appeal to the High Court?—Yes, that is so.

13,722. Would you agree with some witnesses who have represented to us that the margin between fact and law in such cases is often very narrow and very difficult to determine?—It is very difficult.

13,723. Would you approve, or would you not approve of setting up a special tribunal, something upon the model of the Railway Commission, to decide all appeals in regard to the rating of this class of property, that is, of public companies, and doing away with the distinction of only allowing an appeal upon a point of law?—I think not. I do not think it would act, except for the benefit of the great companies and wealthy people; in fact the ordinary ratepayer would not attend, and he could not attend; the expenses are so great now that he would sooner pay.

13,724. I limited my question to the case of companies and businesses of this kind, and I did not intend to suggest to you that the individual householder should be asked to go to such a court; does that modify your view at all?—If we were obliged to go we should go, and if we had a choice of going, after having been put to the expense of obtaining two or three decisions of a court like the Railway Commissioners, I do not think one side or the other would ever go again.

13,725. Now, parting from public companies, and going to individual properties, there is one question which has been represented to us—you have metropolitan experience, I think?—Yes, I have.

13,726. It has been represented to us that the relations between what our witness called the site value upon which the structure was placed, and the value of the structure itself varied very much in different localities in the metropolis?—No doubt.

13,727. That is a fact within your knowledge?—Yes.

13,728. It has further been represented that in arriving at the rateable value from the gross value, if

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Appeals: Special tribunal to hear rating appeals not desirable.

\* Gifford, Fox, & Co. v. The Chard Guardians (63 L.T. 249).

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Site value and structural value : If maximum deductions in Metropolitan are always allowed without regard to relative value of site and structure injustice results, as land requires no deductions for repairs. There should be separate columns in the rate book for site value and structural value. Owner of site value would have to be given a power to appeal.

you uniformly deducted the amount provided by the statute as the maximum from both classes of houses, the one where there is a high site value, as well as the one where the site value is low, you do a great injustice in the respect that the deduction is far too high in the case where the site value is high ; what have you to say to that contention ?—It is quite correct.

13,729. Do you think it is a grievance which can be remedied ?—Yes.

13,730. In what way would you proceed to find the remedy ?—I would have two columns in the rate-book.

13,731. What would you call them ?—I would call one the column for site value, and the other the column for building value. You see, land does not require any repairing at all.

13,732. Quite so ; that is the contention. Would you have the difference inserted in every case in the rate-book ; would you have the two columns filled up in every case ?—No, not in regard to the small properties. I do not think they would require it. In the case of a house of 20*l.* a year which has a ground rent of 5*l.* the deduction would be so small an amount that I think you would complicate matters.

13,733. Clearly, if there were many hundreds of these cases, even if the individual value was small it would come, would it not, to a large sum in the aggregate ?—In a large metropolitan parish I do not think it would make much difference in regard to the house properties ; it is only in the wealthy West End where you get the big ground rents.

13,734. It would apply to the City as well as to the West End, would it not ?—Yes, it would apply to the City and the West End.

13,735. Would you make one law for the City and West End, and another for other classes of property ?—I think I would draw the line at 20*l.* houses ; I do not think I would go below 20*l.* gross.

13,736. But the 20*l.*, of course, would be a purely arbitrary figure ?—Yes.

13,737. Is it your proposal that in every case where the value of the hereditament is over 20*l.* there should be two columns, one to state the site value, and the other to state the structural value ?—I think that would be a very good plan.

13,738. How would you proceed to get at the difference ? Supposing you, in your own mind, had arrived at a gross value, as is done now for any large house or place of business, of 500*l.*, what would be the process which you would go through to separate the structural from the site value ?—I should have to measure up the building, and to find out what the building value was, and I should have to compare the site with other sites to ascertain what the site value was.

13,739. You would make a difference, of course, between whether the building was an old one or a new one ?—Not for rating purposes ; it would command just the same rent.

13,740. Would you make no difference for that ?—No. A house 100 years old, without the locality has gone down—and the locality may have altered the value of the house—is just the same to a tenant as a new house, a year old, because it is supposed to have been kept in a state to command the rent by the difference between the gross and the net.

13,741. One hundred years, of course, is a long time ?—Yes.

13,742. Supposing it was approaching the end of a lease which had been for 90 or 99 years, would there be no difficulty then in separating the site value from the structural value for rating purposes ?—I do not think so. Of course a man would have to use his ability to do it. It would not be a very extraordinary thing to do.

13,743. There would be considerable ground for differences of opinion between two experts on that matter ?—There generally is, I am afraid, on every point.

13,744. It would require individual dealing for every individual hereditament, would it not ?—Yes, more so than it would now, but once having settled it, of course there would be some data to go upon for any future valuations.

13,745. And, of course, you would allow an appeal upon both points, of site value and structural value ?—Yes.

13,746. By all the machinery which you have at the present time ?—Yes. When you find a building in the City which cost, perhaps, 10,000*l.* or 15,000*l.* to put up, and the value of the land is four or five times that amount, then to allow repairs on that site value, of course, is wrong.

13,747. (Mr. Elliott.) I gather from your memorandum that you have on very many occasions acted for local authorities in the matter of the assessment of railway properties ?—Yes.

13,748. Have you ever acted for railway companies ?—Yes.

13,749. Then your evidence is given based upon your experience not only as a valuer employed by the local authorities, but also as a valuer employed by the railway companies ?—Yes.

13,750. In other words, to use his Lordship's phrase, you are here rather as a witness than as an advocate ?—Yes.

13,751. Am I right in concluding that in regard to the assessment of railway companies at the present time you consider those companies are frequently under assessed ?—Well, they are not assessed to their full value.

13,752. And that the deductions allowed in arriving at the assessable value are, in your opinion, frequently excessive ?—I do not know that I can say "Yes" to that, I do not quite follow you.

13,753. Is not the whole gist of your evidence, with regard to the railway companies, that, owing to the percentages allowed at different stages, the result is to give an assessment which is lower than the assessable value, in your opinion, ought to be ?—No, I do not think so.

13,754. Do you think that the percentage, for instance, in respect of tenants' allowances is too much or too little ?—I think it is too much.

13,755. In other words, that the assessable value is too low ?—Yes, of course that would be the result.

13,756. To that extent the application of the present rules is defective ?—Of course, it is the ruling of the court ; it is not our ruling you know.

13,757. I am trying to get your opinion as to how it works out in practice. I understood you to say just now that the deduction from the net receipts in respect of tenants' allowances is excessive ?—We should contend that 12½ per cent. was quite sufficient, but the railway companies contend for more than 17½. As a rule, it is generally a give-and-take business ; we do not fix hard-and-fast rules in settling these matters.

13,758. But your view is based upon experience as a valuer for both sides, and speaking now, simply as a witness before this Commission, you say that the lower percentage ought to be taken rather than the higher ?—I think so, looking at the price of money now.

13,759. To what do you attribute that—to the greater power of the railway companies to fight these questions ?—No, I do not think so.

13,760. Do you think that the railway companies are in a better position than the local authorities to secure the adoption of their view of the case ?—No, not as regards the tenants' capital. Of course they have more power than an ordinary parish individually would have, because they have got all the system of the railway behind them.

13,761. Do you think that the parish authorities are a good match for the railway companies ?—By themselves, "no."

13,762. Is that one of the reasons why you would prefer to see the rating authority, in regard to railways at any rate, more powerful ?—Certainly.

13,763. Because then you would be more likely to get what, in your judgment, would be a fair assessment ?—I think so.

13,764. With regard to the power of the assessment committee to obtain information, are you as all familiar with the powers of the Commissioners of Taxes ?—I have heard what their power is, but I am not familiar with it.

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Railway companies: Their property is sometimes undervalued. Reasons for this. 12½ per cent. for tenant's allowances is sufficient.

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13,765. Then you are not aware that the powers of the Commissioners of Taxes to obtain information are very much in excess of the powers of assessment committees?—I believe they are.

13,766. I gathered that your suggestion is that the power of the assessment committees to obtain information and to call for particulars should be extended?—Yes.

13,767. With regard to some replies that you gave to the Chairman as to the adoption of profits as a basis for arriving at the rateable value, the amount of the profits to be earned in any particular building, or from any particular undertaking would very much affect the rent to be paid, would it not?—No; you can earn thousands and thousands in a small office in Hatton Garden, but it would not affect the rent.

13,768. Take two railway companies?—A railway company of course is different.

13,769. That is to say, in order to arrive at the rent which the hypothetical tenant would be likely to give, you must take into account the profits which the tenant could realise by working that property?—Certainly; there is no other way of doing it that I know of.

13,770. Therefore you see nothing inequitable in taking profits as a starting point?—No, only I object to using the word "profit."

13,771. Whatever you like to call it?—We are supposed to allow the tenant his profit; I know the courts have strenuously set their face against the word "profit," in the sense in which you have just used it.

13,772. You see no objection to taking the difference between the receipts and the necessary expenses?—And allowances.

13,773. As the basis of arriving at the rateable value?—No, there are no other means.

13,774. With regard to the rating of machinery, are you familiar with the Bill recently presented to Parliament to amend the law on that subject?—Two or three Bills have been introduced, but I do not know of one now before the House; I have not seen it.

13,775. Are you in favour of an amendment of the law?—No, I cannot say that I am.

13,776. In other words, your opinion would be that the value of all machinery which continues as it were from the structure, should be included in the rateable value?—Yes, I think so. I think that if you are rating a flour mill you must rate it as a flour mill, and if you are rating an engineer's shop, you must rate it as an engineer's shop; it is not a warehouse you are rating.

13,777. But to take his Lordship's illustration, if you were to remove a butcher's block from his shop, it would still remain a butcher's shop?—Yes.

13,778. Whereas if you were to remove some of the smaller portions of the machinery of a flour mill, it would not then be a flour mill?—No, without some other process was invented.

13,779. With regard to the separation of site value from building value, I presume that that would be a very expensive process, would it not?—Of course it depends upon what the word "very" means. I do not think it would be very expensive. A man who was appointed to value a certain parish would have certain local knowledge. He would learn certain local facts which the "Builder and Surveyor" and other papers would give him from time to time, as regards what the cost of sites had been in the neighbourhood.

13,780. Take, for example, the case of a house, say, in Cadogan Place; the rent of that house is easily ascertainable, is it not?—Yes.

13,781. No expert assistance is required in order to arrive at the rateable value of that property?—If you base it on rent purely, no.

13,782. That is the present system, is it not?—No; I do not see how you can base owner's occupation on rent.

13,783. Do you think that the assessment committee at the present moment employs an expert valuer to value a house, say, in Cadogan Place?—I do not know whether the Chelsea committee have employed one, I do not think they have. I think they take the returns furnished under the Valuation (Metropolis) Act, and act upon those.

13,784. And they have access, have they not, to the Property Tax Assessments if the surveyor is represented?—The surveyor sits with them, he is present at all meetings.

13,785. If there were any attempt to separate the site value of a house in Cadogan Place from the building value of that house there would have to be something like an expert valuation of the respective interests would there not?—Without they adopted a rule of thumb. Of course the overseers of a parish are supposed to be cognisant of the value of their parish, and indeed they would know pretty well the value of the land.

13,786. Do you think they are competent to express an opinion as to the respective values of land, and of a building—of a house, say, in Cadogan Place?—I can hardly answer the question, it all depends on who the overseer was.

13,787. Anyhow the process of rating would be much more elaborate than it is at the present moment?—Entirely, but I think the result would pay for it you know. I think a parish would get a much greater benefit. Suppose you had a house of 500*l.* a year, and suppose, roughly speaking, you took it as 350*l.*, and 150*l.*, on the 350*l.* you would get a reduction of one sixth to arrive at the net, and the tenant would pay the 4*s.* or 5*s.* or 6*s.* in the pound on the reduced amount; but when you come to the site value there would be no deduction at all, so that the rates would be collected on the 150*l.* for the site, and on the 350*l.* less the sixth; but on the present scale they are only rated on the 500*l.* less the sixth, so that the parish would benefit by the rates on the difference between the two sums.

13,788. I quite follow that; but does that not assume that one sixth is always the deduction taken?—In house property, yes.

13,789. Is it necessary under the statute that one sixth should always be taken?—The Valuation (Metropolis) Act gives it as the maximum, but it is always adopted.

13,790. Then the present difficulty arises, does it not, now so much from the terms of the statute as from the practice of the assessment committee?—And the assessment committee, if the law was altered tomorrow, would adopt the easiest method of getting rid of the difficulty; they would not go round and value separately a new house, or an old house, or a medium house.

13,791. They might regard this expensive system of the separation of site value from building value merely as intended to effect a reduction in the percentage amounts allowed in the case of property of that kind?—I think so; but they would never adopt it.

13,792. But they could do so?—They could do so, but then of course the process would be nearly as expensive, because they would have to go round and view the house and say this house has been built 10 years, or this house has been built 20 years, and then you would get the anomaly of two houses paying the same rent, and there would be different deductions.

13,793. Supposing the assessment committee were to say, in the case of a house of the value of which you speak, we will not allow one sixth, we will only allow one eighth, would you not get substantially the same result?—No, without they allowed that one eighth to every house there would be a difficulty arising directly. You see you would have two houses of the same value, 500*l.* a year, one let to a tenant and one occupied by the owner, one might be built to-day and might be quite a new house, and the other might have been built 20 years ago. If the assessment committee were to go round and say we will allow this new house only an eighth, and the other a sixth, then a time would arrive when the new house would no longer be new, and would require the one-sixth allowance, then every year that house would be getting to a less value than it was before.

13,794. Would not that be equitable?—It might be equitable, but it would not be workable.

13,795. Would it not be as workable as this proposal to separate site values from building values?—I think not, because you might fix the site value for five years, at all events. The site value would not alter at all in five years, or very little.

13,796. In suggesting that the site value should be separated from the building value, is your only object

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Railways,  
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*Mr. W. H. B. Castle.* that of rectifying the deduction allowed in the case of the properties you value?—That is all.

13,797. (*Mr. Smith.*) I understand you to say that whether the process of separating the site value from the hereditament value is expensive or not, it would pay for doing it?—I think so. I have not gone into the matter, and that is only my opinion.

13,798. You have taken the case of a house in Cadogan Square, where you have assumed that the site value was as 150l. and the value of the structure 350l.?—Of course that was only using figures as illustrations.

13,799. I say so, but it is conceivable that there are parts of London where the site value goes up to as much as 70 per cent. of the hereditament value?—I know site values where they are 300 per cent.

13,800. I was moderate then in saying 70 per cent.?—Yes.

13,801. I was alluding to a case in Old Bond Street, which was pointed out to us?—I think you will find that some of the Cornhill property is worth more than that.

13,802. So you think it, at all events, would pay for doing if the principle were right?—I think so.

13,803. I assume it is a thing that surveyors are in the habit of doing when they look at property?—No doubt they are; if you want to sell or let a property you would do it.

13,804. Now, going back to the question of the companies, you do not, as a rule, get the gross receipts from the companies?—No.

13,805. You have to work those out for yourself?—Yes.

13,806. There is just one point in your paper that I do not quite understand. I may be very dense; but you say that when you have got the gross receipts, "the companies claim 120 to 130 per cent. of these "gross receipts as representing the values of their "rolling stock"; how can they claim 120 or 130 per cent. of the gross receipts?—The old rule of thumb of years ago—and we generally go back to rules of thumb if we can—was that a pound of receipts required a pound to be expended in rolling stock.

13,807. That would be 100 per cent.?—Yes; then the companies thought they would like to have a little bit more than that, and they went to 120 and 130 per cent.

13,808. That leaves no value at all, does it?—Yes, because that only represents the value of the working stock, and on that stock you allow a certain per-centage.

13,809. Of course, otherwise it would be an absurdity, as there would be no value but a structural value?—Yes.

13,810. I understand you now?—On that stock you allow a certain per-centage.

13,811. And you confine it to the stock?—Yes.

13,812. Just one question as to a matter of practice. Is it usual for surveyors, gentlemen like yourself, to act indifferently for assessment committees and for these large companies?—Yes.

13,813. Both sides?—Yes.

13,814. There are not a number of gentlemen who habitually act for local authorities, and others, who support railway companies?—Of course we all have a bias. I suppose I may call myself a parish authority.

13,815. A local authority or an assessment committee surveyor?—Yes. Whenever I am called in by the railway companies I always tell them that my practice is so and so, and if I can be of any service to you, you can have me, but I am not going to cry hot and cold.

13,816. I thought so. I am not quite clear about your views on the question of the rating of machinery. You are satisfied with the existing law, I understood you to say?—It is judges' law, you know.

13,817. That is law generally in this country?—I mean to say the judges have laid it down, or they have built it up from time to time.

13,818. The Chard case\* is the best and the most recent, is it not?—The Chard case is the last.

13,819. Are you satisfied with the law as laid down by the judges at the present time?—Personally, I think the Chard case went a little bit too far.

13,820. Do you think it would justify the instance that you have put before us of the rating of all that movable machinery in the flour mill?—Yes.

13,821. You attach great importance to what you call continuity, that is, I take it, that the small machinery must have some relation to the large machinery?—Yes.

13,822. And all should have some reference to the process that you describe?—Yes, all should be working together.

13,823. Would you rate a lawyer in the Temple on his law books?—No, they are not of the same character as an engine.

13,824. Surely they are as necessary to the process of advising his clients, which is his business?—No, he could go around the corner and borrow another book.

13,825. So might your miller?—No, he could not.

13,826. If he had a mill as handy as chambers in the Temple he could?—No, he could not.

13,827. Could he not borrow those portable machines, then?—The other man could not spare the machine, and he could not detach it; there is no analogy in the case.

13,828. It is possible, I think, sometimes that two or three people want the same law book when they go to a library. There is one question you have not been asked, I think, by anyone, and that is as to the rating of water companies or corporation water supplies. Do you think that the method of rating those undertakings is satisfactory?—To my mind it does not make any difference who the owner is.

13,829. I am not laying stress upon that. Take the case, which is getting common now, of having a long aqueduct, we will say 100 miles of aqueduct with a supply reservoir at one end and a service reservoir at the other and a large town with distributing mains, do you think the present method is satisfactory?—I do not see any better one. I acted for a very large water company in Staffordshire where that took place.

13,830. Where an aqueduct, for instance, may be in tunnel to a great extent, do you not think the country parish get a great benefit out of that unnecessarily?—I do not think they do unnecessarily. Of course, the first principle of rating is the user of the land in the parish, and there must be a certain proportion of that user applicable to that particular parish, otherwise the company would not earn the money in the district of supply. There is no hardship to the water company, because before we attempt to distribute any profit in the parishes in which the receipts are earned, we make a deduction for all those outlying properties, and if, as Lord Esher said, they will not bear 5 per cent. you must take something less.

13,831. But that, perhaps, would rather justify you in drawing the distinction which you declined to draw just now between a water company working for profit and a local undertaking carried out by a municipality?—Though they do not work for profit directly, they do indirectly.

13,832. At all events, you are not prepared to recommend, I understand, any better method?—I do not see any better method.

13,833. (*Mr. Clare.*) May I just ask you one or two questions as to valuing ordinary house property. Supposing that there are two houses, newly erected, down at Chelsea on the Chelsea estate, both built exactly on the same plan and erected at the same time, would those houses ordinarily speaking be assessed at the same value?—They ought to be, if they were brick-for-brick, as we say.

13,834. Supposing in one house the electric light is laid on, and not in the other, would you alter the assessable value because the electric light is laid on?—I suppose the tenant would give more rent for it if the landlord had put it there.

13,835. It is not a question of what the particular tenant pays, it is a question of what would an ordinary tenant give to occupy the premises, is it not?—Of course, it is what a tenant would give, not what the tenant does give. Any tenant, without he had a peculiar idiosyncrasy against using electric light, would give more for it.

13,836. And the assessable value would be increased?—I think so, but it would be by a very trifling amount—I do not know what it would be.

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The law and principles affecting the rating of machinery discussed.

Railways, valuation of: Gross receipts. Amount claimed for value of rolling stock.

Surveyors and their professional practice.

Machinery, valuation of: Considers that the case of Gifford, Fox, & Co. v. Chard Guardians went rather too far in the direction of rating machinery.

House property, valuation of: Decorations and furniture in a house do not add to its assessable value.

\* Gifford, Fox, & Co. v. The Chard Guardians (63 L.T. 249).

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13,837. Supposing a very rich man occupies one of these houses, and spends a large sum of money in affixing to the walls permanent decorations of a valuable character, would those decorations increase the assessable value of the house?—No.

13,838. Suppose, for instance that he has panel paintings and ceiling paintings of a very valuable character, would that increase the value?—No.

13,839. Surely that would prevent the tenant having to carry out decorations himself?—No, not of necessity, because the next man might come along and say, "What a daub that is! I will whitewash it."

13,840. Supposing that a house is perfectly decorated from top to bottom, do you not take that decoration to add to the value of the occupation for the purposes of the occupier?—Now you are assuming you do.

13,841. Yes, I am assuming you do?—Then, of course, the answer would be different. I do not think, if you ask me my opinion and my practice, that if I came in to value this building, and I found that an Italian artist had been employed to decorate these panels, and it had cost 1,500*l.*, that I should take any notice of that.

13,842. Then the mere fact that a house is fully furnished, so to speak, as regards decorations, and handsomely furnished, would not make any difference to the assessable value of the property?—I do not think so.

13,843. Just a question or two about machinery. Where do you draw the line between machinery that is rateable and machinery that is not?—Now you are asking a very difficult question: I cannot.

13,844. Supposing that a man chooses to build a mill, and he not only builds the fabric, but he fits it up with boilers, engines, and everything to give the necessary power to work the machinery for which the mill was built?—A very common practice.

13,845. Would you rate the machinery in a case like that?—Certainly.

13,846. Why?—Because it enhances the value of the property. He would get more rent for it.

13,847. Supposing, then, that the owner had not put in the machinery, but let the fabric without the machinery to a tenant, and the tenant put in the machinery, would you rate the machinery in that case?—The tenant would not put it in without he had a long lease or some holding upon the tenancy; of course, if it was annual value he would not put it in.

13,848. I do not want to ask you what a prudent tenant would do. I want to ask you this question: Assuming that the fabric is erected by the owner and that the machinery, whether wisely or not, is put in by the tenant, would you increase the assessable value of the factory because the tenant has added that machinery to it?—Certainly.

13,849. You would do so?—Yes.

13,850. Why?—Because it is there, and I should not inquire who put it there. It is there for the use of the hypothetical tenant, and he would pay more rent for it.

13,851. Then you draw no distinction between machinery put in by the landlord and machinery put in by the tenant, providing the building with the machinery in it would be more valuable to the hypothetical tenant than it would be without the machinery in it?—Certainly.

13,852. About this question of site value as separate from building value, who is going to pay the rates on the site value?—I suppose that is a matter of detail, but I think the landlord ought to.

13,853. At the present moment the occupier pays the rates?—He pays the rates for both.

13,854. And he has to pay upon the value of the occupation as it now stands?—Certainly.

13,855. Supposing that the site value at 3 per cent. comes to four or five times more than the rent he is actually paying, what do you think the occupier would say if he has to pay rates upon that?—Of course the hardship would be to existing tenancies, would it not? If it was a new tenancy a man would know what he was going to expect, and what he was going to pay, and would use his judgment accordingly. Of course it would be rather a difficult question to know how to divide the money.

13,856. Let me give you an illustration. Supposing that there is an old dwelling house with a large garden

round it, and the site value according to the ordinary valuation would be worth 300*l.* a year, but the house with the garden as it stands lets at 50*l.* a year, and the tenant is willing to take it because it is 50*l.* a year; do you think he would be willing to pay rates upon a basis of 350*l.*?—No I do not think he would.

13,857. Then, how are you going to arrange it?—He would not stop there if he had a means of getting out of it.

13,858. Then the result would be that the house would become vacant?—And then immediately after that the tenancy would be renewed by some other person paying a lower rent.

13,859. Pardon me, if the man who is paying 50*l.* a year finds that there is a site value of 300*l.* put upon his occupation on which he has to pay rates, I think we agreed a minute ago that he would at once give up his tenancy?—Yes, he would if he could.

13,860. Why should you suppose that another man would come in and be willing to pay that?—Of course he would come in on different terms, and he would know then what he had to pay.

13,861. I will assume that the landlord will say: You can come in and occupy it for no rent at all; do you think he would be willing to pay upon 300*l.* a year for a house that would be only worth 50*l.*?—Of course you are assuming a proposition, and then arguing upon it, you know.

13,862. I am assuming a proposition, and I want to argue from it. I am assuming that the site value is worth 300*l.* a year?—Of course you can assume anything.

13,863. (Chairman.) Do you put it as an impossible assumption?—I rather think it is. The site value is to be ascertained from the use to which it is put at present.

13,864. Are you prepared to say from your experience that such an hypothesis as Mr. Clare puts to you is impossible?—I do not say it is impossible.

13,865. (Mr. Clare.) I want to put this point to you; an old house with land surrounding it may now be let under existing conditions at 50*l.* a year; if you apply the site value, the annual assessment of the site value alone is 300*l.* a year; I think we agreed that the effect of putting that assessment upon the occupation would be that the tenant would leave the house?—I think so.

13,866. The result is that the occupation would become vacant?—Yes.

13,867. If it becomes vacant it does not become rateable?—No.

13,868. Therefore, by putting the site valuation on to this small occupation, the local authority instead of getting rates on the site value will get no rates at all?—For that period.

13,869. For the period it is vacant?—Yes.

13,870. And they will not get any rates until the property develops in order to enable the site value to be obtained?—No; I mean to say the landlord finding that he was losing his 50*l.* a year might say to a person: I will let you in at 25*l.*, and I will pay the rates upon the ground.

13,871. Let us take a concrete case. What would be the effect of putting a site value upon Holland House?—Of course, I have not got the figures before me, and I do not know what they are.

13,872. Supposing the effect was to put a rateable value on Holland House, and the Park surrounding it, of 50,000*l.* a year, and taking the rates on that as 15,000*l.* a year, it would be rather a large rental for a man to pay, would it not?—You are assuming that the rates would be the same upon the site value as they put upon the whole hereditament. We do not know how the Act may be framed; they might put a less value upon the site; many details might be gone into.

13,873. The effect of valuing site separate from buildings means that you have to assume that a man has spent money in developing it which as a matter of fact he has not; I merely want to point out to you that the effect of doing that must be necessarily to close a large amount of open spaces in your towns which at present remain open, because they are not assessed in that way?—I do not think it would have that effect, because, of course, the Building Act is in operation in all towns, and the local authorities would not pass the buildings if they were going to close up all the spaces—they would not do it.

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of. The  
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chinery  
put in by  
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by the  
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in ma-  
chinery,  
the assess-  
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increased.

Site value  
and struc-  
tural value  
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valued.  
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as to how  
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Effect of  
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13,874. I am not assuming that the spaces will be closed so as to infringe the Building Acts, but would it not be the fact that if you make a man pay rates upon the assumed value of the land surrounding his house, that many men will sell the land surrounding their houses rather than pay rates upon it?—I do not think we are quite at one. Is the selling value the site value?

13,875. The site value, I assume, is the value of the property, assuming it is developed in the way in which it is capable of being developed?—I do not think that is the same thing as site value, because if you take Cornhill, where every inch of ground is worth more gold than you can put upon it, as they say, and then you take Holland Park, which is not developed, which is utilised as a pleasure ground and so on, you are taking two localities which are hardly in the same category.

13,876. Do I understand that site value means not that you are going to take the value of the land, assuming it is developed separate from the building, but that you are merely going to take the value of the land for the purpose for which it is at present used?—That is what I should say. If you are going to take selling value then you are supposing that a man will do something else with the property, and you are taking it out of the particular category in which it now is, and altering the hereditament.

13,877. Supposing you are valuing an old dwelling-house which is rather out of repair, but which is let at a rent of 50*l.* a year, you would deduct a larger percentage, would you not, for outgoings than you would in the case of a newly-built office, we will say in Lawrence Lane?—Certainly.

13,878. Supposing you deducted 30 per cent. in one case, and 5 in the other, which is not, I think, an unfair proportion at present, that in itself would practically bring about what you want, namely, that you would deduct a smaller percentage from the larger rental in the city, because the cost of repairing that particular building works out, as a rule, to that smaller percentage?—No, I do not think it follows, for this reason, that practice and theory are so very different. What I might do, as an individual surveyor going to look at two individual properties, and what parish authorities would do, looking at a thousand, may be very different things.

13,879. I just want to ask you a few questions about county property, which you suggested should be rated. I do not quite understand the basis on which you would rate, we will say, a quarter sessions house?—The same as I should rate a bank or anything else. Those things are not in the market, and you cannot compare them with other properties of the same description. You are therefore thrown back upon what we call a contractor's rent.

13,880. Why should you go back to the contractor's rent; because I understand the basis of rating is the rent that the tenant will pay, not the interest that the landlord wants out of it?—I beg your pardon. The rent that the tenant will pay is what we want to arrive at, and the contractor's rent is one means of arriving at it.

13,881. Assume that a corporation owns a public building, which so far as market value is concerned is out of the market altogether, then you would have to take them as the hypothetical tenant?—You cannot exclude them, of course.

13,882. On what basis would you arrive at the rent that the corporation as the hypothetical tenant would pay for that building?—I do not see any different way than that in which you would treat anybody else. They have spent money, either advisedly or otherwise in erecting a certain hereditament, they have paid so much money for the site, or the site has been given to them just as in the case of other people, and I do not think that one should take them out of the category in which other people are placed.

13,883. I understand that you take 5 per cent. upon the capital cost?—I would not use the term capital cost. I prefer to use the term replacement cost.

13,884. But why 5 per cent.?—Simply because it has been the universal practice to do it.

13,885. Assume the case of a corporation; a corporation can borrow money at, we will say 2½ per cent. for the sake of easy calculation, and they can put by a sinking fund of another 1*s.* or 2*s.*, we will say; altogether

it will cost them 3½ per cent., and at the end of 50 years they will own the building. Why should you assume that if they can erect it, and in the course of 50 years also own the property without any debt upon it, that they would be willing to pay a higher rent than the interest and sinking fund would come to?—Because if you make any distinction in respect of a corporation or a wealthy person, you are creating a distinction between them and other ratepayers. If I am a rich man, or a public company having plenty of money, I can go into the market and borrow at a very low rate; but if I am an ordinary individual, if I go to my banker, and I want 1,000*l.* from him, he charges me 5 per cent, for it as a rule.

13,886. The ordinary individual does not come in in this case—there is only one possible tenant, and that is the corporation?—I do not see why you should make the distinction between a corporate body and anybody else. They could certainly borrow the money cheaper, no doubt about that; but if we go a step further back, and take the West Middlesex Case\* as our basis, where the courts laid down that a contractor was supposed to find the money to erect the building, then we must assume that no contractor, whether it be a corporate body or an individual, would be content with less than 5 per cent.

13,887. Do you not see that comes back to the old question, that you are basing the rent upon the return to the landowner, instead of basing the rent upon what a tenant would be willing to give?—Then, of course, you must know that there are two parties to every letting. There is a willing landlord and a willing tenant, and the surveyor has to go between the parties, and to say what is a fair rent that the tenant should pay, and what should be a fair recompense to the landlord for his outlay.

13,888. One word about corporation waterworks have you assessed corporation waterworks and valued them?—Yes.

13,889. I think you know that, as a rule, corporations are prohibited from what we call earning a profit?—Yes.

13,890. That is to say, they are allowed to raise a revenue, which is equal to interest, sinking fund, and working expenses?—Yes.

13,891. But beyond that they are not allowed to make any profit?—No; if they make a profit in any particular year they have to lower the rates.

13,892. How do you arrive at the rateable value in a case like that?—In the first place I cut out the sinking fund.

13,893. You do cut out the sinking fund?—Yes.

13,894. What do you start with?—I start with the water rentals.

13,895. The gross receipts?—Yes, then I take out the working expenses. I do not allow them any tenant's capital, because they cannot make a profit. Then, out of those expenses I take away the sinking fund, and that generally gives me rateable value.

13,896. We have agreed, I think, that the gross revenue that a corporation under such circumstances can raise consists of interest, sinking fund, and actual working expenses?—Yes. The interest and the sinking fund are the landlord's charges; they are the moneys that the landlord pays away after receiving his rent.

13,897. Suppose this case; suppose the corporation has got into the happy position that their sinking fund has paid off the whole of their debt, and that they have no interest to pay, no sinking fund to pay, and that they have simply working expenses to meet; how would you assess them?—I have never come across one; they are always borrowing fresh money.

13,898. Then you make your valuations fit in with the cases without any very good reason for it?—I do the best I can, of course, under the circumstances.

13,899. (*Mr. Arthur O'Connor.*) In reply to the Chairman you said that of course there are hardships everywhere?—Yes.

13,900. I suppose one of the objects of the appointment of this Commission is, if possible, to remove hardships, and you are here to help us if you can?—Yes.

13,901. You told us that in the rating laws there are all sorts of anomalies, and I see that the last book on "The Principles of Rating," by Boyle and Humphreys

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Government property and county property or corporation property should be valued like any other class of property. Method of valuation of certain properties which are never sold or let. Ascertainment of contractor's rent.

Water-works of a corporation: Method of valuation.

Railways, principles affecting the valuation: How far should they be valued solely with reference to value of land.

\* R. v. West Middlesex Water Company (28 L.J., M.C., 136).

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Davies, extends over 1,000 pages without counting the index, so that I think we may assume that the principles of rating are somewhat difficult to set forth in themselves and in their application?—It is the most difficult thing I know of.

13,902. It would be very desirable to simplify matters, if possible, because this affects every householder in the kingdom?—Yes.

13,903. Let me see if it is possible to arrive at some simple and just basis of universal applicability. Take the case of the railways; a railway is a monopoly for a certain purpose?—Yes.

13,904. It discharges a public service with, if possible, profit to the company?—Yes.

13,905. In order to enable it to do that it has a monopoly in the occupation of land from one end of its line to the other?—Yes.

13,906. In the course of its running it may pass through a parish where there is no station?—That is very often the case.

13,907. From that parish it has taken land of which it is in exclusive occupation?—Yes.

13,908. Is there any reason why, for the purpose of rating the railway in that parish, there should not be taken the value of the land occupied by the railway assessed according to the value of the adjoining land on either side of the line?—Yes.

13,909. That would not be just?—No.

13,910. Why?—Because the basis of all rating is land plus the value to which it is put.

13,911. I am not asking you what are the principles at present acted upon: I am asking you to start afresh, as a matter of first impression *prima facie*. Suppose we have to start some system of rating which should be fair all round. I put it to you that in the case of a railway running through a parish where it has no station, it would be fair to take the value of the land in the occupation of the railway as gauged by the value of the land on either side of it?—No, I think not.

13,912. What is your objection then?—It is worth more to the hypothetical tenant, that is, the railway company, than it would be if it was growing cabbages.

13,913. Now you are going back to the principle of rating as established by the Act of Elizabeth?—We must go back to something, you know.

13,914. Put out of your mind the hypothetical tenant; we are starting now as if no such things as rates had ever existed?—Then I should start immediately with the hypothetical tenant.

13,915. You would?—Yes. I say if you take the value of land you have to take its occupation value. What is that occupation? It is a railway and it is not cabbage land, it is not wheat sown land, it is not grass land—it is a railway. The next question I ask myself is—what railway; is it a main line railway, is it a branch line railway, or what is it? And so I go on gradually building up and building up, until I have ascertained what the value of the railway is by some process or another.

13,916. Now let us say that two men occupy adjoining pieces of ground and both apply their ground to the same purpose; one man manages well and makes a fortune and the other man manages ill and becomes a bankrupt; would you assess those two pieces of land at equal rates during the period of occupation?—During the whole period of occupation, or just when the man is going out?

13,917. During the whole time—supposing they are 20 years at it, and 20 years breaks one man and makes a fortune for the other, and they are following precisely the same industry?—Of course you must rate them from some definite period to some other definite period.

13,918. I will say from the year 1800 to the year 1900, a hundred years if you like?—The value of the occupation is the same to both parties.

13,919. Then you would assess them irrespective of the results, from a commercial point of view, to the individual?—Certainly.

13,920. If that is so, why should you not adopt the same principle with regard to a railway company and a cabbage ground?—I do not see the analogy.

13,921. If you say that the commercial results to the occupier do not furnish a proper ground for valuation,

why should you adopt it in the case of the railway?—I do adopt it in the case of a railway, that is just what I do do. Take two plots of ground, both growing cabbages, one man makes a fortune and the other does not, but each plot of ground, as cabbage ground, is worth the same. However, it does not follow, that because the value of the two plots as cabbage ground is the same, that the next plot, which is part of a railway, is the same.

13,922. Why should you alter your assessment of land in the occupation of an individual whether he be A or B, not according to the native absolute value of the land as land, but according to the value of the use which A or B may put his land to?—Because the occupation is not the same. No matter what the degree of improvement may be, if I improve land it has more value.

13,923. Certainly; then we may assume that two farmers show very different results in the matter of the improvement of land; one man scours his land and exhausts it, and the other keeps it in good heart, the land *ex hypothesi* at the beginning being of equal value to both; would you, because one man treats his land badly, assess him lower, and because the other man treats his land well assess him higher?—No, I should not. I should think both those farms, as letting farms, would be of the same value.

13,924. Railways, gas companies, electric lighting companies, and water companies are all things, which, to a certain extent have a monopoly, is that not so?—It is so.

13,925. Then in respect of them, I think you have already told us you hold that principles are applicable which are not applicable in the case of an ordinary commercial man like a tailor?—That is so.

13,926. You take their gross income—you do not like the word "profit"—as the basis of assessment?—Yes.

13,927. But you would not deal in the same way with a tailor in the Strand?—No.

13,928. What is the principle upon which you differentiate the two cases?—In the case of the tailor, as I said just now to his Lordship, anybody can come next door to him and open another tailor's shop and compete with him, but in the case of a railway company there is no such competition.

13,929. What is the ordinary connexion in your mind between adopting the system of assessing the gross takings and the fact of a monopoly?—I see no other method of arriving at what a monopoly is worth than what the tenant could make out of it.

13,930. In the case of a tailor you assess the site and his premises?—Yes.

13,931. Why cannot you adopt the same course in the case of a railway or a gasworks or an electric light works?—Because nearly all monopolies, taking it broadly, consist of two portions—what we call the directly contributing and the indirectly contributing portions. The indirectly contributing is treated very different to what the directly contributing is. You would assess a railway station, which is one of the indirectly contributing portions, at what it cost to put up, all ornamentation and that sort of thing left out. We have no other means of doing it, because railway stations are not in the market. We then assess the line of railway which is directly earning a profit on a different process because we have no means of separating that line and finding out what it is worth, except as a whole, to start with.

13,932. But you know what the premises of the railway from end to end consist of?—It consists of line and it consists of stations, and I say they both contribute to earning the passenger's money, the passenger goes into Euston Station and he gets out at Holyhead, or whatever station it may be, and he pays for the use of the two stations and the transit value—that is what he pays for. That money has got to be distributed between those two portions. He pays so much for the use of the stations—that you cannot find out—and he pays so much for his transit value, which you can find out because you can take his fare and you can divide it by the number of miles he has travelled, because each mile he goes he is supposed to drop a certain fare. The use of the station you cannot get at out of his fare, and therefore before you divide his fare to the parishes in which he is supposed to have dropped a certain portion as he goes along, you first eliminate from that fare a certain proportion for the use of the station.

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Monopolies: Undertakings which have monopolies. Principles affecting the valuation.

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13,933. I do not see that that answer in any way explains the connexion between monopoly and the principle of assessing gross takings. As to your indirect and direct charges, surely the same remark is absolutely applicable with regard to a coat which you get from a tailor; you cannot tell how much goes in respect of the rent of his premises, how much goes in respect of the value of the cloth, and how much goes for his skill and the men he employs; there are always those varying considerations?—I really cannot say.

13,934. You have no principle to put before us to justify the distinction?—No, except that one is in the open market; anybody can be a tailor, and anybody can make the profit, if he has the customers to earn it.

13,935. Now with regard to your mill; you say that if machines of no very great weight are removed from the mill it ceases to be a mill?—Yes.

13,936. They are removable, they are chattels, personal property?—Yes, they are personal property.

13,937. Let us assume that instead of a mill we are dealing with a house which is built for habitation; that house has bedrooms and dining rooms; what would be the value of that house as a habitation if there are no beds in the bedrooms, and if there is no dining table and no seats in the dining rooms?—A man knows what he is doing if he takes a house like that.

13,938. You have already told us that he takes the mill with these movable things?—There is no analogy between the two things.

13,939. I want to know where the distinction is in principle?—There is no particular compulsion in having furniture in your house. You are not obliged to furnish your drawing room or your dining room unless you choose to do so, and if you do it you do it for your own comfort, but here in the case of the mill you cannot keep it as a mill without you do put these things in—there is no option.

13,940. I can scarcely conceive a man taking a house as a habitation for himself and his family without having beds to go to bed in, in it, and seats?—Perhaps not, but you are not bound to furnish all your rooms; you are not bound to furnish your attics, you are not bound to furnish your drawing room. It might be convenient for you to wait a little more time to furnish it properly.

13,941. I suppose you are not bound to have all these machines in a mill?—Everyone of them.

13,942. Could you not have only half the number?—Of course you could have half the number, and then it would be only half the value.

13,943. The same would be applicable to a house, I suppose?—No.

13,944. Now with regard to the case put to you by Mr. Clare, I think, of the landlord who, having a house worth 50*l.* on a piece of land worth 300*l.*, let it to a tenant for 50*l.* a year. Do you not think that, according to the ordinary experience of mankind, the man who wanted a house worth 50*l.* would only take as much of the ground as suited his purpose?—He would take the hereditament as it was, of course.

13,945. In the ordinary course of human experience, do you think that, as between landlord and tenant, the landlord, in the first place, would let a house with ground adjoining worth 300*l.* a year for 50*l.*?—No. It was the assumption that Mr. Clare put to me.

13,946. Do you think that a man, if he wanted a house worth only 50*l.*, would incur a liability in respect of a sum of 300*l.* a year for land which he did not want?—Of course he would not take it.

13,947. I suppose if he did want it, it would be worth his while to take it?—Of course, he would be the best judge of what it was worth his while to do.

13,948. Let us assume, also, that Mr. Clare's further deduction proved true, that the landlord was forced to sell the land in consequence of the high assessment, it is to be presumed that nobody would buy it whose purpose it did not answer to buy it?—Of course not. It would be in the market for anybody to buy who wanted it.

13,949. That is, there must be somebody whose while it would be worth to pay the assessment on it?—Certainly.

13,950. Do you not think that it would be a very good thing for the community that such land should get into the hands of a man who can utilise it, rather than

remain idle on the hands of a man who cannot?—Of course it would.

13,951. You say there is no difficulty in assessing the site value as distinct from the structural value, if competent persons are employed?—I should think not—any person of experience in the neighbourhood.

13,952. That could be done all through the country—in urban and rural districts?—It is done now in the case of farms; you divide the farm homestead from the lands.

13,953. It is, as a matter of fact, done in a very large number of cases in town and country at present?—I do not think you can say that, except for selling purposes or purchasing purposes.

13,954. Whatever the purpose may be the thing is done?—Yes it is, every day.

13,955. Putting aside all preconceived ideas arising from the existing system, supposing there was a system of rating the land and the land, only not including buildings of any kind or description, or improvements of any sort, would there be for that purpose any difficulty in ascertaining the site value of each particular parcel of land throughout the country—in the towns and rural districts?—Of course the value of the site would very materially differ with the uses that it was put to. If you take bare land to be used as bare land and kept as bare land, of course it would have no value at all, or next to no value.

13,956. That does not answer the question; that might be the result of the assessment; but could you surveyors take England as a whole, just as it stands, or lies, whatever the expression is, and value it parcel for parcel in respect of the land as distinguished from the buildings and the improvements upon it—could you do it?—It could be done.

13,957. It is, I suppose, not a very difficult thing to ascertain the value of land as land in town and country throughout the kingdom?—I do not think there is any very great difficulty about that.

13,958. Supposing that we have ascertained the value of every parcel of land as land, do you not then get a basis of rating which will be entirely free from all these anomalies and difficulties and contradictions which exist in the present rating system?—Are you going back to the time —

13,959. Is it so or not—would you not have then a plain groundwork to proceed upon for a simple, logical, and equitable distribution of the rates?—I do not see how it would be workable at all; I do not see how you could work it, because directly you have got a forest value for land, or whatever you may term it, an uncultivated value for land—directly you alter the occupation, of course, up goes the value and you destroy the first valuation.

13,960. That is to say from time to time the value of any particular parcel would altogether change with the circumstances?—Yes; if you put a railway across it, then, of course, it does change.

13,961. Then would it not be possible to have a re-valuation every seven or ten years?—That is what I suggested, only I suggested six years.

13,962. Supposing that we start in the year 1800 with a valuation of land such as you have said is perfectly practicable as land only, could there not be a re-assessment each ten years by the same surveyors or authorities as made the original valuation?—Yes; but then you see you are supposing first, a hypothesis which is not practicable. It is impossible to go and value land without the buildings; it is impossible to go and value the land without the railway on it, it would be impossible to value the land without the waterworks on it.

13,963. Do you say impossible or possible?—Impossible to value it as a whole without going into the particular value. The questions of the land value and the occupation of the land are so intermixed that I do not think you could get a broad sheet to work upon to build your assessable value up afterwards.

13,964. I think you have already mentioned that there was no difficulty for a qualified man to ascertain the site value of any particular parcel?—No, there is not.

13,965. The whole of England is made up of a number of parcels lying contiguous one to another, is that not so?—Yes.

13,966. And could not you, with regard to each particular parcel, each particular square of the chess

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Land as a basis for rating, apart from the uses to which it is put, discussed.

Machinery valuation of: Principles laid down for valuation. In some cases rateable machinery is personal property.

Site value and structural value of properties could be separately ascertained throughout the country.

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board, ascertain what the site value is?—No, I could not. I should like to qualify my first answer, as it has rather led me into a difficulty, for this reason, that I could not *ab initio* value an acre of land utilised as a railway.

13,967. You could not what?—I could not value an acre of land used for a railway purpose.

13,968. Could you not for the purpose of valuing land, abstract it for the moment from the railway, and treat it as land—could you not conceive yourself making an estimate of the value of an acre of land which happens to have a railway running across it?—I can value an acre of land on both sides of the railway, but I could not fix the site value of an acre of railway land.

13,969. Now, let us suppose that you have three strips of land, each 20 yards wide; they run parallel one to another for a mile, down the centre one runs a railway; could you assess the value of number one on one side of the railway which is of this determined length and breadth?—Yes.

13,970. Could you ascertain the value of the similar one on the other side of the railway?—Yes.

13,971. Would it require a very large effort of imagination or calculation to suppose that the middle strip might be of corresponding value to the outer ones?—No, it would not; that is just where the

difficulty comes in, because it would not be of the same value.

13,972. I say abstracting the land from the railway, would it be difficult to put down the value of the middle strip as the same as that of the others?—If there was no railway there of course it would be of the same value.

13,973. Very well, that is abstracting the land from the railway. Then it would be possible to assess the value of the land as land in spite of the fact that there just happened to be a railway for the moment upon it?—I do not think you could do it.

13,974. You could not do it?—You could not do it.

13,975. (*Chairman.*) I think you told Mr. O'Connor that these machines in a flour mill were personal property?—I do not know that they are personal property; they are personal property, I suppose.

13,976. Of course, I need not ask any one of your experience whether you are aware that an Act is passed year by year exempting personal property from rating?—Yes, that may be so, but that would not take it out of the category in my mind.

13,977. You still think it right to rate it?—Yes.

13,978. (*Mr. Elliott.*) With reference to your replies to Mr. O'Connor, I merely want to ask you whether you can value land as land apart from the uses to which it either is or may be put?—No.

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Machinery, valuation of: Certain rateable machinery is personal property. Land cannot be a basis for rating apart from the uses to which it is put.

The witness withdrew.

Adjourned till to-morrow at 11.30 o'clock.

## THIRTY-SIXTH DAY.

Friday, 18th March 1898.

At 16, Victoria Street, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

G. H. MURRAY, Esq., C.B.

C. N. DALTON, Esq., C.B.

T. H. ELLIOTT, Esq., C.B.

ARTHUR O'CONNOR, Esq., M.P.

E. O. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*

T. LEWELYN DAVIES, Esq., *Assistant Secretary.*

Mr. EDWARD JAMES CASTLE, Q.C., called and examined.

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13,979. (*Chairman.*) You are a Queen's Counsel and Recorder of Bristol?—Yes.

13,980. You have from time to time devoted a large amount of attention to the law of rating?—I have.

13,981. I believe you wrote the volume of which I have a third edition in my hand, upon the Law and Practice of Rating?—Yes. The third edition differs very materially from the first.

13,982. In doing this, your attention was called to the rating of tithes, and in the first edition of your book you explain at some length how the present system of rating tithes was not really warranted by the Act of the 43rd of Elizabeth?—That is so.

13,983. I have not had an opportunity of seeing the first edition of your book, and therefore I was going to ask you whether there was much change between the first and third editions upon this subject?—Well, I thought it was too theoretical to put into a practical book, and I cut it out. I shall be glad to present the Commission with the first edition if they would like to have it.

13,984. We should like to have it very much, because it is an important subject, and we want to know as much about it as possible. I understand one of your main points is, that the owner of the tithe rentcharge has to some extent been placed in his present position by error?—Yes; I should like to put it in this way, that the tithe-owner, that is to say, the parson who takes the tithes, has been placed in this position by error.

13,985. Would you explain that to us—do you mean as an occupier?—Yes, as an occupier.

13,986. Would you develop that for us?—I will with pleasure. The Act of Elizabeth divides the persons to be rated into two classes: the first class is that "every inhabitant, parson, vicar, and other"—and the words "parson" and "vicar" there are used as names of particular inhabitants, which I will deal with directly—and "every occupier of lands, houses, tithes impropriate, appropriations of tithes, coal mines, or saleable underwoods in the said parish." Those are the actual words in the Act of Elizabeth. Now, a parson is not an occupier of land; I mean to say, except as regards his tithes, nor an occupier of a house or tithes impropriate, nor of appropriations of tithes, nor an occupier of coal mines or saleable underwoods, and, therefore, he is not necessarily an occupier in the meaning of those words; he is simply entitled to be taxed under the Act of Elizabeth as any other "inhabitant" of the parish.

13,987. That, of course, is an expression of opinion, and as such to be received with respect, but it is contrary to a long series of decisions?—So it is, and so far contrary to them, that as a practising lawyer and the author of a practice book I have taken it out; but I thought if the Commission considered there was any injustice with regard to the particular way in which a parson is now treated that it might be an opportunity for the Legislature to revert back to the original words of the Act of Elizabeth, and to say that as it crept in by misconception of the meaning of the words, it should

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Clerical tithe owners: Position under 43rd of Elizabeth. Intention of the Act. The words "occupier" and "inhabitant."

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be altered. I thought this might be an opportunity for the Legislature to interfere, that is all. No court of law would do it, because the decisions are far too long and too universal. In Dalton's "County Justice," the law is laid down that every clergyman is to be rated for his glebes and tithes so long as they are in his own occupation, because the statute charges every occupier of tithes, &c., and the clergy are contained in these general words, unless particularly excepted. This has been decided for many years, and it is not for courts of law now to alter it.

Tithes impropriate and appropriations of tithes cannot be "occupied."

13,988. In one part of your memorandum you say that: "Whereas the country parson is not only rated for an invisible right"—what stress do you lay upon the adjective "invisible"?—All the rates for which a man is to be rated must be occupied in "visible property," those are the words used in the old cases. "Improprate hereditaments and easements," and those sort of things, are not liable to be rated. No person is liable to be rated without he occupies. You can occupy a chair, but not a balance at your banker's. It is something to fill—you cannot fill an invisible thing, and therefore the word "occupation" is wrongly applied to a tithe owner in any case. The sense of occupation is a physical occupation of visible property.

Poor Rate Exemption Act was unfair on the clerical tithe owner.

13,989. You think if his means and substance had been given up it would have been fair to give up the rating of the parson at the same time?—Look at the exemption by statute of personal property—and if my view is right it is a bit of one-sided legislation—I never saw such a one-sided piece of legislation as the 3 & 4 Vict. c. 89, intituled An Act to exempt until the 31st December, &c., inhabitants of parishes, townships, and villages from liability to be rated, as such, in respect of stock in trade and other property: "That from and after the passing of this Act it shall not be lawful for the overseers of any parish, township, or village to tax any inhabitant thereof, as such inhabitant, in respect of his ability derived from the profits of stock in trade or any other property, for or towards the relief of the poor: Provided always, that nothing in this Act contained shall in anywise affect the liability of any parson or vicar," so that the parson or vicar is the one man out of the whole parish of inhabitants that has his liability continued.

13,990. But his liability, I think I am right in saying, was distinctly laid upon him by a previous statute in the preceding reign, namely, 6 & 7 Will. IV. c. 71, in which occur these words: "And be it enacted, that every rentcharge payable as aforesaid instead of tithes shall be subject to all parliamentary, parochial, and county and other rates, charges, and assessments, in like manner as the tithes commuted for such rentcharge have heretofore been subject"—Certainly, if the tax was properly put upon the parsons' tithe before, it was continued by the Tithe Act of 1836. If the initial difficulty once existed, it survives.

13,991. Then assuming for the moment, as we must assume, that at present the parson, as we agree to call him, is properly rated, have you anything to say whether he is rated fairly with others, on the standard of what a hypothetical tenant would give for the property?—I think the courts of law are logical. If he is the occupier of his tithes I do not see how he can claim any deduction any more than from his glebe lands. I am speaking now legally. I do not see on what principle the owner of glebe lands who has to supply a curate could claim to treat his salary as a deduction from the rateable value of the glebe.

13,992. It has been suggested to us that if you are to take as a test what the hypothetical tenant would give—that while if it was a full 1,000*l.* a year the hypothetical tenant would give 1,000*l.* for it, less the cost of collection, yet, if attached to the 1,000*l.* a year there was the obligation to pay for or provide certain services, the hypothetical tenant would not give so much for the rentcharge, subject to those burdens and duties, as he would for an ordinary income?—That is perfectly true, and that to a certain extent is logical, but the courts have laid it down in other cases that you cannot deduct an obligation or make a deduction in respect of an obligation which is attached to any income, for this reason, that you must get that income from somewhere or other. If I go into the market for 1,000*l.* a year I have to pay 20,000*l.* for it; if I say I am willing to work the church, and I take the church, and if I am liable to taxes, that 1,000*l.* is subject to the deduction of the taxes. You do not

Tithe rentcharge, valuation of: How far the principle of letting value should be applied. Whether there should be deductions for personal services of clerical tithe owners.

take into account the fact that the man has to work the church; it is a consideration of the grant to him. That is what affects the minds of the court. In the history of the appropriation of tithes we know that they got into the hands of ecclesiastics, and after that into the hands of some of the great lords who had no correlative duties, and took the tithes as they were.

13,993. In that case the answer would be that it would not apply, because if they had not to perform those services the hypothetical tenant would give more nearly the nominal value?—I know what is passing through the minds of the court and the judges, and I cannot say that they are logically wrong. I think that that is a case in which the Legislature might well interfere and relieve the parson. One man has got glebe lands and another man has got a similar quantity of land which he has purchased, but the work of the parson of the church and of the landowner is different. In the former case the ecclesiastical duties are a consideration for the grant, and cannot be a deduction from the value.

13,994. You do not make any difference between the proceeds of glebe lands and tithe rentcharge?—Not if he is an occupier.

13,995. May I take you a step farther; apart from the question of logic, would you express an opinion as to whether you think it fair?—Most decidedly not; it is the most unjust thing I have ever known. A young fellow comes into the church and devotes himself to the service of religion, and then probably he has to find a lot of money out of his own pocket, and, in addition, he is rated for that which he ought not to be rated. It is most unfair, I think; but that is a question for the Legislature. I put in my memorandum that you relieve the ordinary churches in the towns, and you do not make the parson liable for pew rents; why make the parson liable for tithes in the country? They both hold a living, but one in London and the other in the country, and one is to be taxed and the other is not.

13,996. You are going to leave us a copy of the first edition of your book, and therefore I will not ask you questions on things which we can get out of the published volume, but is there any other point which has occurred to you, since writing your memorandum, that you would like to put before the Commission?—No, I think not. I should like to call attention to the previous Act of Elizabeth, because people talk about the Act of Elizabeth not knowing it followed a long series of Acts. There is the 39th of Elizabeth c. 3, that is four years before what is generally spoken of as the Act of Elizabeth, which enacts "That the churchwardens and four substantial householders, to be called overseers of the poor, and appointed by the justices of the peace at Easter, shall with the consent of two justices take order to set paupers to work, and to raise weekly, or otherwise by taxation of every inhabitant and every occupier of lands." Those are the only two classes mentioned in the 39th of Elizabeth. Thereupon the parson said that, under Magna Charta, he was not to be rated as an inhabitant. The matter was tried, and it was held that he was liable, and the 43rd of Elizabeth then used the words "parson, vicar, and other" to get rid of the difficulty, and they also put the other descriptions in—tithe, and so on.

13,997. (Mr. Elliott.) I understand from what you have just said that you are distinctly of opinion that the claim presented to us by the ecclesiastical owners of tithe rentcharge is an equitable one?—Clearly.

13,998. And that they have a strong claim to relief?—Yes, on two grounds.

13,999. You have, of course, considered the objections which have been presented to the grant of relief to the ecclesiastical owners of tithe rentcharge?—I do not know that I have, except that what is, and what is not is not—that is the only objection.

14,000. One of the objections which has been put forward in public controversy has been that in fixing the amount of rentcharge, an addition was made for the express purpose of enabling the rates to be paid. Have you considered that objection at all?—I should not think it is true, because the rates being then paid by the tithe-owner, the rentcharge would be valued under those conditions.

14,001. The validity of that objection would depend, would it not, upon what was done at the time of commutation?—Certainly, if the allowance was made to the parson, and he was paid more rentcharge because

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Tithe rentcharge, valuation of: Present system is unfair.

Clerical tithe owners. Their position under 39th and 43rd of Elizabeth.

Tithe rentcharge, valuation of: Present system is unfair.

Tithe Act 1836. Question as to whether rates were added to ascertain amount of commuted tithe discussed.

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Hereditary burdens upon tithe discussed.

he had to pay rates, it does not lie in his mouth to claim relief. He is not to get double relief.

14,002. Have you heard the answer to that argument?—No, I am not aware of it.

14,003. Then another objection which has been presented to the claim put forward by the ecclesiastical owners of tithe rentcharge has been that the maintenance of the poor is a hereditary burden upon tithe. What do you say to that?—It is a hereditary burden upon tithe; that is perfectly true. I have the statute, which says that the tithes are to provide for four things, I think it is—the parson, the repairs of the church, the poor, and something else—it is three or four things. That may be so. I have not considered that point. I should think that they do that by private charity.

14,004. That is an objection which has been presented to us, but it is not one that has received your special attention?—It is a new point to me. I daresay, if I could turn to it, I would be able to find it. I quote, on page 305 of my book, first edition, the 15th Richard II., chapter 6—“It is agreed that in every licence from henceforth to be made in Chancery of the appropriation of any parish church, it shall be expressly contained and comprised that the diocesan of the place, upon the appropriation of such churches, shall ordain, according to the value of such churches, a convenient sum of money to be paid and distributed yearly of the fruits and profits of the same churches, by those that shall have the said churches in proper use, and by their successors, to the poor parishioners of the said churches, in aid of their living and sustenance for ever.”

14,005. What I wanted to get from you was your opinion as to which of those two alternatives is the correct one. On the one hand it is argued that the rates charged on tithe rentcharge are in the strictly legal sense of the term charges upon that charge, and that the interest of the owner must be regarded as limited to the balance which remains after the rates have been paid; on the other hand, those who have presented their case to this Commission urge that a rate should be considered merely as a contribution of an owner of rentcharge towards local expenditure, and should be dealt with as such; with which of these views do you associate yourself?—The value of any property is the value less the rates. I only take it by analogy. Take two houses—one in Hanover Square and the other in Westminster—the rates are higher in Westminster than they are in Hanover Square; the house will let for less in Westminster, and therefore you take off the amount of the rates and taxes, tithes, or anything else, before you can ascertain what the value is.

14,006. Would you draw a distinction between that which is a legal charge upon the property, in other words, which is part and parcel of the full value of that property, and that which is simply a necessary outgoing?—I do not see any distinction. If necessary, in both cases, whether by statute or otherwise, the tenant has to pay them, and therefore he does not put the money in his pocket. Take the ordinary case of a railway; you always deduct the rates and taxes before ascertaining the value.

14,007. Supposing, for instance, that a property is subject to rentcharge, you would draw a distinction between that rentcharge and the rates chargeable upon the property, would you not—the two things are different from a legal point of view?—I do not quite catch what you mean. You know, if I have property subject to rentcharge, and have to pay rates and taxes upon the whole property, including the rentcharge—

14,008. I want, if I possibly can, to draw your attention to the difference between a legal charge upon the property, that which is in fact part and parcel of the full interest in the property, and a mere burden or outgoing in the nature of taxes or rates?—Like a jointure to your mother?

14,009. Like a jointure to your mother?—Yes.

14,010. Can it be fairly argued that the rates on a tithe rentcharge are in the nature of a jointure to your mother, or in the nature of an ordinary burden for taxes?—They are merely an ordinary burden of taxes; I do not see any distinction between them and anything else. The income tax is like a jointure to your mother. It is a distribution of the profits. Where they go to the law does not care. I should think that the rates and taxes are an incidence of the

occupation, which is not like the jointure to a mother, but like an ordinary fixed burden.

14,011. Then is it not equitable to consider the burden simply by a reference to its weight as compared with the full income of the owner of tithe rentcharge, without looking upon it as that portion of the rentcharge which belongs to the public?—No, I think you ought to take into account, to come back to the words of William IV., any outgoing in the rent he has to pay. He must take into account whether the rates are 3s. 6d. or 5s. 6d. in the £ in the parish, because he will know from that whether he can give a different amount as rent for the tithes. Therefore he must take it into account.

14,012. If I correctly follow your argument, you would say that in your view the rates upon the tithe rentcharge do not constitute anything in the nature of hereditary burden or legal charge upon the rentcharge?—My view is rather the other way; it is a hereditary burden in that sense. I do not quite follow what you mean.

14,013. Do I gather that you have not very fully considered the question?—It is a question which I ought to be able to answer. I think anybody giving a rent for the tithes must take into account the rates and taxes, and he would deduct those rates and taxes in his own mind in estimating his rent.

14,014. (Mr. Arthur O'Connor.) The question was whether you regard this as a hereditary charge?—Most decidedly not, for this reason: I do not think that the rates and taxes were imposed by the Act of Elizabeth in this sense, and therefore it is not a hereditary charge. I cannot understand the hereditary burden unless there is a succession of interest. There is no succession of interest between one parson and another—he does not succeed; he does not come in like the ordinary case where a man buys land or inherits it from his father—he only inherits what he gets. If he asks the public to relieve him he has no right to it, but each individual parson comes on his own merits, and there is no hereditary burden.

14,015. (Mr. Elliott.) You do not think that there is anything in the nature of such a charge as might be possessed by a younger son upon the property of his elder brother?—Not at all, unless it were given by statute.

14,016. And in your view it is not given by statute?—It is given by a misconception of the law. The parish have no right to look to the simple inhabitant at all now since the statute of Victoria.

14,017. With regard to what you said as to glebe lands, it is a fact, is it not, that glebe land obtained relief under the Agricultural Rating Act of two sessions ago?—That would be so; if it is used for agricultural purposes it gets relief, certainly.

14,018. Would not that, to some extent, remove the difficulty as to distinguishing tithe rentcharge from glebe lands?—I think the Government have a right to do what they like, but my notion, as a practical lawyer, is that every relief you give to every class of property you simply impose upon the neighbours, and I am not sure that the Government have properly relieved agricultural land—they have relieved it in one sense, but they have simply put it upon other property. That being the case I do not think you should extend the principle. Still, you have relieved agricultural land, and that may be a reason for relieving tithes.

14,019. But still you are distinctly of opinion that the ecclesiastical owner of tithe rentcharge has a claim to relief?—Yes, I think he is erroneously charged under this Act of Elizabeth. Every other inhabitant has been exempted by Statute, and why he should not be I cannot say.

14,020. But you bear in mind the fact that, in giving the parson relief, as you suggested, it would impose a permanent burden upon other owners of property?—Not a bit more than any other inhabitant. You take the inhabitants of a parish; you have got the man who takes a shop and carries on a big business and pays 40l. a year for the shop; the man next door opens a shop and almost fails. In the old days you would tax the rich trader, and the poor one would be let off—each man would pay on his ability. You have taken all that out by saying that no inhabitant is to be rated as such; and the relief of the tithes is only extending the principle to one more person, namely, the parson.

14,021. Supposing the Commission were to adopt your view and to propose that relief should be given to

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Hereditary burdens upon tithes discussed. Rates upon tithe rentcharge are not an hereditary burden.

Clerical tithe owners: Their position under 43rd of Elizabeth.



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the owner of tithe rentcharge, it would follow, would it not, that a deficiency would arise which would have to be made up by other classes of ratepayers?—Yes, I perfectly admit that, but as he is only one out of a very large class, all of which have been exempt, it is simply extending the exemption to this individual who has been left out in the cold.

14,022. The fact that you throw an additional burden upon other classes of ratepayers would not in the least degree modify your view in this respect?—No, if you are going to rate the personal property of the parson, why not the butcher?

Personal property, rating in respect of: Some reasons for discontinuance of the system.

14,023. Have you considered the possibility of rating the butcher in respect of his personal property?—Yes, if you can get at the thing. I can understand the difficulty, but that was not the reason why it was done; it was done because the occupier, being a hard headed man, thought when they rated personal property, he would be putting his hand in his own pocket, and when they rated the land he would put it into the landlord's pocket, therefore, he shifted the burden from himself. But the parson had no means of defending himself, or was shy, or did not like to say anything.

Tithe rent-charge, valuation of: Deductions. Beneficial occupation.

14,024. The parson has never ceased to urge that he was unjustly treated in this respect, has he?—Well, you see down to a certain time he was allowed deductions for his curates, and that sort of thing; and then the Marquis of Bute's case came on, in which the whole of the profits of the occupation was on the railway, and the whole of the profits went to the Marquis' trustees, and the railway was rated for them, although the Company did not get them; they said: You are in occupation of land, and must be rated accordingly. That started a new idea in the judicial minds, and they said: We do not know where the profits go, and the rates must be on the occupier.

Clerical tithe rent-charge should not be the subject of assessment. But clerical tithe owners only claim certain deductions.

14,025. Have you formed any idea as to the mode in which this relief could most properly be given?—Well, I see none of the parsons go beyond this, that personal expenses and certain deductions shall be made, so that they might divide the tithe into two-thirds and one-third. I would take the bull by the horns, and exclude it altogether, just as a church and a meeting-house and everything of that kind is excluded. If a person builds a chapel in London, and gets a license for the building, he may be a Baptist and make a good living out of it, and yet he pays nothing at all in the shape of rates for the building.

14,026. Has the lay impropiator the same claim to relief as the clerical propriator?—You must not use the words clerical propriator.

Lay tithe owners should be assessed in respect of their tithes.

14,027. Then let me put the question in a non-technical form: Do you think that the lay owner of tithe rentcharge, has the same claim to relief as the clerical owner of tithe rentcharge?—No, for two reasons; he is specially named in the Act of Elizabeth, and if you ask me I am conservative enough to think that tithes should belong to the parson.

14,028. I gathered that your view is that the Legislature should take the bull by the horns, as you say, and exempt from rating all tithe rentcharge in the ownership of the parson?—Yes, that which applies to his legitimate duties.

Tithe rent-charge, deductions in case of: What deductions used to be allowed; what are now allowed; and what should be allowed

14,029. Supposing that the Commission, or the Legislature, stopped a little short of that, do you see any possible alternative?—I think it would lead to endless confusion if you had to inquire into the circumstances of each parson, because some men will do the whole of the work, and another man will get three or four curates, and start the thing in a big way, and you can hardly tell what is right and wrong in the matter.

14,030. You do not see any rough-and-ready means of allowing a fixed sum?—It might be adopted, by giving something to the curate and something to the parson.

14,031. As to the question of deductions from tithe rentcharge in arriving at rateable value, could you tell me what are the deductions at present allowed?—I understand they are very simple—the cost of collection; I thought there was no other deduction allowed than the cost of collection—the cost of collection was always allowed. A lot of things used to be allowed. I have got the words, they are quoted at page 321 of my book: "In assessing a commutation tithe rent-charge of a benefice to the poor rate, deductions are

" to be allowed in respect of the expenses of collection, " including law expenses and losses by ultimate non-payment; but no allowance is to be made for the " personal services of the incumbent in discharging " the duties of his cure."

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14,032. Do you think it would be equitable that the repairs of the chancel should be allowed as a deduction?—Certainly, I would allow them all. I would allow everything, as it was just before the decision in *The Queen v. Goodchild*.\*

14,033. Would you deduct payments to Queen Anne's Bounty?—Yes, everything.

14,034. Would you allow deductions in respect of what is called the property tax?—Not the landlord's property tax. I do not see why the landlord's property tax should be deducted; the tenant's property tax should be deducted; the landlord's property tax is what he has got to pay out of his money; it is in the nature of an income tax.

14,035. Would you allow the deduction of the land tax?—No, I do not think he has any claim for the deduction of the land tax.

14,036. Supposing that a payment has to be made out of the income of a living in respect of what are called "daughter churches," would you allow a deduction in respect of those payments?—I have to consider that he is an occupier, and ought to be treated as an occupier; I should not allow anything. Formerly all ecclesiastical charges, first fruits and tenths, were allowed.

14,037. Those are allowed now?—They have been always allowed. This was the old law: "An allowance is to be made of any sum contributed by the incumbent " towards a district chapel in the parish, if not a " mere voluntary contribution; and a reasonable " allowance is also to be made for curate's stipend, " where the curate is not employed as a mere substitute of the incumbent."

14,038. I wanted to get you away from the law as it stands, in order to get your view as to what the law should be?—I think I stated it shortly that I would go back to what the law was as laid down before that last decision, which says there shall be no deduction at all, in *The Queen v. Goodchild*.\* The law was then very carefully laid down, as I have given it to you, and I would therefore rather go back to that.

14,039. (*Mr. Dalton*.) The owner's interest in the land is the value of the land less the tithes, is it not?—Yes.

Value of land and tithe: Position of owner and occupier.

14,040. Take the case where the owner is also the occupier, he is only rated upon the annual value of the land less the tithe is he not?—Where there is a tithe rentcharge?

14,041. Yes?—That was one of the points that came before me the other day, and that was my opinion, but they rather want to make out now that the tithe rentcharge is paid by the landlord, and that the tenant should be rated at the full value, and that he has nothing to do with the tithe rentcharge; that question of law has not been decided yet.

14,042. Supposing in such a case that the occupying owner pays on the full value of the land, then the tithe pays rates twice over?—That is their objection to it, and I gave an opinion that the tenant could deduct the rentcharge from the rateable value of the land, otherwise there would be the difficulty that you say. But I have discussed the matter with others, and I know that counsel have given opinions the other way.

14,043. But the usual practice is what I say?—There is no usual practice. It was only last year that it was passed. Previous to that the tithe rentcharge was deducted. But that would be my view.

14,044. It would be wrong to rate the tithe twice over, would it not?—Certainly.

14,045. Suppose, as you propose, the tithe in the hands of the parson was not rateable, would you then say it was a fair thing to rate the occupying owner on the full value of the land, when his interest was merely the value of the land less the tithe; should you, in other words, put the extra charge on the owner of that particular property, or on the general ratepayers of the parish?—I see what you mean. The tenant having to pay the tithe rentcharge, or the landlord for

Clerical tithe rent-charge if relieved from the payment of local rates. Under these circumstances

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the additional payment of rates should fall on the ratepayers generally.

Clerical tithe owner: No knowledge of how assessed during the seventeenth century.

Clerical tithe rent-charge: Should not be the subject of assessment. In what way would this affect the payment of rates in respect of land. Case where tithe forms a large proportion of rent of land.

Poor Rate Exemption Act, 1840 (3 & 4 Vict. c. 89). Position of clerical tithe owner under this Act.

him, you relieve the parson from rates; you have no business to put it upon the tenant. I should say that his rates ought not to be increased, but come on the general inhabitant.

14,016. That would be your proposal?—Yes. I have not carried out that detail in my mind, but that would be my proposal.

14,047. As a matter of fact, I suppose the value of the parson's income since the Act of Elizabeth has always been the value of the tithe less the rates—practically he has paid the rates, whether he ought not is another thing?—Yes.

14,048. That has continued from the time of Elizabeth until now?—Yes; I suppose so. I do not know whether it was continuing. The law is lost in a fog during the period between 1603 and 1700. In many cases personal property was still taxed, and I cannot tell whether the parson was taxed for his ability, so that if he had a large family he would pay so much less, and if he had a small family he would pay so much more, I cannot find what the practice was then. In 1730 it was laid down that he ought to be taxed upon his tithe, but during the transition stage you cannot say how taxes were levied, whether the parsons were taxed jointly with other inhabitants or not.

14,049. But certainly within the last 50 years or more that has been the case?—Yes, the last century you may say.

14,050. That is to say, the gross tithe has never been his income?—Yes.

14,051. You are aware of that?—I can see the answer, but what struck me was that he is not a corporation, at least in one sense he is a corporation sole; but each man comes forward and does not inherit. It is like the case of the eels, you know, they have been skinned so often that they must be accustomed to it. But that is no reason for continuing an injustice. To my mind it is very different to where a man buys property or inherits property; this is a man who comes into it in a different capacity.

14,052. If your proposal is that the parson is not to pay rates on his tithe, and the occupying owner or tenant of the land out of which the tithe comes is not to pay rates, the result would be, would it not, that a good deal of the value of the land will disappear from rating?—No, I do not think that, but if it is true it does not matter.

14,053. (Mr. Arthur O'Connor.) Do you assent to or dissent from that proposition?—I assent to this proposition, that if the rates on tithes are done away with, so far as the tithe rentcharge is not a part of the value of the land, that part of the value of the land will not be rated.

14,054. Then your answer is yes?—Yes. It was the great part that I objected to.

14,055. (Mr. Dalton.) In certain parts of the country, such as Essex, the tithe as compared with the rent is very high?—Yes.

14,056. In such a case as that, would not a very considerable portion of the land escape rating in a parish?—Yes, I can conceive it would, where it is very poor country, because the tithe has been fixed when farming was very prosperous.

14,057. Do you know whether when the Act for exempting personality from rating was passed, the case of the tithe owner was considered?—Yes, it must have been, because he is especially named in the Act, but he is not named, curiously enough, as the occupier of tithes, but simply as an inhabitant.

14,058. He was deliberately charged then?—He was deliberately exempted from the provisions of the Act: "Provided always that nothing in this Act contained shall in anywise affect the liability of any parson or vicar, or of any occupier of lands, houses," and so on; so that he was expressly by words exempted from the provisions of the Act.

14,059. While the Bill for that Act was passing through Parliament, there was comparatively little discussion upon it, but it was opposed by Mr. Goulburn, I think, on behalf of the tithe owners generally. Are you aware of that?—No. It was an annual Act; it was originally passed as a temporary Act, and it has been annually renewed.

14,060. Still it was the intention of Parliament at the time clearly not to exempt the parson from tithe?—It was the desire of Parliament to preserve the

liability of the parson, vicar, and occupier of any land that was continuing to be rated under the provisions of the Act. I do not think it was the intention to create a new liability, but that whatever liability there was should be continued.

14,061. Apart from the relief that you propose to give the parson, do you think that he has any right to have differential rating of tithe for all rates in the same way as for the general district rate?—That would be a means of giving some relief. It is only a means to an end.

14,062. But still there is a parliamentary precedent for that, so far as the general district rate is concerned?—Yes, but that has never been applied to the relief of the poor. There is no case that I know of where it has been applied to the relief of the poor. It is only given in the case of the district rate. Those who create the necessity for the district rate should bear the major proportion.

14,063. Has Parliament never applied the rule to the poor rate? In the case of the Agricultural Rates Act it applied it to agricultural land?—I was talking about the differential rating never being applied to the poor rate.

14,064. But the system of differential rating to agricultural land was applied by the Agricultural Rates Act?—Yes, but it is very much objected to by people who know anything about it.

14,065. Have you heard of any complaints of the tithe being only charged to the extent of one-fourth to the general district rate?—No.

14,066. It is rated on the fourth, like agricultural land and other property?—Well, I see the reason of that. Tithes do not create a necessity for watching and cleansing. It is an entirely different reason from giving relief.

14,067. What are the reasons why tithe has been rated only one-fourth—that it does not benefit by the expenditure?—Yes.

14,068. That is true with respect to other rates besides the general district rate; the county rate, and the highway rate, for example?—That would be so. In all those cases it is an incorporeal hereditament, which does not benefit, except indirectly. Farm produce cannot be sold unless you have highways. If agricultural produce cannot get to market it would rot in the fields.

14,069. You do not think that the precedent of the general district rating should be applied to the other rates?—No.

14,070. (Mr. Smith.) You go back to the Act of Elizabeth, and say that the parson in that Act was named in the category of "inhabitant and other"?—Yes.

14,071. And the "inhabitant and other" got his exemption from rating 60 years ago?—200 years ago by custom, and by statute 60 years ago. If you read the history of the thing you will find that the courts refused to issue a mandamus for the rating of personality.

14,072. You say, therefore, that in your opinion he was not an occupier of tithes inappropriate, nor of proportions of tithes?—Clearly not.

14,073. Would you define tithes inappropriate?—I have got it at pages 304 and 305 of the first edition of my book. I am quoting Blackstone: "From causes that are not necessary to enter upon here, the religious houses possessed themselves in a great measure of the advowsons of the church, and appropriated the benefice to the use of their own corporation, taking upon themselves the maintenance of the church, and providing for the poor, and the duties of the church. It appeared that, in order to do this effectually, it was necessary to obtain the King's licence, and to have the assent of the bishop. When the appropriation is thus made the appropriators and their successors are perpetual parsons of the church, and must sue and be sued," and so on. "When the monasteries were suppressed the appropriations which belonged to them were given to the King. And now many of the appropriations so vested in the Crown by the effect of these dissolutions were from time to time granted out by the Crown to subjects, and are now in the hands of lay persons—who are usually styled, by way of distinction, lay improPRIATORS."

14,074. That, I think, I was acquainted with, but I wanted to have a terse definition to distinguish between

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Clerical tithe owners: Differential rating in respect of tithe, how far possible.

Clerical tithe owners: Position under Act of Elizabeth.

Tithes inappropriate and proportions of tithes: Definition of.

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tithes impropriate and appropriations of tithes?—Pro-  
priation of tithe is the case where an ecclesiastical body  
is in possession of tithes, and impropriate tithes where  
they are owned by a layman.

14,075. You think the parson should be the  
occupier, if you can use that term, but you would  
prefer not to use it, and you would say that he should  
be the owner of impropriate tithes?—Yes.

14,076. Would you offer no relief when this tithe  
rentcharge is in the hands of the layman?—No, I do  
not see any ground for it.

14,077. He is clearly within the statute of Elizabeth?  
—Yes.

Clerical  
tithe  
owners:  
Their posi-  
tion under  
Act of  
Elizabeth.

14,078. But your contention is that the parson in  
the former sentence is in the category of "inhabitant  
and other," and not an occupier?—Yes. In my book,  
at page 306, I quote the answer given by Sir Robert  
Heath in 1633 to questions put to him, and the answers  
were known as the "Resolutions of the Judges of  
Assize of 1633." The question put was this: "What  
proportion shall parsonages or tithes bear to the  
"taxation of the poor of the parish?" And the answer  
given by him is: "The parson or vicar presentative  
shall bear according to the reasonable value of his par-  
sonage, having consideration to the just deductions."

14,079. Following the contention that he is an  
occupier, he will be correctly rated at present?—Ac-  
cording to the view of the law, those things which are  
thrown upon the income—which do not earn the  
income—are not deductions from it.

14,080. I gathered from the general tone of your  
evidence that except on the principle of hard cases,  
which notoriously make bad law, you do not think there  
is much ground for the contention that he is entitled  
to deduct the value of the services, and so on?—Well,  
I should not like to put it that way. I did not mean  
to convey that impression. Applying the strict rules  
of law to this particular case, if he is an occupier of  
tithes he is not entitled by law. What the Legislature  
may do is another question; the Legislature may correct  
an injustice.

14,081. You put your claim rather on natural justice  
in the face of those long continued decisions?—I cannot  
get out of the words—he is not an occupier—and the  
words are so clear.

Clerical  
tithe rent-  
charge  
if relieved  
from rating  
would to  
some ex-  
tent relieve  
the land.

14,082. I hope I have given due weight to that point.  
Of course you have to face this difficulty, that at the  
time of the Act of Elizabeth tithes were almost univer-  
sally taken in kind?—Is it a difficulty?

14,083. As a matter of fact the tithe was taken in  
kind. Of course every occupier of real and visible  
property in the parish is at present rated, and pre-  
sumably is rated less the tithe?—Yes.

14,084. And therefore one-tenth of the produce of the  
land will be struck out of the account?—That would  
be so.

14,085. You cannot escape that?—I cannot escape  
that. That would be the result. If there were 10 fields  
of equal size and a parson took one of them, and if he  
had not to be rated for it, it would escape rating.

14,086. You know, do you not, that the case of the  
parson is one of grievous hardship, whatever may be  
devised for the relief of it?—Yes, I think that he was  
unpopular in taking the tithe in the form that he did,  
and his present condition would never have occurred  
if he had not done so.

14,087. But a very large proportion of his income is  
devoted to local burdens at the present time, is it not?  
—Yes. I know in some cases parsons cannot afford  
to live in the vicarages, the rates are so high.

Vicarages  
and par-  
sonages:  
Whether  
they are  
rightly  
rated.

14,088. Have you any experience of the Act in  
relation to a vicarage house?—I have known some-  
thing about it.

14,089. I think they are very slightly rated, are they  
not?—I do not think so. As regards the country houses,  
sometimes they tell me what they are rated for—30*l.*  
rate for a house of 100*l.* a year.

14,090. Do not you find that the clergyman's house  
is rated lightly, speaking generally?—They may be  
rated lightly right away in the country, but not near  
London.

14,091. They are rated at something like their rate-  
able value, you think?—Yes.

14,092. I asked you whether it was not a fact that  
the parsonage houses were rather lightly assessed in

consequence of a feeling that the parson paid away a  
good deal?—I do not think that. I think that all  
country houses are lightly assessed. I do not know why  
they are; as a rule that is my experience of them.

14,093. (*Mr. Murray.*) Do you see any way out of  
that difficulty that you alluded to just now, that if one  
field out of every 10 is to be exempt from rating the  
other nine must pay so much more?—No, I do not  
think that the nine need pay so much more, because it  
would be distributed over the whole of the parish,  
including the houses and everything. You would not  
take off that one tenth and put it on the other nine, but  
you would spread it over the parish.

14,094. That comes to the same thing; at any rate,  
the other ratepayers of the parish would have to pay?  
—It seems to me the same thing was done when they  
ceased to rate the butcher—in the old days the same  
thing took place; it is only extending the principle.

14,095. You would be prepared to face that difficulty?  
—I do not see why you should not. If a man pulls  
down a large house, and turns it into a chapel, he takes  
it out of rating, and puts the burden on the rest of the  
people. There was one house in Eaton Square, I think,  
that was turned into a chapel, and now it has been  
turned back into a private house.

14,096. This would be rather a larger measure than  
that, would not it?—I suppose it would be a larger  
case. In such a place as Essex a suggestion was made  
to meet that case, but the land there undoubtedly lets  
for anything; you can get it for nothing if you pay the  
rates and taxes. That is disturbing the equilibrium of  
property for some years; there might be some difficulty  
about that.

14,097. I am not quite sure that I gathered what  
distinction you draw between the owner of glebe and  
the owner of tithe rentcharge as regards this question?  
—I think the owner of tithe rentcharge is simply  
a man with a rentcharge. I have known a rentcharge  
in a glebe in the country, and you are not rated for  
that; if you have a mortgage you are not rated for it.

14,098. But you would relieve the owner of tithe  
rentcharge, and you would not relieve the owner of the  
glebe?—I do not see how you can, because the owner  
of the glebe is an occupier of land under the Act of  
Elizabeth, and unless you are prepared to alter the  
statute of Elizabeth I do not see how the owner of glebe  
could be relieved. If a man's money is in land he pays  
rates and taxes on it, and if he chooses to put it in the  
funds he does not.

14,099. You rest the case of the owner of the tithe  
rentcharge mainly on equitable considerations, and  
not on legal considerations?—Yes. I think there has  
been such a long course of decisions that you could not  
attempt to upset them in a court of law, but the Legis-  
lature might give relief. I think it is opening up a  
very broad question about the decaying agricultural  
industry, and that sort of thing—increasing the burdens  
of the poor landlord.

14,100. From an equitable point of view, ought not you  
to consider what is the nature of the bargain between  
the owner of the tithe rentcharge and the rest of the  
community. Supposing that he has accepted his  
tithe for a good many years, 60 at least, as rateable,  
what equitable ground is there now for relief at the  
expense of other people?—You suggest to me that he  
is a continuing individual; I cannot get that into my  
mind. The succession is one of disconnected individuals.  
Why should a young fellow going to Oxford now be  
bound by the act of some other person who died 40  
years ago. He looks forward, and he finds that he has  
been wrongly rated.

14,101. Ought not he to have looked into that before  
he accepted the tithe?—I do not think that he  
enters upon his duties as a matter of bargain. He is  
presented to a living, if he is lucky, and if not, he  
starves as a curate.

14,102. Is it equitable that having got the living on  
these terms he should try and shift the burden?—Do  
you mean if he has accepted the living on these terms,  
and now says come and relieve me?

14,103. Yes?—I cannot say in that case that it is a  
bit more than if he had bought it. If a man is a pur-  
chaser of tithes you ought not to relieve him.

14,104. How can you distinguish between a man who  
gets a property by presentation, and one who gets it  
by devolution or purchase?—I think in one case it

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Clerical  
tithe rent-  
charge: If  
relieved  
from the  
payment of  
local rates.  
Under  
these cir-  
cumstances  
the addi-  
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ment of  
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should fall  
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Clerical  
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relief by  
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ture as a  
matter of  
equity.

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is a succession of interest, and he is bound by his predecessor in title, and in the other case he is not.

14,105. But either of them is free when he accepts the property?—It is all very well to say a man is free. A man chooses to become a parson; he has got religious ideas, and takes to them. He is not free,

he has no other career, and he must take what is offered to him. It is not a question of bargain and property; he thinks that he has got a duty to perform, and he accepts it; and I think everybody sees that it would be a kind and just thing to do to relieve him. I do not think you can put it higher than that.

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The witness withdrew

The Rev. H. Macpherson, called and examined.

14,106. (Mr. Arthur O'Connor.) You are the honorary secretary of a federation to free clerical incomes from rates?—Yes.

14,107. We have before us a copy of a representation which was made by you to the Marquis of Salisbury on behalf of a number of beneficed clergymen of all ranks. I find that in that Memorial you have this sentence on the first page: "No other citizens receiving income " or wages for duty or work are rated on that income " or wages." As far as I can gather that is the principal point upon this first page of your memorandum. Do you wish to develop that to us at all?—I shall be glad to try to do so.

14,108. What would you have to say in support of that point?—All other persons who are paid in any shape or form for services which they render either to the State or to employers pay income tax on their income, but pay no rates at all on what they receive; they pay no rates whatever on it.

14,109. Can you give us an instance of any other class of persons who receive wages or income in return for services which issue out of land?—There are no services that issue out of land so far as I know, except those of the clergy, if that can be called issuing out of land.

14,110. Do tithes issue out of land?—When we are wanted to be rated we are called land, but when any relief is to be put upon land we are not called land.

14,111. But, as a matter of fact, do tithes issue out of land?—They are supposed to represent the produce of land—the proceeds of land.

14,112. They are paid in respect of land?—Yes.

14,113. Can you tell us of any other kind or class of wages other than tithes which are paid in respect of land?—No; all other persons who receive any income for work they do, such as Ministers of State, an officer, a lawyer, or anyone, pay income tax on that, so do we. We are also rated, and our income is available for taxation besides.

14,114. Supposing that instead of being paid as tithes the amount went into the hands of some other party, the fee simple owner for instance, would there be any rating of it direct, or indirect? Let us take a property, we will call it Whiteacre, which is worth 100*l.* a year gross; out of Whiteacre proceeds a certain amount of rating in respect of the full value,—whether it is paid by the occupier ultimately or by the owner, may be a matter of difference of opinion or of view, but at any rate, it is paid somehow or other. Now then, is there any reason why, if a portion, say, 30*l.* of that 100*l.* is paid in respect of tithe rentcharge, either to the clerical body, who are impropriators, or to a lay impropriator, or to a vicar, that sum of 30*l.* should escape rating?—Yes, it should escape rating as a matter of principle, because it represents pay for work done; the remaining 70*l.* represents nothing, whereas the clergyman is only an occupier—

14,115. The lay impropriator would not be giving service?—He would be giving no service.

14,116. Would a clerical impropriator give service other than as the vicar?—There would not be a clerical impropriator. No tithe is appropriated to the clergy except in respect to their incumbencies.

14,117. I am not speaking of an individual clergyman, but of a spiritual corporation?—You mean that if this 30*l.* were given to a spiritual corporation, would that corporation have to pay any rates upon it?

14,118. Do you think they ought to?—If they perform no duties for the 30*l.*, certainly.

14,119. And in the hands of a layman, they ought to pay rates, too?—Yes.

14,120. But in the hands of a vicar, you think they ought not?—No, because it is payment for work done, which he loses if he does not do the work.

14,121. He loses in its entirety?—If he does not perform the duties, he loses it.

14,122. That is the condition under which he takes it?—Yes.

14,123. When a particular vicar went into the post he at present occupies, did he or did he not take the tithe rentcharge subject to rating?—He was instituted to that vicarage or rectory knowing, or he might have known, that there was a rate on that tithe rentcharge but the fact of his knowing it, and putting up with it when tithe was at par, or a trifle under, does not at all affect the question as to whether it is right that that should be the only income in the world that is rated.

14,124. I am asking you as to facts. Did he or did he not take it liable to rates?—Yes, it would have rates upon it.

14,125. Then the liability to rates was part of the contract when he was instituted?—Could it be called a contract?

14,126. Well, if you do not like the term, amend it?—It is salary; there is no contract. He did not agree to pay the rates. Our point is this, that any income in this country which involves any duty in connexion with it is taxed for Imperial purposes, and not for local purposes. Our income is taxed for Imperial purposes and local, which is, we contend, absolutely unjust. The fact that when we were instituted to our livings we knew of them in no sense affects the point at all. I may know of an injustice, and it must be my duty to get that injustice remedied. I did not, by accepting it *pro tem.*, agree always to put up with that injustice; and our income being a variable income, and ever falling, so that every sovereign represents primarily only 13*s.*, and that 13*s.* being taxed for Imperial income tax at 8*d.* in the *l.*, and in addition we have what no other citizens have, who have work or duty to perform, rates on that 13*s.* (which represents our *l.*) varying in value from 2*s.* to 6*s.* in the *l.*, that is, 13*s.* on the depreciated *l.*, so that our nominal income of a sovereign comes down to under 10*s.* in many cases, which I venture to think have already been brought to notice by hundreds of our men, several of whom have written. I have a whole budget of cases here in point, and I have a great many more in my bag, and any number can be produced. This gives you an idea of what we are actually suffering. Here is one sent me by a well-known man, the rector of Harpenden. This is one of the livings which nominally are good livings. It figures at 846*l.* 2*s.* 5*d.* nominally; the amount received by the rector is 60*l.* 11*s.* 4*d.*, and we are supposed to put up with this.

14,127. That seems to be a very great disparity. Can you explain to us the exact significance of these figures which I hold in my hand. It is headed "Harpenden Rectory"?—He receives from tithes, less poor rate, pension, land tax, commission, and arrears, 252*l.* 6*s.* 7*d.*; the Assistant Clergy Fund, 116*l.* 16*s.*; on account of rent of fields, 10*l.*; and fees amounting to 22*l.* 17*s.* 2*d.*; making a total of 401*l.* 19*s.* 9*d.* On the side of out-goings, for an assistant clergyman, 304*l.* 11*s.* 8*d.*; Queen Anne's bounty, first fruits, 20*l.* 15*s.* 4*d.*; ditto, tenths, 2*l.* 2*s.* 7*d.*; insurance of the chancel and rectory, 5*l.* 3*s.* 9*d.*; income tax, 8*l.* 15*s.* 1*d.*; which leaves only a balance of net income of 60*l.* 11*s.* 4*d.* I doubt very much whether he is liable to pay that income tax. The letter is not for publication.

14,128. That is to say, out of a miscellaneous income of 400*l.*, over 300*l.* is paid to an assistant clergyman; is that so?—Yes.\*

\* The witness subsequently wrote: "The nominal income is 846*l.*, and that by tall in tithe, and by rates, land tax, costs of collection, pension to previous incumbent, comes down to 252*l.* His people find 116*l.* to Assistant Clergy Fund, and he pays 188*l.* himself to the assistant clergy, leaving between 60*l.* and 70*l.* for himself. The assistant clergy are necessary for the work of the parish." [See return furnished to the Commission by the Rector of Harpenden, pp. 348-9.]

Rev. H. Macpherson.

Clerical tithe owners accept their positions in the Church subject to a liability to pay rates.

Rector of Harpenden: His gross and net income.

Rev. H.  
Macpher-  
son.

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Clerical  
tithe rent-  
charge:  
Suggestion  
that it  
should be  
wholly  
exempted  
from being  
assessed to  
local rates.

14,129. Over three-quarters is paid to the assistant clergyman?—That is so.

14,130. (Mr. Murray.) Your claim is for total exemption of tithe rentcharge from rating?—Yes. On a matter of principle; it is payment for work done, or the income is lost. We want to be put on a level with other citizens.

14,131. Is that the view of the 2,000 memorialists?—That is the view of the Federation.

14,132. That has not been put forward before, I think; has it?—It has been in the memorial.

14,133. It has not been given to this Commission before, I think, at any rate?—Not that I know of.

14,134. We have had the case of the owners of tithe rentcharge stated, but they have never gone so far as that?—You refer to what is called a tithe owners' union—Mr. Peterson's.

14,135. And Mr. Stevens?—I do not know about it. This is a federation of 1,500 beneficed clergy, country clergy, who, as a matter of principle, in the words of the memorial, claim exemption from rating because our money is for work done.

14,136. Do you include the owners of glebe land?—They are already relieved by the Agricultural Rating Act temporarily for five years; but, of course, every glebe is for services rendered, and would fall in the same category. If the words "and glebe" were inserted after "Tithe Rentcharge" in the proposed Bill in the Memorial that would cover them. In either case it is payment for services, and should be freed from rates.

14,137. And you claim total exemption from that?—Yes, because they are payments for services. Of course, there are many collateral reasons; but poverty is no argument—we do not plead poverty, but we go on the principle of justice. We can prove that we have lost terribly by the Tithe Commutation Act. We can prove also that we bore those rates as long as tithe was anything like at par. But with tithe at 68*l.*, and that 68*l.* rated at from 2*s.* to 6*s.* in the £, it is a question of actual existence at this present moment. In the case of my own living, between 20 and 30 years ago the income of the living was worth between 400*l.* and 500*l.*, and now it is not worth half that; and that is rated. The Vicar of Portsea—and I mention the Vicar of Portsea because it is in to-day's papers—is represented as having a fat living of 1,000*l.* a year. He says: The income of my benefice is 1,000*l.* a year. I have 14 curates whom I have to keep to serve the churches and chapels in connexion with that large parish, and I get 340*l.*

14,138. Are not you leaving the question of principle on which you started?—Yes, I was only showing that this living, which is supposed to be a fat living, is reduced from 1,000*l.* to 340*l.* net income.

14,139. But your claim is, that both tithe rentcharge and glebe land should be exempted from all rating?—Yes, we inserted tithe rentcharge; we did not put the word "glebe"—that is for the Government to do.

14,140. Does it not follow, from the principle that you have laid down?—Yes, that would follow; but they are relieved, we are not. We were carefully left out of the Agricultural Rates Act because we were not land, and the only reason for rating us is that we are land; that is a flat contradiction.

14,141. You are asking for a total exemption?—As a matter of principle.

14,142. Those under the Agricultural Rates Act are not totally exempt?—No.

14,143. Would owners of tithe rentcharge be satisfied with the same relief?—I am not in a position to answer that question. The principle that we go upon is, that it is not right that we should be the only class to pay rates on income for work done; we say that we should be free.

14,144. And it follows from that that the glebe would be free?—It would.

14,145. That would mean a certain reduction in the rateable property of the parish?—It would be an instalment from Imperial funds; it would not be the cost of one battleship.

14,146. Why take it from Imperial funds?—Because we do not wish to increase the rates of others. It is an Imperial matter.

14,147. But I still do not see why it should be from Imperial funds?—We do not want to increase the rates

of other persons. We claim, as our income from land involves work, and no other income from land does involve any work, therefore our income should not be rated by a penny piece.

14,148. What I do not quite follow is, why the difference should be made out of Imperial funds?—Because it would be unjust to put it on the other owners of land—who pay rates as they do. They pay rates on their land; and it would be unjust that it should be added to them. When the Agricultural Rates Act relieved them, they were relieved from Imperial sources; it did not propose to inflict a burden upon other persons, though it does indirectly. Heaps of mens' rates have been increased by that Act. They, the landowners and occupiers relieved by that Act, were relieved from Imperial sources. This is a question of Imperial justice. Relief should come from Imperial expenditure, which would be a mere fleabite—half a million would do the whole thing.

14,149. Suppose the clergy, as you contend, had never been rated, on whom would the burdens then have fallen?—I cannot go into processes so far back as that, but I may say that it was never intended, even from the first, that the clergy should be rated except to the poor. We were rated only to the poor. Now we are rated to half a dozen other things besides. Any fresh thing that is put on the rates we are rated to. We are rated on the highways, though we have perhaps only a wheelbarrow, and we do not get the benefit of the rates on the highways the same as the butcher with his cart, and that kind of thing. Those people are the persons who get off scot free.\*

14,150. Still your contention is that you ought never to have been rated at all?—We should never have been rated as a matter of principle, and as a matter of ethics, if you are going into ethics.

14,151. If that principle had been admitted in the time of Elizabeth?—This would not have occurred.

14,152. Who would have had to pay the rates of which you would have been relieved?—If this question had occurred in the time of Elizabeth, the Parliament of Elizabeth would, doubtless, have provided for that.

14,153. Do you think it would have been provided for out of Imperial sources?—I cannot say, but I am sure that they never intended the clergy to be rated on their incomes.

14,154. (Mr. Smith.) Would you give us the population of the parish of which you gave us an illustration?—Which one do you refer to?

14,155. You only gave one, I think; it is the parish with a nominal income of 846*l.* a year, which was reduced by a very considerable amount?—I do not know the population of it, but there is a Clergy List in the next room, and that would give it to you in a moment.

14,156. Would you give me the name?—Of the rector?

14,157. No, the name of the parish. I rather prefer not to have names of individuals?—Harpenden.

14,158. Will the Clergy List give me the area of the parish?—Yes.

14,159. Is there more than one church in it, do you know?—I cannot tell you; I should say not.

14,160. Do you know anything as to the necessity of all this clerical assistance?—No.

14,161. Do you know nothing beyond the facts submitted to you?—That is so; he sent it to me thinking it might be possibly of use to the Royal Commission.

14,162. It would be of more use if we had all the facts before us. You have taken the case of professional incomes; it would be quite possible, would it not, for a professional man to pay all his income away in clerks' salaries?—Yes.

14,163. You recognise, do you not, that the total exemption of tithe from local taxation means taking practically one-tenth of the land out of local taxation?—One-tenth of the present value? No, it would not be a tenth of the present value of the land. The landowners are supposed to have gained two millions by the Tithe Commutation Act, but rents were very low then.

\* The witness subsequently wrote: "And we are rated on our incomes for schools, sanitary rates, and for county council rates besides. No other persons are rated on their incomes for all these, and no other persons who have to work for their incomes are rated at all."

Rev. H.  
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son.

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Clerical  
tithe rent-  
charge was  
not intended  
to be assessed  
to local  
rates except  
as regards the  
poor rate.

Recto.  
Harpenden:  
Particulars  
to gross  
and net  
income.

Tithe Act  
1836:  
How far  
beneficial  
to land-  
owners and  
clergy.

Clerical  
tithe rent-  
charge—  
glebe land:  
Suggestion  
that it  
should be  
wholly  
exempted  
from being  
assessed to  
local rates,  
and defi-  
ciency  
arising  
therefrom  
paid out of  
Exche-  
quer.

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14,164. Pardon me, the clergy were quite satisfied with it up to about 20 years ago, were they not, because the balance was in their favour?—No, it would have been a good deal more. Rents were very low at the time of the Tithe Commutation Act, and they have gone up considerably since.

14,165. Assuming that the Tithe Commutation was a fair thing up to 20 years ago?—It was over the par value, and that, Mr. Gladstone says, should be accepted as the normal value of the tithe, and its value should be brought up to that.

14,166. I think you are the author of this letter to Lord Salisbury, are you not?—Yes.

14,167. (Mr. Dalton.) Your claim is to exempt the tithe which is in the hands of the parson, I think?—Yes, the person who has to perform the duty for it.

14,168. There is a great amount of tithe in the hands of the Ecclesiastical Commissioners which, I suppose, is paid to clergymen for the performance of similar services to those of a vicar; do you think that that should be exempt, too?—Those clergymen get their salaries free of all rates.

14,169. They get their salaries free, but they get a smaller salary in consequence of the Ecclesiastical Commissioners having to pay the rates upon the tithe?—I do not know whether they get a smaller or a greater salary.

14,170. If the rates are deducted from the tithe before it reaches the hands of the Ecclesiastical Commissioners, it is clear that the Ecclesiastical Commissioners have less to give in salaries to clergymen, is it not? I want to know how you would draw a distinction between the tithe in the hands of an ecclesiastical body, like the Ecclesiastical Commissioners, which is paid to the clergy in respect of services done, and the tithe which goes straight to the clergyman from the owner of the land?—I should say that the tithe in the hands of the Ecclesiastical Commissioners cannot claim exemption, because there is no duty performed for it by the Ecclesiastical Commissioners themselves.

14,171. It goes to the performance of a duty; it is merely that it has been taken, as if it were, from the parish, and handed over to the Ecclesiastical Commissioners to be given in the same way to other clergy who perform the duties. The Ecclesiastical Commissioners are merely a conduit pipe, are they not, for distributing the money; they are a body for distributing the tithe to clergymen for the same duties as those which are performed by the parsons who receive the tithe straight from the owner?—Yes, where they get the tithes, they would be receivers of the tithe.

14,172. Their income would be derived mainly from tithes and from land?—I cannot tell you all the sources of their income, but I have got it in the Clergyman's Legal Handbook.

14,173. (Mr. Arthur O'Connor.) I think the question put to you, is this: through the Ecclesiastical Commissioners, tithe or tithe rentcharge, or whatever you term it, is ultimately distributed as through a channel for clerical services; that is to say, it goes to the same purpose as the tithes which are paid to vicars, that is occupying clergy; therefore, what is your reason for suggesting that tithes which go to the occupying clergy direct should be free from rating, whereas those which are paid to the Ecclesiastical Commissioners, and go indirectly, should not be free from rating?—Because the Ecclesiastical Commissioners agree to the principle for which we are contending by paying the clergyman a salary which is unrated. Whether they pay rates or not, is not our affair. Our contention is that the man who does the work has no business to be rated on his pay for the work, in whatever shape they pay rates, whether it is from land or anything else.

14,174. (Mr. Dalton.) Then you do not consider that the tithe in the hands of the Ecclesiastical Commissioners has any claim whatever to be exempted from rating?—It is a matter for them to take up, so far as I am concerned.

14,175. It affects the Church manifestly to the same extent as the other income does. You would say the same, I suppose, about other endowments?—I cannot very well answer any questions for other people—I mean to say, questions that do not actually concern the clergy. We know our position and we know where we are. It is a matter of financial life and death for us. We should have borne with this to the Greek Kalenda

probably on the question of rates, if the tithe, as I have said, had stood at par or anywhere near par, but it having gone down to below 70 per cent., and we having lost over 30 per cent., and being asked to take 13s. for every nominal 1l., that has forced the question—is it right for us to be rated at all—why should we, of all people in the world, be rated and taxed?

14,176. I am not arguing that you should be rated?—And I am not meaning to say that you do.

14,177. I am inquiring whether the tithe in the hands of the Ecclesiastical Commissioners does not stand in the same category as the tithe paid direct to the occupying clergy, and whether the Ecclesiastical Commissioners have not a similar claim to that which you put forward?—I should say not. They are a public body that receives certain monies from various sources, and pays out certain incomes for duties done, and the persons who receive those incomes receive them for duties done, and should have their income free of rates like every other person. But whether the actual large body that gathers in this money from various sources should pay rates on it is a matter for other persons to judge; I really am not in a position to say.

14,178. Your answer would be the same, I suppose, for tithe held by —?—The lay improprator, for instance, is in quite a different category.

14,179. He performs no services?—He performs no services whatever; not only that, but you cannot sequester his tithe in order to make him repair the chancel even.

14,180. No services in that case are performed in respect of the tithe, but services are undoubtedly performed in respect of the tithe paid to the Ecclesiastical Commissioners—they are performed by the persons to whom the Ecclesiastical Commissioners pay the tithe?—They are performed mediately, but the question does not come in through the Ecclesiastical Commissioners; the question comes in through the man being instituted to the living, a vicarage or a rectory. The Ecclesiastical Commissioners do not figure in the matter, and they are not a party to this affair.

14,181. I will not pursue that question any further. You say: "At the Tithe Commutation Act no sum was added for rates"?—Yes.

14,182. What is your authority for that statement?—It is a matter of fact.

14,183. We have had considerable evidence before us to the contrary?—It probably would take this shape. It is not generally known that at the time of the Tithe Commutation Act, most of the tithes were leased by the parson to A.B., who paid him a certain sum for them. For instance, his tithe being estimated at the gross value of 100l., we will suppose, would be leased by him to A.B., who would give him 80l. or 90l. for it, and who would pay the rates. When the Tithe Commutation Act came to be passed, and rates were to be paid by the tithe-owner—who is not really an owner, for he is only an occupier for life, as a matter of fact—by the clergyman who is called the tithe-owner, of course, it is obvious that the difference paid in rates before by A.B. must be added to the amount received by the tithe receiver before. Where all the sums were added, so called, to the Tithe Commutation Act, that was merely a restoration to the tithe-owner of what was paid out in rates before by the person who received the tithe. It was preposterous to suppose that any landlord or anybody else would have made the clergy a present of something by the Tithe Commutation Act, because they would not have done it. It was really only adding what was subtracted before.

14,184. It was added to the net to make the gross?—Quite so.

14,185. Then, when in your letter to Lord Salisbury you say: "At the Tithe Commutation Act no sum was added for rates," you meant by that, "No sum was added to the gross tithe"?—If you go on you will see my letter says, "Tithe that was assessed at 100l. and rated was commuted on 100l. and rated still."

14,186. (Mr. Arthur O'Connor.) What does that mean?—That means that the gross value of tithe which first of all was 100l. would be let out to A.B., who paid 80l. to the parson. A.B. would make what he could out of the 80l.—the collection of the tithe was a thing that they made what they could out of; he would pay the rates on it which would be 20l.; then at the commutation the 20l. would be added to the 80l., and the parson would

Tithe Act,  
1836 (6 & 7  
Will. IV.

c. 71).  
No sum  
was added  
when tithes  
were com-  
muted re-  
presenting  
the amount  
of rates  
payable by  
clerical  
tithe  
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pay it; that is all. It is simply that the person who paid the rates was changed, and there is not a particle of addition anywhere.

14,187. Where is the injustice of that? What is it you complain of?—We do not complain of any injustice at all. But it is a popular fiction sometimes advanced that large sums of money were carefully presented to the clergy at the Tithe Commutation Act in order to enable them to pay rates in future; it was as if something was added to their 100l. of tithe which made it 110l. or 120l., and so a present was made to them.

14,188. I do not think that impression prevails on this Commission, at any rate?—It does prevail, and it is very necessary to combat it with the facts.

14,189. (Mr. Dalton.) Your position is that no sum was really added for rates, as the sum which was added was not added to the gross?—That is so.

14,190. You say, "Tithe was rated to poor only; now it is rated for poor, highway, schools, sanitary and county council experimental schemes"—that applies to other classes of property besides the tithe, does it not—it applies to all landed property, for instance?—Yes, all property which pays rates would still have to pay the rates on all the other things.

14,191. They as well as the tithe-owners have had those charges added?—Yes.

14,192. (Mr. Elliott.) I understand your contention is that the tithe rentcharge in the occupation of a clerical is to be regarded as salary?—Salary for service.

14,193. Who pays you that salary?—The tithe payers. Do you mean who are the actual individuals who pay

14,194. No; I take it that when anyone is in the receipt of a salary, that salary must be paid by some employer?—The tithe payers—not necessarily by an employer, need it be?

14,195. Your contention as presented to this Commission is, as I understand it, that the tithe rentcharge is not to be regarded as income from property but as a salary for services rendered?—We know perfectly well that tithe rentcharge or the tithe of the clergy is in a sense an endowment (like everything that is voted by Parliament—every vote is an endowment, only it is an annual one). The tithe is also an income for services. The source of the service or the people who pay it in no sense affects the argument.

14,196. Do you not feel that you are on very dangerous ground if you suggest that the tithe rentcharge is a mere salary and not income from property belonging to the Church?—A sum of money can be property if you like to term it so, and income or salary, too. It is a salary for work which is paid by the persons who have to pay the tithe. We are the owners of it for the time being, but if we cease to perform the duties in connexion with the work we are no longer the owners.

14,197. I will ask you, if possible, not to repeat your former answers, which I quite appreciate, and I am not asking these questions in anything but a sympathetic spirit?—I am sure of that.

14,198. But I do want to ask whether you regard the property from which this income is derived as being the property of the church?—It is the property of the Church in the original instance, certainly—and of the individual person.

14,199. Do you consider it to be the property of the Church now?—At this moment, do you mean?

14,200. At this moment, yes?—Certainly.

14,201. Then your wish would be, would it not, to see that property augmented in order that the income which goes to the incumbents of benefices may be augmented?—No, I would rather put it this way—that that property which belongs to the Church in individual places was never a general endowment. It is very often supposed that the Church was somehow or other generally endowed all over England; as a matter of fact, it was nothing of the kind. My contention is that that property which belongs to the Church in the respective individual parishes, being a source of subsistence for the clergyman for services which he has to perform, should be put in the same category as all other incomes are for any other services. If you want an employer, the State is an employer, for one—I put

it in that way, it is the State Church, so-called—the Church of England.\*

14,202. Then, adopting that last answer, would you suggest that the State should supplement the income which is at present received by the owners of tithe rentcharge?—Yes, by removing our injustice.

14,203. Do you anticipate any strong Parliamentary opposition to that proposal?—No. Every letter that we have from every Member of Parliament we have heard from is in sympathy. Men are only too glad to help if they only get a chance to do so. I am sure that if the Government knew of the support we receive from Members of Parliament who are anxious to see our grievances removed, it would be done.

14,204. (Mr. Arthur O'Connor.) You are speaking, I suppose, of those members of Parliament who answered your letters?—I am speaking of those who answered the letters of members of our Federation who wrote to them individually.

14,205. Can you tell what proportion of the House answered?—I cannot give you that at this moment. My house is nearly full of letters now—it is being filled up.

14,206. (Mr. Elliott.) Are you quite satisfied that a proposal to supplement the income of the Church from State sources would receive no strong opposition?—I would not for one moment put it that way, as supplementing the income of the Church. I do not suppose that that could be or would be a desirable thing to be brought forward. But it would be taking away a grievance from which one body of citizens is suffering and no other.

14,207. To follow the line that Mr. Murray suggested to you, someone would have to make up the deficiency in the rates, would they not?—Yes; we with other people who pay income tax.

14,208. Someone would have to bear an additional burden by reason of the relief which you were given?—The burden would be inappreciable; it would not be a halfpenny in the £, and I should be one of the payers.

14,209. I want you to answer me specifically. You cannot wish to contest, it is quite obvious, that to the extent to which relief was given to the owners of tithe rentcharge, an additional burden would have to be borne by other classes of the community?—The deficiency in our rates would have to be made up from Imperial sources, as in the case of the Agricultural Rates Act.

14,210. Then from Imperial sources an additional sum would have to be paid, as I take it, to the incumbents of benefices deriving an income from tithe rentcharge?—Yes, that is so.

14,211. And you defend that proposition of yours by the argument that services have to be rendered in respect of that income?—Yes, the nature of those services does not enter into the argument. Services have to be rendered which the law requires at present. When the Church is not established, then nothing will come in.

14,212. Supposing that it was argued in Parliament, that the incomes of these clerical titheowners whom we all know have suffered very much ought to be augmented, not by an additional burden upon other taxpayers, but by increased contributions at the hands of the wealthier supporters of the Church, what would your reply be?—The answer to that would be that it should be paid by the State, because the services at present are required by the State. We are in connexion with the State and we are required by law to do those services.

14,213. Going now to the particular form of relief, I understand that the suggestion which you make to the Commission is that the tithe rentcharge, which is the income of parochial incumbents should be altogether exempt from rating?—Yes.

14,214. Do you know whether that extreme view of the case is universally adopted, or do you think that a proposal which would have the effect of giving relief in the smaller benefices would be acceptable to those whom you represent?—We contend, of course, for the principle, and the principle is mere justice.

\* The witness subsequently wrote: "The property has a dual ownership—the Patron's and the Incumbent's. But the Incumbent cannot sell it like other property—he has a life-interest in it, contingent on duty. The State by Act of Parliament ousts him from it for neglecting the duty, which duty the State desires should be done. The person, therefore, who performs the duty should not be rated. The property is not the State's. To the Incumbent it is income for work, not property."

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Clerical tithe owners are paid by tithe payer. Their income is derived from the property of the Church. Proposal that the State should supplement the property of the Church

Clerical tithe rentcharge: Suggestion that it should be wholly exempted from being assessed to local rates. How far a smaller measure of relief would be satisfactory discussed.

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14,215. (Mr. Arthur O'Connor.) What principle?—The principle of not being rated on pay for work. If a proposal were made to relieve incomes below a certain value, of course, it would be generally very favourably received, but it would not touch the principle; it would be rather in the form of alms, as it were.

14,216. (Mr. Elliott.) I should not for myself have used the word "alms" in that connexion any more than I should use the word "alms" in respect of that relief which is given to the owners of small incomes under the Income Tax Acts. I wanted to know from you whether, after all the correspondence you have received, a proposal which would give relief to the smaller benefices would be regarded as a satisfactory solution of this question?—I think that a certain amount on all benefices, we will say, would be acceptable—not only the smaller ones, because it is not right, as a matter of principle, that the rich ones, if there are any rich ones left, of which I have grave doubts, should not also be relieved to the same extent *pro rata* as the smaller ones. For instance, a neighbour of mine, nine miles off, is supposed to have the richest living in Kent; he does not get 400*l.* for it, and it figures in the Clergy List as 1,500*l.*—that is the rector of Cliffe.

14,217. In the law, as it at present stands, there is no nice adjustment, as it were, is there, of income and duties in the Church?—No, any more than there is amongst officers, or amongst lawyers, or amongst other classes of the community. Amongst all there are very varying salaries, and it very often happens that the man who does the most work has the least salary.

14,218. But those who fix the salaries endeavour to do so by reference to the duties to be performed, do they not—they may make mistakes, but that is their endeavour, is it not?—By reference to the responsibility, I should have said.

14,219. What I really want to get at from you is whether you can say that in every case the whole of the income of the benefice must be regarded as a return for services rendered?—The whole of the income of the benefice is paid for services, certainly.

14,220. Now, supposing that by any reason there is a suspension of the incumbent of the benefice and the bishop is compelled to appoint a substitute, does that substitute get the whole income?—I cannot say that I am aware of that.

14,221. Are you acquainted with the scale of payments laid down in the Pluralities Act?—No, if a case happens such as you mention, it would be a matter more or less of agreement, I fancy, between the incumbent, the bishop and the substitute. The incumbent, for instance, could insist upon a trial or upon the whole salary, if he chose, and, therefore, if he agreed that a substitute should be paid, and that he should only receive part of the benefit, that would be a matter of agreement, would it not?

14,222. Are you aware that in the Pluralities Act a scale is laid down beyond which the bishop cannot go, and that in the case of a suspension or anything of that kind, the bishop is only entitled to appropriate, in order to secure the due performance of the duties of the benefice, a certain proportion of the living—are you not aware of that?—I know a case in point, in which a man, the curate in charge, did get so much a year.

14,223. In view of that provision in the Pluralities Act, do you not think there is something to be said in favour of the limitation of this relief to that maximum scale of payment which the bishop is authorised to appropriate in order to secure the due performance of the work of the living. Perhaps you have not considered that?—I see what you ask. My difficulty is this: certain incumbents, who have nominal incomes we will say—and they are not many—of 600*l.* or 700*l.*, finding that their incomes now have got down to 300*l.* and under, have written saying that they have heard from members of Parliament, and that they hope that the relief which is to be given is not going to be entirely a relief for the smaller livings.

14,224. That is scarcely an answer to the question. I am afraid the matter is somewhat complicated, and I may have been at fault in not putting it to you clearly. May I, if possible, interpret your own views. You think, as I understand, that in the case of every living some relief should be given?—Yes, certainly.

14,225. But you are not prepared to dissent from a proposition that the relief in the case of the larger benefices should be limited to some such scale of allow-

ances as that which is mentioned in the Pluralities Act?—That is so.

14,226. Do you think that some arrangement of that kind would be satisfactory to those whom you represent before us?—Anything would be satisfactory that would relieve our present distress—temporarily satisfactory, in any case—is that what you mean, or do you mean permanently satisfactory?

14,227. Permanently satisfactory?—That lies with the future.

14,228. But judging from the correspondence which you have had; supposing, for example, you have a living, say, of 500*l.* a year, and relief is given to the extent of, say, 150*l.* of that 500*l.*, would the incumbent of that benefice be satisfied that his claim had been fairly met?—I should think some of them would.

14,229. Would you yourself?—I should not come under the category of the 500*l.*

14,230. Is it difficult for you to imagine yourself in the possession of a benefice of 500*l.* a year?—I am afraid it is, because a living of 500*l.* would figure out at about 250*l.*

14,231. This matter is really important, because you come before us as representing, as I understand, some 1,500 or 2,000 beneficed clergy?—Yes, I do.

14,232. You ask us to adopt the principle that the whole of the tithe rentcharge should be regarded as non-rateable. Then I ask you, supposing that the Commission were unable to propose so extreme a measure, would there be a general satisfaction, so far as you can gather from your correspondents, if a certain fixed allowance, say, of 120*l.* or 150*l.* or 200*l.*, were deducted from all livings receiving income from tithe rentcharge?—We should be very thankful for it, of course.

14,233. Do you think that the agitation would disappear?—I cannot say that.

14,234. Would your association disband?—I cannot say that we should disband, because we might serve other useful purposes. But perhaps you are referring to the title?

14,235. I am referring to the title?—I cannot tell without knowing the views of the other men.

14,236. Then you have not been able to form an opinion on the subject?—I know their opinion from their letters.

14,237. And what is that?—They contend that we ought not to pay.

14,238. And you think nothing short of that would give them reasonable satisfaction?—We should take anything we can get, of course.

14,239. And ask for more?—We should be very thankful for anything; but do you know, and do the other gentlemen of this Commission actually know, the state of affairs at present? Look at the Pidler case.\*

14,240. (Mr. Arthur O'Connor.) I understand your position is this, that the community has decided that certain offices should be filled by certain reverend gentlemen with certain duties to discharge?—Yes.

14,241. Provision has been, at one time or another, made for those offices, and now, in consequence of a number of different causes, that provision is glaringly inadequate?—That is precisely the point.

14,242. And even such a relief as freedom from rating on all tithe rentcharge would be appreciable?—It would.

14,243. But if you cannot get relief in that particular way, you hope to get relief in some way or other?—Yes, that is so.

14,244. Better in that way than in no way?—Yes.

14,245. That is practically the pith of what you have to submit to us?—Yes. The tithe falling we cannot help; that is the fortune of war. It is very sad, but it is no argument that it has fallen. But the rates we can help—that is my contention—and those should be taken off. If you knew how these incomes have fallen—here is a pile of letters from which I could read you accounts of nominal incomes, and of all the various deductions—if you knew how they had fallen, I am sure no man would refuse to help us who could.

\* Heard at Litchington Petty Sessions on Saturday, November 13th 1897.

The witness withdrew.

Adjourned.



**NOTE.**—The Minutes of Evidence taken before the Commission on the 37th to the 42nd Days refers to the system under which taxation is raised for local purposes in Scotland, and will be found in Volume III.

## FORTY-THIRD DAY.

Wednesday, 18th May 1898.

At St. Stephen's House, Victoria Embankment, S.W.

PRESENT :

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

SIR E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq., C.B.

ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
THE RIGHT HON. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*  
T. LLEWELYN DAVIES, Esq., *Assistant Secretary.*

Sir CHARLES ELLIOTT called and examined.

Sir  
C. Elliott.  
18 May '98

18,139. (*Chairman.*) You are, as we know, a member of the London School Board, and you have been appointed by the Board to make some representations\* to us which are contained in this memorandum which I hold in my hand?—They are contained in that memorandum with one exception, which I wish leave to add, which was omitted by accident.

18,140. Certainly. The first subject on which you desire to make a representation is as to the grants which the School Board receives for pupils who take what may be summed up as the branch of domestic economy?—Yes.

18,141. Perhaps you would develop that and give us the reason?—The argument of the School Board is that whereas for the general purposes of elementary education the grants that are given bear a fairly definite relation to the expenditure, amounting in our case to 40 per cent. of the total cost of elementary education, the grants which are given for these special branches of cookery and so forth bear a considerably smaller proportion to the cost which the Board incurs. They ask that something like the same proportion may be arrived at in the grants that are given for these special branches of education. With regard to cookery, as is shown in my memorandum, the cost per child was actually 12s. 7d., and we get 3s. 9d. as the grant; the cost of the laundry work was in the same year 10s. 6d., but we get a grant which is considerably less—which is only about half the cookery grant.

18,142. What would you say to the objection which might be taken that these subjects were special for special training and were not of a general educational nature?—I should say that these subjects are extremely useful for the general development of the children and for their own training for their future life, and that they are really almost as important, if not quite as important, as the branches that are taught in the elementary schools after you have passed the first three elementary subjects of reading, writing, and arithmetic. Those, of course, must stand first, but there are a great many developments in elementary education, all of which are important for the general training of children in intelligence, habits of observation, and so forth.

18,143. But still not so distinctly specialised for the particular work of after-life as these—these are more like training for a special trade, are they not?—Hardly for a trade, because we do not find that our girls take employment as cooks or washerwomen in consequence of this training.

18,144. They are more like training for a trade as opposed to educational development, are they not?—I should be inclined to demur to that, and to say that they are necessary adjuncts to their lives as the useful wives of the husbands of the classes into which they will marry. That applies to the cookery and to the laundry. We take

the case of manual instruction as to which the grant is already fairly large, and we do not ask for any increase to it, we rather go on the parity of that example—that, as the Education Department grants us very nearly half the cost of the manual training for boys, so it might be reasonably expected to grant a similar proportion in the case of this very necessary instruction for girls. That refers to the case of the cookery and laundry alone.

18,145. What is the course in what you describe as housewifery, I am not familiar with it?—Housewifery is a new development which is only now beginning to take effect, and on which we have not hitherto spent very much. May I read an extract from the sub-committee's report on the subject: "Housewifery is a subject under Article 12 (f) in the New Code, without any prescribed length of course of instruction, scope, or details of work, or any other information for guidance. The Board are at present carrying on the first year's experiment in a course of domestic economy, amalgamating practically (1) cookery; (2) laundrywork; (3) domestic economy as a class subject for girls over Standard V., and (4) housewifery."

18,146. What is housewifery; what do you teach under it?—The management of a house. I think there are at present only three centres established. At each we have a kitchen, a scullery, a bed-room, and a sitting-room; the girls are taught the use of the kitchen, the cleaning up of the things in the scullery, the making of beds, and the sweeping out of a room, and things which will fit them for domestic service or for keeping their own houses or their husbands' houses clean in future life.

18,147. Have representations under any of the heads of which you have just been speaking been made to the Education Department?—We are preparing to make a representation to the Education Department. We have been consulting the other school boards in order to know how far they feel the shoe pinch in the same way that we do, and whether they are prepared to join with us. We have had answers from the majority of those that we have consulted implying that they are prepared to join with us, and we shall make a representation to the Education Department.

18,148. Touching the other two points in your memorandum, namely, the proposal to have an increase of the grant to those who are deaf and to those who are mentally deficient, what have you to say?—The case of the mentally deficient is a very strong one. At present we get no special grant for them. They are treated as a class in the infant department of the school, and we get exactly the same grant as infants get in an ordinary infants' department; that is to say, the maximum that can be got is 17s. per head as a grant and 10s. for attendance, whereas we have to employ specially trained teachers who are particularly skilled in the treatment of the children of this deficient class, and we have to keep the classes extremely

Sir  
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Grants received by London School Board for those who are deaf and dumb and mentally deficient said to be inadequate.

Sir  
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small. The classes are not allowed to exceed 20, and therefore the cost of teaching is very much greater.

18,149. How old do you keep children in the school whom you describe as mentally deficient?—I do not think there is any definite age. Of course we are governed by the age of 14; we cannot keep them beyond that.

18,150. You say you cannot keep them beyond that, but you can if they choose to attend, can you not—that is exactly what I was coming to, whether you were extending operations at all beyond the school age?—No, we are not.

18,151. There is no statutory objection to your doing so, though there might be some practical ones?—We should get no grant for them, because the grants are not given for children over the age of 14. These are mostly children who are unfit to be sent up at the age of seven or eight as infants are to the upper departments, and who are therefore kept under a special mistress; but if they are taken early they are very frequently so developed that they are able before they leave school to be passed up into the upper departments.

18,152. What do the Education Department say about that?—We have made no reference to the Education Department as yet about it.

18,153. When you talk of deaf children do you mean deaf and dumb?—Yes, deaf and dumb children, but the use of the word "dumb" is abandoned now because we teach almost all our children the oral system, and they do speak—they read your words off your lips, and they do answer you, not in pleasant tones, but in quite intelligible voices.

18,154. I suggest that those matters are rather for the Education Department than for this Commission, but I do not wish to absolutely preclude them?—It seemed to us possible that it might be so, but we thought that if your Commission was willing to give us a helping hand and to pronounce in favour of our contention it would very much strengthen us.

18,155. I have some little difficulty myself in bringing it within the reference, but we thought, on considering it, that a body such as the London School Board should not be shut out altogether, and therefore we proposed to take your statement. There is one other matter you wish to speak upon which you say is not embraced in this memorandum?—That is the case of the children of truant and industrial schools. That was omitted because I had not at the time I sent in my précis of evidence received the memorandum from the Industrial Schools Committee.

18,156. We had better take the truant schools first, I suppose, as they are more nearly allied to your general work in the rougher districts—for truant and industrial schools are not quite the same thing, are they?—They are not quite the same thing, but the line between them is extremely fine and difficult to distinguish and the treatment is practically the same.

18,157. Surely a child sent to an industrial school will not be so bad as a child sent to a reformatory—they go to a reformatory under a magistrate's order do they not?—Yes, they go under a magistrate's order, and the truants also.

18,158. The truant is not so distinctly confined by a magistrate's order to a school, is he?—I think so. He can only be sent by a magistrate's order. They are summoned for non-attendance, and when there is repeated non-attendance, instead of fining the parent up to the maximum of 5s. the magistrate gives orders that the child may be sent to a truant school. We find that the cost of our truant schools is very large. The average cost is about 19l.

18,159. Nineteen pounds per head?—Yes, 19l. 3s. 9½d. is the average amount expended.

18,160. Just let us have that quite distinct. What does that include, does it include the cost of buildings?—No, that includes only the maintenance. It is the cost of the boarding and of the establishment which run that up.

\* The witness has sent in the following statement:—

I submit the estimate, asked for by the Royal Commission, showing the aggregate cost of the concessions asked for by the London School Board as to grants in aid of different kinds of special instruction.

In column 4 I have entered the present rate of grant which may be secured, and in column 5 the grant which would be paid if all the children earned it. As a matter of fact the grant earned is somewhat less, as some of the children are disqualified under various rules. In the case of Industrial Schools the rate is a varying one, so the actual grant and its rate per head are entered.

18,161. In both truant and industrial schools do you board them entirely?—Yes, with the exception of one day industrial school in which we give them three meals in the day but do not keep them at night.

18,162. How many children have you in the district of the London School Board whom under the name either of the truant or of the industrial school system you board entirely?—916.

18,163. It is perhaps hardly germane to the inquiry, but I intended to ask the question: How far on you take them and what you do with them afterwards?—The children in the truant schools are sent there for three months and then they are discharged in the hope that they will attend better, with the result in many cases that they do attend better, in future. In the industrial schools the children are kept till they are of the age of 16, and then, as far as possible, we place them out in different kinds of employment in service, for instance, or in the case of our largest establishment, which is an industrial training ship, we make efforts to get them into the navy or into merchant vessels.

18,164. Have you girls as well as boys?—We have girls in one school now existing, and there is one that has just recently been opened.

18,165. What is your suggestion as regards the increase of grant to them?—At present we receive no grant from the Education Department, on account of either the boarding or the teaching of these children. The present payment from the Home Office averages 5l. 15s. 0d. per head; and our suggestion is that we might be allowed to retain this, and also to obtain from the Education Department a grant corresponding to the grant for elementary schools on account of their training in ordinary studies, and their special training in manual instruction.

18,166. Do you mean by that the Code Grant?—Yes.

18,167. And the fee grant?—Yes.

18,168. Is there any other point you want to bring to our notice?—There is only the point in paragraph 6 of my memorandum, which is, perhaps, hardly a matter I should trouble this Commission with, because it is more distinctly a matter for the Education Department.

18,169. I thought that was purely educational, and I think it is distinctly beyond our reference?—There is nothing else I wish to add.

18,170. (Mr. Elliott.) You mention in your memorandum that the Treasury grants are about 40 per cent. of the aggregate cost of education in London?—Yes, that is so.

18,171. Are you able to express to the Commission any opinion as to whether that proportion of the Treasury grant has given rise to any extravagance on the part of the spending authority?—I certainly do not think so, nor have I heard anything to indicate such a conclusion.

18,172. Are you aware that objection has generally been taken to Treasury subventions, even to the existing Treasury subventions, on the ground that they give rise to extravagance and looseness of expenditure on the part of the spending authority?—I can hardly conceive how that can apply to the education grant, because it is the same for all schools—voluntary schools and board schools alike. I do not think the most ardent economist can urge that there has been extravagance as a rule in our voluntary schools.

18,173. What would be the aggregate cost of the concessions which you propose in your memorandum; have you made any estimate?—I have not made an estimate, but I could very easily make a rough estimate if the Commission wish it.

18,174. (Chairman.) Perhaps when you get your proof to correct you will put it in?—I will.\*

18,175. (Mr. Elliott.) I suppose that your proposal is not one which would be limited in any way to the London School Board; and that it is one which could apply to school boards generally?—Yes, it would apply to all school boards.

Sir  
C. Elliott.  
18 May '98

Grants in respect of truant and industrial schools should be increased.

Government grants towards education have not led to extravagance.

The grounds for the rates requested in column 6 may be briefly recapitulated as follows:—

Cookery and Laundry—about half the rate of actual expenditure shown in column 3.  
Housewifery—the same rate as for cookery.  
Mentally Defective and Deaf—less than half the actual cost, but a moderate increase on the present grant.  
Industrial Schools—an addition of 1l. 15s. to the present grant, equal to about what a child would earn in an Elementary Day School, including the grant for Manual Instruction.

(Footnote continued on next page.)

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18 May '98

18,176. Are the views which you have expressed on behalf of the London School Board generally held amongst the school boards of the country?—I can say nothing further than what I said to the Chairman just now. We have applied to, I think, 12 of the principal school boards, and we have received answers from nine. I think all those answers are favourable, and show an agreement with our views. We are waiting for replies to the rest.

18,177. Has the proposal been considered by the School Boards Association?—I am not aware whether it has.

18,178. The London School Board has not submitted it to that Association?—No; they have not.

18,179. (Mr. Clare.) I understand that the general effect of your evidence is that it is desirable to increase the Government subventions in aid of the local school board rates?—Yes.

18,180. With regard to the particular subjects that are mentioned in your memorandum, do they not come rather under the head of technical instruction?—The mentally deficient certainly do not, but the cookery and laundry do come under it in the same way as the manual instruction does, and the special grant for the deaf. I may explain that the present grant for the deaf is calculated in this way: three guineas a year for the elementary education, and two guineas a year extra if the child has received satisfactory instruction and made satisfactory progress in some course of manual instruction or industrial training.

18,181. I do not quite know how the technical instruction grants in London are distributed. Does the London School Board get the technical instruction money direct from the Government?—It is given from the Education Department under the rules of the Code. There are special grants given under the Code.

18,182. Is the technical instruction money administered then by the school board in London?—In the same way—

18,183. In the provinces it is administered under the control of the county councils by the different educational bodies?—I think you are referring to another class of technical education—to the education in technical schools, or to the Science and Art Department grants.

18,184. Yes, I am?—But these are not Science and Art Department grants.

18,185. Do you not think that the teaching of cookery and laundry would properly come under that category?—I should say not, and for this reason, that even the things which have hitherto come under that category, like drawing and manual training, have been taken over from the Science and Art Department by the Education Department within the current year.

18,186. It would be rather an extension of the principle of elementary education which the school boards were appointed to carry out?—In some points it may be considered so, and yet it is extremely elementary; it is not the kind of education which is required to fit them for a

special trade, but the kind of education which makes them useful citizens by training them to use their fingers, to observe with their eyes, and so on.

18,187. (Mr. Murray.) I do not quite understand on what principle you base your demand for an increased subvention from the Imperial Exchequer?—The principle is that whereas the Education Department gives us a certain definite proportion of our expenditure on elementary education, the proportion which the grant bears to the cost of these subsidiary branches, as they may be called, of education, is very much smaller; and we desire that in all cases the grant should bear something like the same proportion to the cost which is entailed in carrying out those branches.

18,188. But you do not suggest, do you, that the present subvention bears a definite relation to the gross expenditure?—It only bears a relation as an arithmetical fact.

18,189. There is no principle in it?—There is no principle involved in it; but I suppose in fixing it there must have been some principle, and the intention was that it should bear a large, and in fact a very considerable proportion to the minimum cost of education.

18,190. You do not suggest that the principle was that it should be one-half?—I should be inclined to think that if there was any principle it was something of that kind.

18,191. That, of course, would have very different effects in different localities?—Yes, necessarily. It would fall short of the half in localities where the cost of teaching is more expensive.

18,192. And would exceed it in others?—It would; and as a matter of fact it does exceed it in the case of many voluntary schools, some voluntary schools live entirely on their grants, or almost entirely.

18,193. Is that a principle which you think you can rely upon, namely, that the State ought to provide half the cost of education?—I should not be inclined to lay it down as an abstract principle, but rather to urge that if they do it in the great mass with regard to the main elements of education, they should carry it on to the subsidiary branches.

18,194. Without reference to the comparative extravagance or economy of particular school boards?—There would be reference to comparative extravagance if the grant were based on the average expenditure of all educating bodies. I do not advocate that it should be based on the London School Board expenditure in particular.

18,195. That is what you are asking for in this case?—Yes, that is what we are asking for in this case as a general idea—as an approximation—in the belief that the cost which we incur under those heads is about the average. But, as I mentioned just now, we are collecting information from other school boards, and I cannot definitely state that our impression is correct, though I believe it is.

18,196. (Chairman.) Is there anything else you wish to speak to us upon?—Nothing.

The witness withdrew.

FOOTNOTE—continued.

TABLE showing the COST OF PRESENT and PROPOSED GRANTS for SPECIAL INSTRUCTION by the LONDON SCHOOL BOARD.

Class.	Number of Children in 1896-7.	Actual Cost per Head in 1896-7.	Present Rate of Grant.	Total Grant at present Rate.	Proposed Rate of Grant.	Total Grant at proposed Rate.	Increase.
1.	2.	3.	4.	5.	6.	7.	8.
Cookery Centres	31,722	£ s. d. 0 12 7	£ s. d. 0 4 0	£ 6,344	£ s. d. 0 6 0	£ 9,516	£ 3,172
Laundry Centres	14,942	0 10 6	0 2 0	1,492	0 5 9	3,735	2,243
Housewifery Centres	1,000	No figures.	Nil.	Nil.	0 6 0	300	300
Mentally Defective Centres	731	9 17 8	1 7 0	987	3 0 0	2,193	1,206
Deaf Centres	425	19 2 7	3 3 0	1,342	5 5 0	2,236	894
Industrial Schools	916	19 3 9	5 15 0	5,285	7 10 0	6,870	1,585
Total	—	—	—	15,450	—	24,350	9,400

EXPLANATIONS.

Housewifery.—This system of instruction has lately been begun, and three centres only were opened in 1897-98. The figure in column 2 is an estimate of the number who may probably come under these centres.

Deaf Centres.—I have entered in column 4 only the grant for elementary education, not the additional 2l. 2s. which is given for manual

instruction, &c., which is not included either in the proposed grant in column 6.

Industrial Schools.—The present grant is at the rate of from 2s. to 3s. 6d. per child per week, varying according to age, period of detention, and section of Act under which detention is ordered. The figure in column 4 shows the actual total grant for the year 1896-97 divided by the number of children.

(Signed) C. A. ELLIOTT.  
13th October 1898.

Sir  
C. Elliott.  
18 May '98

Government Grants should be proportionate to the cost of carrying on the various branches of education.

Government grants in aid of School Board rates should be increased.

Mr. H.  
Morgan-  
Browne.

18 May '98

Mr. HUBERT MORGAN-BROWNE called and examined.

Mr. H.  
Morgan-  
Browne.

18 May '98

18,197. (Chairman.) You are a member, I understand, of the London School Board?—Yes.

18,198. And you appear to put in, along with Sir Charles Elliott, these resolutions\* which have been sent us by the clerk?—Yes.

18,199. I understand that the London School Board make themselves responsible as a school board for what is in the resolutions, but for nothing more?—Quite so.

18,200. Upon all other points, except what is actually contained in the resolutions, you appear as an individual?—Yes; that is so.

18,201. And you have prepared for us this memorandum† which I hold in my hand?—Yes.

18,202. If I understand rightly the point of your memorandum, it is, that all the Treasury contributions, what we call subventions, which are now given to London, should be given upon a wholly different principle, and should be given either upon population or upon a calculation of the money that is raised in London for the Treasury?—Yes; that it should be given, not upon population, but upon a calculation as to the amount contributed by the locality; that is to say, that the Treasury subventions which are in the nature of contributions to a locality for local purposes, should be contributed to that locality in proportion to the amount which that locality, treated as a locality, contributes to the Imperial Exchequer. The actual *raison d'être* of these Treasury subventions is that more money is raised by Imperial taxes for Imperial purposes than is required for those Imperial purposes, and the Treasury grants or Treasury subventions—that is to say, all the unearned grants, leaving out the specific grants paid for education according to results—are in the nature of a rebate of the money contributed by the taxpayer.

18,203. Where do you find that principle laid down?—I do not find it laid down at all. I am only saying that that is the practical result of the facts before us. So much money is contributed, say 90 millions is contributed for Imperial purposes by taxation.

18,204. Take education; do you apply that principle to education?—How do you mean do I apply it to education?

18,205. I suggest to you that the principle upon which the Treasury contributes to education is to secure and to give the Imperial authority a right to secure certain definite results in the interests of the whole community, and that it has no relation whatever to the amount which the locality raises?—I said so. I excepted the education grant which is paid according to results from that general statement. But there is another kind of education grant which has come within recent years, I mean the grant to voluntary schools, and the grant to necessitous board schools which has no relation to the amounts earned, and which is in the nature of a grant out of surplus.

18,206. Take it in another way. Take the police grant. Why should the police grant be distributed on the principles which you suggest rather than in order to secure a certain level of efficiency?—Is there a specific police grant?

18,207. Certainly?—But it comes in two or three places.

18,208. I am more familiar with Scotland than with England; there is a specific sum given for the police of Scotland, and I think I am right in saying that the police grant in England is practically half the expenditure, that is 10s. in the pound, and that in return for its being given, the local authority is bound to come up to a certain definite standard of efficiency as ascertained by Imperial officers?—But that, for instance, does not apply to the grant for the Royal Irish Constabulary in Ireland.

18,209. No; we must leave that out, I think, because we are upon England, at present. No doubt the Royal Irish Constabulary is exceptional, and there are great reasons for it, which I think we need not discuss. I will put it to you in your own way. Which of the grants do you think it would be fair to give back to the locality upon the principle that you suggest?—I say that all money contributed in the nature—

18,210. I wish to point out to you that education will not do, but I understand you still to want the education grant to be given on that principle?—Certainly; I think it ought to be. I do not agree with the present grant for education being on an earned basis, because the same amount of money which will earn efficiency in one locality will not earn efficiency in another. Owing to the

price of rents and other things connected with the centralization of wealth in London, the London School Board has to spend a great deal more to produce the same amount of efficiency among its scholars than a small local board in the provinces may have to spend, or than a country district may have to spend.

18,211. Then the test that you wish to take for an Imperial subvention is what the locality spends?—Or what the locality contributes to the Imperial revenues. That I take to be the test of what the locality should receive.

18,212. Surely what it contributes is what it spends—it must contribute what the elected body rates it for?—I mean what it contributes to the Imperial Exchequer.

18,213. Why is it fair to take London, which is the metropolis, and in which a great amount of receipts are taken, which really, although collected in London, are not contributed by Londoners?—I quite agree that those should be eliminated, and that can be done. A great many of our returns do show fairly what London pays. There are some other cases where a certain estimate has to be taken. There is no doubt, I believe, on the facts and figures where we can ascertain them accurately.

18,214. Just let us be quite certain; would you give the education grant upon that ground utterly regardless of the results the London School Board obtained?—I do not say that any education grant should be given utterly regardless of results, but I do say that in giving that grant regard should be had to the necessary expenditure by the locality in order to obtain a certain level of efficiency, my point being that some localities have to spend more to reach the same efficiency than other localities have to spend.

18,215. Do you think there are no compensating conditions in the locality?—I think not. I am not suggesting for one moment that the present system of general taxation presses heavily on a given locality; all I am saying is that you have a certain system of taxation, and you raise a certain amount of money—more money than you want; therefore, you return some of it to the localities for local purposes, as distinct from Imperial purposes. I say that those subventions are in the nature of a rebate from the money received for Imperial purposes, and should be returned in the proportion in which they were contributed by the given localities. I say the present earned grant for education presses with peculiar heaviness upon London. Take only the question of the enormous value of London sites. The amount which the London School Board has had to spend and has had to borrow in order to provide the schools for teaching in is altogether out of proportion to what has had to be spent or has had to be raised in other localities. Now, you may say that London is very much richer and can better afford it. That is perfectly true. But then London, as I say, contributes a great deal more. Under the present system London is pressed both ways. She contributes a great deal more to the Imperial taxes, and the very means which enable her to contribute more, namely, the centralization of wealth in London, puts up all kinds of prices—prices of site values, prices of rents, prices of salaries—and therefore causes her to spend a great deal more on education, or on other local purposes, than would be spent in other places. Yet she only receives back upon the same basis as a little country village in the county of Devon.

18,216. Does London spend more in proportion to its valuation? For instance, if you have a high valuation, as you point out, of course your rate per £ is less than if you have a low valuation; is the burden now borne by London more proportionately to the burden which is borne by property in other places?—The rates generally in London are certainly above the level of the rates in the provinces.

18,217. When you say rates, what do you mean?—I mean the rate in the £; I mean the proportion.

18,218. Surely such things as great metropolitan improvements and that sort of expenditure must be taken off when you are going to compare the rate per £ in London with the rate per £ in a country district?—Why should it be taken off because those very metropolitan improvements enable London to be what it is? They mean so much wealth to the community, and they enable London to pay heavier taxes, that is, to contribute more to the taxes. Take a great metropolitan improvement like the docks; the fact that London has spent all this money on the docks, makes London a very great port, which means that a great deal of Customs revenue comes into London which would otherwise be distributed elsewhere and paid by other merchants in other parts of the country. Therefore, London by means of these local

Government Grants should be contributed to a locality in proportion to the amount which that locality contributes to the Imperial Exchequer.

Government Grant in London in respect of education: The money which the London School Board has to spend is greater in proportion compared with other School Boards.

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improvements is contributing to the general wealth of the Exchequer. All these great local improvements tend to make London a great wealth-producing machine from the point of view of the Exchequer.

18,219. The docks may, but do you think such a thing as the Embankment does?—The Embankment is beyond it, except in so far as it would facilitate traffic. Of course, all improvements have that object, or ought to have that object, of facilitating traffic and enabling people to move about. If you have got too small a city, the mere congestion of traffic is so much loss of time, and, therefore, so much loss of money to the merchants or other people living in that place.

18,220. For instance, take such a thing as the Customs; Mr. Murray knows much more about this than I do, and therefore, I shall just put but one question on it; you make a point of London's contribution to the Customs revenue, do you not?—Yes.

18,221. Surely you cannot credit that to London, because the taxes paid in London are really paid by consumers over practically the whole of the United Kingdom for some articles?—That is perfectly true, and if you will look at my estimate I do not think I have fallen into that mistake. I have practically estimated the contributions from the Customs on a population basis. England's proportion of the Customs revenue is 80 per cent., and England's proportion of the population is 78 per cent.; all I have done is to take London's proportion on a population basis of 80 per cent. instead of 78 per cent.

18,222. Then must you not go through the same process for every port, such as Glasgow, Bristol, and Liverpool?—As I am pointing out, I have really taken into consideration the fact that an enormous amount of the trade of the country passes through London; I have practically gone on the population basis.

18,223. I thought that a moment ago you told me it was not to be upon the population but upon the contribution?—Certainly, on the general principle; you are now taking me as to a specific detail about the Customs, and I say that the Customs is paid practically according to population; and that is perfectly right. Where do you suggest that I have gone beyond that position?

18,224. I was on paragraph 14, of your memorandum?—I say there that England contributes 80 per cent., although the proportion of the population is only 78 per cent. Then I have made a slight calculation, which I do not wish to press in any way, showing that an urban population does consume more of these dutiable articles than a rural population. Perhaps it would have been better not to have made that elaborate calculation; but the result makes a very slight difference to what it would have been if I had taken a pure population basis. As a matter of fact, in paragraph 22, I reckon that London contributes to the Customs revenue 12 per cent., and as London's population is 11·2 per cent. of the population of the United Kingdom, you see there is a very slight difference. I do not suggest that London does contribute very much more to the Customs revenue than she consumes; I suggest that she contributes a little more, which is represented by '8 per cent., which is nothing very large in the matter of the Customs revenue.

18,225. What then really is to be a test in your case if these calculations, such as the Customs, which I found in paragraph 14, are to be put on one side? What precisely is the test you want to see applied to the distribution of the Imperial subvention, so far as London is concerned?—I draw a distinction between earned grants and unearned grants.

18,226. Will you refer me to the place?—Paragraph 32 of my memorandum.

18,227. You must give me the details of those; what are earned grants and what are unearned grants?—As I say, practically the earned grants are the education grant, and, as you say, perhaps the police grant, so far as it applies; only, as I say, there is a good deal of the police grant that is not in the nature of an earned grant; there is, for instance, that very large sum paid to the Royal Irish Constabulary which, of course, comes into the local taxation for the United Kingdom. But putting aside that, dividing it into two grants, an unearned grant and an earned grant—

18,228. I am afraid I must ask you to give me, in the first instance, a list of all the grants which you put under the head of earned grants; then a list of those which you put under the head of unearned grants?—I do not know those at present in sufficient detail to give them.

18,229. How did you get at these figures which you give in the paragraph? Against the first you put 10,452,000?—Yes.

18,230. And against the second, the unearned grants, 12,648,000?—Yes.

18,231. There must have been some details got at which would add up to those totals?—Very good. The earned grant is 10,452,000, as shown in paragraph 25 B. (i), and is the total of the public education grants, and the grants from the Science and Art Department, which are made on a basis of results. The other total of 12,648,000 is made up, as you will see at paragraph 25B, of charges transferred from local funds, which includes the Royal Irish Constabulary, and other sums of that kind, the prisons grant, for instance, and which amounts to 2,943,000; then B (ii), which includes grants to voluntary schools and necessitous board schools, which are strictly unearned Treasury subventions, amounting to 726,000; and C, the sums now distributed under the head of the Local Taxation Account, amounting to 8,979,000.

18,232. Then in the earned grant, 10,452,000, there is nothing except the public education grants and the grants from the Science and Art Department?—Quite so.

18,233. It does not include the police?—No, it does not.

18,234. Do I understand you to press that the education grant should be given wholly in respect of London's proportion; and, if not wholly, in what proportion?—I suggest that the basis should be in proportion to London's general contribution to the taxation of the country.

18,235. No matter whether the schools were efficient or not?—I suggest that that should be the main basis of the calculation; it is more a political question whether it should be deemed expedient to have regard to efficiency and to give it to a certain extent by results; but it is not impossible to combine the two principles.

18,236. Surely the whole basis of the cost of education being put upon the Imperial Exchequer is that it is to a large extent an Imperial interest that the schools should be efficient, and to enable them to be efficient the Treasury comes in and gives a grant?—Very good. Then I suggest that there should be a combination of the two principles; that some basis should be taken by which regard should be had both to the efficiency to be produced by the money spent and to the necessary expenditure by the locality, in order to attain a certain uniform efficiency throughout the country. My point is, that to get efficiency represented by a grant of 20s. 6d. in London costs a great deal more per head per child, and necessarily costs more than to get an equal efficiency in the country districts.

18,237. You say "necessarily costs more"; that, of course, opens up a possible controversy?—Yes, it does.

18,238. I am far from giving a judgment upon it; but I suggest to you that under your principle of what costs more there would be a direct incentive to extravagance on the part of the local body?—I do not think it is any incentive to extravagance. If you have got to pay 5,000, or 6,000, for an acre of land instead of paying 500, or 600, no question of extravagance comes in there; you must get your acre of land if you are going to teach the children.

18,239. I suggest to you that that particular question of sites is compensated for by the fact that you have such a much greater relative proportion of rateable value on which to lay your rate per £?—That does not seem to me to meet the whole case. It is quite true you get a larger rateable value and you get more, but then that leaves out of consideration all the other circumstances which go to make that rateable value; it is not merely the site value, as I say, it is the centralization of wealth and it is the energy of the people of London that tend to make the cost of education greater.

18,240. However applied would not your principle have the effect of giving more to the locality in proportion to what it spends?—Yes, it would have that incidental effect, but it would not be based on that.

18,241. We will assume that it is not based on it, but if it has that effect, is that not in itself a baneful effect?—No, I do not think it is necessarily a baneful effect; it might become a baneful effect without proper safeguards and without proper checks.

18,242. What safeguards would you suggest?—I have not drawn up a new taxation scheme.

18,243. Let us take the unearned grant; the police according to your division must come under that unearned grant?—Yes, but I think the actual police grant would be

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Government Grants should be contributed to a locality in proportion to the amount which that locality contributes to the Imperial Exchequer, regard also being had to efficiency. But such a system would result in the most necessitous district getting the smallest share.

Government Grants in Metropolitan: Distinction between earned and unearned grants.

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a very small amount. The charge for prisons and reformatories amounts to 626,000*l.* for England and Wales; there, again, I have estimated that London's proportion of that is on a population basis.

18,244. Of course the London police is, to a certain extent exceptional?—For the London police there is a payment made which I have stated somewhere in my memorandum.

18,245. I think it is 150,000*l.*?—150,000*l.* is paid to the Receiver for the Metropolitan Police District, but, of course, that is much larger than the area of administrative London. Administrative London's share of that would be 117,000*l.*

18,246. (Mr. Murray.) Would not the result of the application of your principle be that the most necessitous district would get the least share of the Imperial subvention, and the richest district would get the most?—That would be so.

18,247. Is that a good principle for the distribution of the money?—It seems to me the only fair principle. I want to emphasise my point which is simply this: We raise 25*s.*, we will say, from every person in the kingdom for Imperial purposes—it works out to that—we spend 20*s.*, and we practically give back 5*s.* for local purposes; we say: “We do not want all this 25*s.*, here is 5*s.* for local purposes.” Now, I say it is not fair, if you get 25*s.* from one locality and 15*s.* from another, to give back 5*s.* to the locality which contributes 25*s.* and also 5*s.* to the locality which only contributes 15*s.* It ought to be in proportion. Five shillings is one-fifth of 25*s.*, and if you gave back 5*s.* to the 25*s.* locality and 3*s.* to the other that would be in strict proportion to what they had contributed. If we are going further and going to give special aid to localities, I think that that should be given on a totally different system. A special case should be made out for each special locality, if it is necessary, for instance, as in the case of Ireland, where it has been suggested that special aid should be granted. I do not consider that there is any claim in equity for any special treatment of a locality with regard to the taxation of the country; but it might be expedient. My point is altogether outside of that. I am simply saying that we get more money than we want for Imperial purposes, and we give back the surplus; I say as we give back that surplus it should be given back in strict proportion to the manner in which it is contributed, that is to say, so far as the Treasury subventions are in the nature of grants to localities.

18,248. Then, I say again, would that not result in the most necessitous district getting least and the least necessitous district getting most?—Absolutely, yes, but relatively they would get precisely the same.

18,249. Relatively to their contribution you mean?—Yes.

18,250. Take the case of a remote district in the north of Scotland with a school board rate of 8*s.* in the £, which I believe is possible, and a road rate of perhaps half as much; would it be fair that the assistance from the Exchequer should be proportioned to the contribution of that district to the Imperial revenue?—Of course, that case is simply met by this, that the education grant is really an Imperial matter; I do not at all hold with the present distribution of the grant in any way. I suggest that it should not be treated as a local grant at all, but that it should be an Imperial business, and in that case the whole difficulty about a particular education grant falls to the ground.

18,251. Take the grant-in-aid of the poor rate then?—There in the case of the poor rate, I certainly think that the contribution should only be made in proportion to the other contribution.

18,252. Not in proportion to the necessities of the district at all?—No, because, strictly speaking, the necessities ought to be in relation to the abilities to pay for the special necessity.

18,253. But the smaller the ability to pay probably the greater the poor rate would be, would that not be so in some cases at any rate?—No, I do not think that that at all follows. I do not think because a district has not got large concerns and is unable to contribute large sums to the Exchequer that there is more actual distress or more actual poverty in that locality, and I do not think it is generally found so; in fact, in the towns poverty is very often greater than in the country districts. In the rich towns there is generally a larger poor population, and more expenditure on the poor than in the country. So I do not think that that would follow at all.

18,254. You speak all through your paper of “London's contribution”; do you mean the contribution of Londoners?—I mean London as an administrative area—the County Council of London.

18,255. Of course the area does not contribute anything, it is the people?—It is only a convenient term to specify a given body of taxpayers.

18,256. Do you mean the people in it, or what do you mean by “London”?—I mean what is meant in the Blue Books where they put “the Metropolis.”

18,257. You say “London's contribution”?—Yes.

18,258. Does that mean the contribution of Londoners or of what?—All I know is that in the report of the Commissioners of Inland Revenue they give various schedules showing what is contributed by “the Metropolis” and the “Rest of the Country.” There is that distinction made.

18,259. I think they do not say what is “contributed” by it, do they?—I do not know the exact terms which they use, but they put the amount which is paid or received in the metropolis.

18,260. Is that quite the same thing?—Practically; I admit, of course, that it is not mathematically accurate, but it is practically so; however, I mean what they mean.

18,261. But you say something different?—I do not think I do. Have you got the reports of the Commissioners of Inland Revenue here or any of these Blue Books that I have referred to?

18,262. What they give is the Income Tax, for example, Schedule A. in London?—Quite so.

18,263. But is that the contribution of London?—To a very large extent, undoubtedly.

18,264. Is that to a large extent?—To an enormous extent.

18,265. Do you know to what extent?—No.

18,266. Is that not rather an important item to take into consideration?—No, I do not think it is. I think it is a detail which could be adjusted. Take Schedule D., Part II. (paragraph 18). Under that head the metropolis contributes, I think, 70 per cent. of the tax. But again, there is a more glaring instance; take Schedule C.; 98 per cent. of the assessment of the United Kingdom is paid in London, but I do not assume that 98 per cent. of that is paid by Londoners.

18,267. No, but you do assume that 40 per cent. is?—I do assume the 40 per cent., and I give my reasons. Certainly I have made an assumption, and I admit the estimate, but I have not slavishly followed those subdivisions because of course I know that they do not always represent the contribution of Londoners.

18,268. You say, for instance, “there is no Schedule C. for Scotland”?—Well?

18,269. Of course a large part of the revenue which is raised under Schedule C. is paid by Scotchmen?—It is not paid under Schedule C. at any rate.

18,270. Yes. Suppose a Scotch bank held a million of consols, the Income Tax on the dividends of those Consols would appear in Schedule C, but the company which pays it is Scotch?—Yes.

18,271. The shareholder of that company may be an Englishman?—Quite so.

18,272. That is rather an unsound basis to work upon, is it not?—Of course it would be unsound, but I have not worked upon that basis.

18,273. Have you made allowance for all those considerations?—I have tried to do so, and I suggest that I have. I have said that 98 per cent. of Schedule C is contributed in “the Metropolis”; if I had made the mistake you suggest I should have said that 98 per cent. of that was contributed by “Londoners.” I have said nothing of the kind. I have looked at other schedules and other circumstances, and have said that on those other schedules and on those other circumstances, I suggest that London's contribution will probably be found to be about 40 per cent.

18,274. Then I ask, how can you possibly tell?—Of course I am making an estimate. I have tried to make a reasonable estimate. I do not for one moment suggest that this is absolutely accurate, or that it is not open to modification in particulars. There is plenty of room for modification because I bring out a very striking result; I quite agree that it is capable of modification only with such materials as I had, without access to all official

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Imperial  
taxation:  
Amount  
contributed  
from the  
Metro-  
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documents and all that, I have made my estimate. Here you will find the reasons given. Take, for instance, paragraph 16. London pays 43·3 per cent. of the assessment to house duty (dwellings, &c.); London pays 43·2 per cent. of the net assessment to Income Tax, Schedule D., Part I.; and London pays 42·1 per cent. of the net assessment to Income Tax, Schedule E. All that means that large salaries and large incomes are concentrated in London, as we know to be the fact without going to these Blue Books, but here it is confirmed with per-centages running about 43 per cent.

18,275. Suppose a man lives at Sevenoaks and earns a hundred thousand a year in London; is he a Londoner?—I do not know.

18,276. I mean from your point of view, is he?—It does not matter to me what he is; I go where he pays his assessment. If he pays his assessment in London for my purposes he is a Londoner; if he pays it at Sevenoaks, he is a Sevenoaks man. I cannot go behind the official returns, I admit at once.

18,277. The fact that he pays his income tax in London —?—Surely we do not know that he pays his income tax in London.

18,278. We will assume that; how do you know that all this 40 per cent. which you put down to London is paid by Londoners?—I say I do not know; I only assume on the basis which I give here. For instance, London pays of the assessment to house duty (dwellings, &c.) 43·3 per cent. of the total amount paid in the country. That means that 43·3 per cent. of the assessment of large houses—and we generally understand by a large house a large income—is contributed by Londoners. Of course those houses are all in London, and the 43·3 per cent. does not include any houses in Sevenoaks.

18,279. But the owner of them may live somewhere else?—These are dwellings. At any rate, he lives a good deal of his time in London.

18,280. He may not live there at all?—Then he would not come under that head, because he would not have a dwelling to be assessed under the inhabited house duty in London.

18,281. Supposing a Frenchman owned a large block of buildings in London?—Yes, and lived in them?

18,282. No; lived in Paris?—Then, of course, he would not come under that assessment?

18,283. Yes, he would?—I beg your pardon; if he has not got a dwelling-house he would not come under the inhabited house duty; if he lived in Paris he would not touch that 43·3 per cent.

18,284. He would come under Schedule A.?—Of course he would, but there are other calculations upon Schedule A. I have not made the same calculation all through. You will find that for Schedule A. I have only made an estimate, I think, of 20 per cent., which is a very different thing altogether.

18,285. Then you have taken the Post-Office revenue, I see?—I take that not, of course, as taxation, but as showing the enormous commercial activity of London as a unit.

18,286. I think there is no doubt about that. Ought you not to consider how much it cost to earn that four and a half millions that London contributes to the Post Office?—Do you mean under the telegraphs?

18,287. Yes; take that under telegraphs?—That would, doubtless, all very properly come in if we were going to adjust the postal charges, or anything of the kind.

18,288. For instance, some people think that the telegraphs are run at a loss?—They are run at a loss, that is to say, at a direct commercial loss; whether it is a loss to the community is another thing.

18,289. Still you look upon that 962,000, which London contributes under that head as revenue?—In all my calculations I have left out the postal revenue strictly. I have only dealt with taxation. I have only put that in to show, as I say, the general concentration—that is my point—of wealth and commercial activity in this local unit, London.

18,290. Of that there can be no doubt; the question is, what proportion of the revenue is contributed by people who live in London?—Yes, that is it.

18,291. (Mr. Clare.) I understand that the result of your very careful investigations of Imperial and local finance is that you have come to the conclusion that London contributes to the Imperial Exchequer more, in

proportion, than it receives back, as compared with other parts of the country?—Quite so.

18,292. Having ascertained that fact, you suggest that the distribution of the Imperial subventions should be on that basis?—On the basis of contributions.

18,293. If on investigation of the figures it turned out that London would receive less on that basis than it is now receiving, would you have advocated it?—Certainly.

18,294. How is this principle consistent with the suggestion you made a short time ago, that as it costs in London more per head to give the same amount of efficiency of education, the education grant ought to be based upon expenditure?—I did not say that; I tried to say that that would be an incidental result of it.

18,295. Pardon me, no; if you argue, and I understood that you did argue, that the grant towards education in London ought to be increased because it costs more per head to educate a child in London efficiently than it does in other parts of the country, surely that is basing the distribution on expenditure?—No, I said that that was only a fair reason why it should be, or rather a good reason to give for the increase. I do not say that that should be the basis, and I do not try to suggest that.

18,296. Pardon me, if it is a good reason—because it costs in London more to educate a child than it does in the country—for giving London more money, how is that consistent with the reason that London is to have more money because it contributes more to the Imperial Exchequer?—I do not see the inconsistency.

18,297. Let us take a very ordinary case and apply it to a country district; suppose you have a rural parish with an important main road running through it, to which Government grants are applied in aid of the expenditure, that rural district would probably contribute little or nothing to the Imperial Exchequer, and how would you give back to that particular district its share of the Imperial subventions?—It seems to me that it should get it on the proportion of its contribution.

18,298. Who is to pay for the main road?—Is it your suggestion that the part of the main road that passes through that village benefits practically only that village?

18,299. No, I do not suggest anything of the kind. Half that cost now is practically paid out of the Imperial funds, is it not?—Yes.

18,300. I want to know whether you would abolish that system of paying half the cost of that main road towards the relief of the local rates, or whether you would give that particular locality its share of the Government subventions in proportion to the amount it contributes to the Imperial Exchequer?—I do not think that half the contribution is sufficient; much more than half the cost of a main road running through a little village belongs to the community rather than to the village.

18,301. I agree, but the amount that that locality would get if it is only to receive in proportion to what it contributes, would be far less than it now gets in the shape of half the cost of the main road?—That may be, but it would not be far less than a re-distribution would give it.

18,302. (Chairman.) How do you know that?—I am only suggesting that it probably would not be.

18,303. (Mr. Clare.) May I ask how you can have an equitable distribution other than the one you have suggested, namely, that the return from the Imperial Exchequer to the local exchequer is to be in proportion to the contribution by the locality to the Imperial Exchequer, if that is the basis which is to apply universally throughout the whole country?—That would certainly be the basis.

18,304. If the effect is then to place the rural district in a far worse position than it is now with regard to certain items of expenditure which are considered of more than local importance, do you consider that an equitable basis for a redistribution of the grant?—No; but then I do not suggest that we can make this change in the distribution of the grants without making corresponding changes. Therefore, the position would be with regard to the village thus: You say that at present a contribution of half the cost of the main road is a very considerable item towards the local expenditure of that locality, and you suggest that if we gave it a grant strictly in proportion to its contribution, it would get even less than half that amount now contributed nominally for the purposes of that road, and therefore it would be worsened by any such scheme. I agree, but then I say, if you are going to give to a locality in proportion to its contribution, you will have to take a thing like a main road entirely, or practically entirely, out of local control and expenditure.

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The  
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18,305. In other words, in order to give a wider scheme by which London would get a larger proportion of the Imperial subventions than it does now, you would create an immense amount of injustice over the country which would have to be rectified by still further Imperial grants to make good the deficiency?—No, I simply suggest that there should be a redistribution, or rather a recasting of the system by which Treasury subventions are distributed to the localities.

18,306. May I ask a question about these earned grants and unearned grants? Can you mention to me a single item of local expenditure towards which the Imperial funds are applied which is not based upon either expenditure or earnings?—The grant under the Agricultural Rates Act is not based on earnings. There is no earned grant in that at all.

18,307. That does not come under this item, does it?—That comes under the 8,979,000l.

18,308. I am speaking now of paragraph 32 of your memorandum where you have got earned grant 10,452,000l. and unearned grant 12,648,000l. That 12,648,000l. includes the 8,979,000l. shown in paragraph 25. However there they all are—

18,309. Wait a second; we will leave the Agricultural Rates Act for a moment?—Very good; take another one.

18,310. Take the case of half the pay and clothing of the police based on numbers and efficiency; do you call that earned or unearned?—I have admitted that that ought perhaps to be put under the earned grant.

18,311. Take the case of half the salary of medical officers of health; do you call that earned?—That is not earned.

18,312. It is not?—No.

18,313. Does not a medical officer of health earn a salary?—Yes, he does, but the locality does not earn it from the Treasury.

18,314. The locality pays half, and the Government pays half?—Yes, but I do not call that an earned grant.

18,315. Take the case of the 4s. a week for lunatics in lunatic asylums?—That is not an earned grant. You have not got to produce any particular efficiency in your lunatics; the lunatic has not got to pass any examination.

18,316. You do not get the 4s. a week except your lunatics are in the asylum?—Of course not, but then, as I say, that is a grant of cash to keep up the asylum; there is no earned principle in that.

18,317. I must confess I think so?—I do not see any principle of earning in that grant.

18,318. (Chairman.) Should you not pay a grant on lunatics to the place where the lunatics happen unfortunately to be?—Yes, you should pay a grant. I am not objecting to the grant; I am only saying it is not an earned grant.

18,319. When we talk about an earned and an unearned grant, is not a lunatic grant earned in this sense, that the object of paying it from the Imperial funds is to secure humane and proper treatment for the lunatic to a great extent under Imperial regulations and supervision?—Quite so.

18,320. Would it not be a farce to give to a poor district which has many lunatics its contribution for lunatics upon the basis of what that district contributes to the Imperial Exchequer?—Of course, if you have got a large centre for lunatics to which lunatics from all over the country are sent, that simply complicates the matter. To show the distinction between an earned grant and an unearned grant I will take the case of a lunatic and of a child that is being educated. If the child does not attain a certain efficiency *ipso facto* the grant becomes less—the school does not get the same grant from the Imperial Exchequer; whereas the lunatic may be badly treated or may not be properly cared for but the grant will be the same until the state of affairs becomes so bad that there will be an inquiry and something will happen in that way.

18,321. Is that so, because if the treatment is not proper is there not power to cut the grant off?—I did not know that there was any.

18,322. (Mr. Clare.) There are the Lunacy Commissioners?—I was not aware of that power.

18,323. (Mr. Smith.) Are you acquainted with the Act known as the Equalisation of Rates Act in the Metropolis?—Yes.

18,324. Is not the principle of that Act that the richer parishes should assist the poorer in meeting their local

expenses?—Quite so; the principle of that Act is to treat London as a unit instead of a mass of units.

18,325. Do you not think that the present system of distribution of Exchequer grants is a practical extension of that principle to the whole country?—No; I do not think it is.

18,326. Do you not think that is the intention of Parliament?—I do not know the intention of Parliament. I do not think that is how it works out.

18,327. (Mr. Elliott.) I gather that the result of these very elaborate calculations which you have been good enough to make in this memorandum goes to show that London's contribution to the Imperial revenue is something over a fifth?—Yes.

18,328. I notice that Mr. Macnamara in his memorandum\* suggests that London contributes one-sixth?—Yes; may I say that really that suggestion of Mr. Macnamara's put me on the track. When I saw it I said I will work this out and see if it is a sixth, because I have seen, and of course many of you have seen various calculations from time to time of what London is contributing. I said I would go into the figures, and I took out this figure of a fifth.

18,329. It really does not affect your argument whether it is a fifth or a sixth?—No; it might be a fourth.

18,330. Your suggestion is—and we must all admit that it is an undoubted fact—that London contributes very heavily?—Yes.

18,331. More in proportion to its population than any other district in the country?—Just so.

18,332. I would suggest to you that the whole principle of the distribution of Exchequer grants at the present moment is that you cannot earmark the benefit received by the expenditure to the particular localities?—That you cannot do it.

18,333. That you cannot do it?—It is not done, you mean. No machinery is existing for doing it, except in the case of licenses; there is the machinery there, as they return actually the licenses raised in the locality; but practically there is no such machinery in other cases.

18,334. Would you agree that London's gain by expenditure on education is limited?—No; I do not think the benefit of expenditure on education in any locality is limited to the locality; I mean that it goes to the benefit of the community. That is why I think it ought to be purely an Imperial matter.

18,335. You would suggest that the whole cost of the education of the country should be a national charge?—Education should; I do not mean to include the making up of local roads, for instance.

18,336. You would suggest that the whole expenditure on education cannot be earmarked to particular localities, and that the benefit is so diffused as really to make it a matter of national importance?—I agree entirely with that.

18,337. That being the case would you go on further to say that if you could deal with administrative difficulties—the difficulties, that is to say, of securing economy on the part of the spending authorities—the whole burden of the cost of education should fall upon the Imperial Exchequer?—Most certainly, leaving always a certain amount perhaps to fall on the rates, but so adjusting it that we should not have the glaring anomalies of rates which we have now—in some places an education rate of half-a-crown and in others an education rate of 3d. That is where I say the present system presses hardly.

18,338. You would say that the whole wealth of the country ought to contribute to the expenditure on education?—Quite so.

18,339. It would entail the provision of means to prevent extravagance and poor administration?—Yes, entirely.

18,340. Would you apply that principle, which is an extremely important one to the expenditure on the maintenance of paupers?—I think so; I think it might go certainly to the question of the maintenance of paupers.

18,341. Would you again say that it is impossible, as it were, to earmark to particular localities the benefit derived by the maintenance of paupers?—Yes. Of course the only question that arises there is one relating to the whole question of our system of pauper administration, and I do not want to commit myself to anything about that.

Mr. H.  
Morgan-  
Broune.

18 May '98

The Metropolis contributes to the Imperial Exchequer more in proportion to its population than any other district in the country.

Education: Cost of should be borne by Imperial Exchequer.

Paupers: Maintenance of should be borne by Imperial Exchequer.



Mr. H. Morgan-Browne.

18 May '98

Police: Cost of should be borne to some extent by the locality.

Government Grants: Matters of Imperial concern should be paid for by Exchequer.

18,342. I do not want to press you to make any admission beyond what you wish, but would you go so far as to say that the responsibility of the care of the poor should be —?—A national concern?

18,343. Should be a national matter and not a matter for individual localities?—Yes, entirely.

18,344. I think you have already, in reply to Mr. Clare, suggested that in regard to main roads a similar principle should be adopted; would you apply that principle also to the police?—No. I think the police is more a local concern. The chief function of the police, I suppose, is to guard property and to protect persons, and, of course, the amount of police required must depend not only upon the population but upon the wealth of the district. I think that perhaps is more a matter of local concern.

18,345. But you would say that to some extent it is a matter of Imperial concern?—To some extent, yes, certainly.

18,346. Putting all these things together the result would be, would it not, to transfer from the local rates to the Imperial Exchequer a very considerable burden?—Certainly.

18,347. I would put it to you that the Treasury subventions at the present moment are a step in that direction?—Yes, they are, but a very faulty step.

18,348. Because they do not go far enough?—Not only that; they go too far in some places and not far enough in others. It is like a jagged advance. That is where it presses heavily on different localities.

18,349. Though you would suggest that the principle is sound enough?—So far as we can discern a general underlying principle, but I confess I do not see a general underlying principle in the different grants. Such a principle as you suggest, I think, would be welcomed. I think it would be an excellent underlying principle.

18,350. You have a considerable mass of expenditure I see, which you propose should be made a burden upon the Imperial Exchequer?—Quite so, and which is at present so, only it is distributed in an anomalous way. You see that the 23,000,000, spent on local matters is raised by Imperial taxes at present.

18,351. If effect were given to the principle that you have just now suggested the result would be, would it not, that the wealth of London would contribute more to these matters of national concern than it does at the present moment?—Undoubtedly. For instance, to strictly carry out these suggestions would entail further taxation to which again London would contribute its disproportionate share. London would not benefit to the full extent that appears here. That is quite clear. Of course, that is only an argument for a more equitable and, as I suggest, a more reasonable system of local taxation.

18,352. There would be a relief of London rates?—Yes.

18,353. But a still greater increased burden on London taxation?—Quite so, in common with the rest of the country.

18,354. I do not know that I need ask you any further question except this—you suggested that these Imperial subventions are in the nature of a rebate?—Yes, I did.

18,355. Or of a repayment of taxation?—Yes.

18,356. I do not know whether you could develop that at all. My own view would be that the Treasury subventions are a movement in the direction which you have just indicated to the Commission as being desirable and that they are not in the nature of a rebate?—It might be taken in that way, the important point being that granting that that is the movement, the movement should be carried on having in view that principle of rebate. Of course, until we actually consummate that movement while we are making approaches to it, unless we have some such idea of rebate in our minds, we are doing injustice to localities. Once we have adopted the principle and have put all these various things which we now treat as local concerns upon the Imperial Exchequer and have done it frankly, then it would not perhaps be so necessary to consider the question of the rebate; but while we are only doing it tentatively and while we are doing it so that one locality benefits at the expense of another locality, and so on, then I say it is essential that we should have regard to this principle of rebate namely that where we take a large amount of money from the taxpayers of a given locality, and where we take more than we want, if we have got money to return we should return it to the ratepayers of that locality in proportion to the amount which they contributed as taxpayers.

18,357. Does not that statement go in direct opposition to the view which you have previously indicated to me?—No, because on the general principle that you suggest of these local concerns being put on the Imperial taxes the adjustment for which I am contending would automatically come about. If all this was a matter of Imperial concern, very much more money would have to be raised by the country to meet the increased expenditure, and that being by a general system of taxation would fall with perfect equity upon the different localities. Therefore, if the things we now call the local services of London tend to swell Imperial expenditure, that would mean more taxes to be raised, and London would have to contribute a large share of those new taxes. The thing would adjust itself perfectly—do you follow me?

18,358. Yes, I think I do. Do I rightly interpret what you have said in this way—that you are of opinion that matters such as those we have mentioned, are matters of Imperial concern?—Yes.

18,359. Would you also say that in the necessities of the case, there must also be a very considerable element of local administration?—Yes.

18,360. That safeguard ought to be made to prevent foolish?—Or rash expenditure.

18,361. Or extravagant administration?—Yes.

18,362. But that a very substantial proportion of the expenditure should be met out of the Imperial Exchequer?—Yes, just so.

18,363. You would prefer, therefore, that in all Treasury subventions, regard should be had simply to the amount of the expenditure rather than to any other considerations, such as those which underlie the Local Government Act of 1888?—Certainly; always provided that sufficient checks and safeguards are provided as you suggest to prevent local extravagance.

18,364. But in these Treasury subventions the expenditure you say ought to be the test of contribution?—By expenditure, I mean the contribution. You see, it is the same thing; it is the money paid by the taxpayers.

18,365. I am using it in that sense?—Then, I say yes.

18,366. (Mr. Wharton.) As I take it, your evidence would come to this narrow point, that you are not in favour of subventions *quâ* subventions, but you would prefer a more simple method of a contribution from Imperial sources to the aid of local sources and under those circumstances you suggest that the education of the country should be an Imperial matter?—Yes.

18,367. And should not be made the subject of subventions?—Undoubtedly.

18,368. With regard to other matters which are now the subject of subventions, you probably would feel that it would be wise to adopt the same course?—To a very large extent.

18,369. And then that would bring about what you would probably consider to be desirable, that instead of having subventions at all which seems to be rather an invidious method?—Yes.

18,370. You would have certain things ear-marked as subjects for Imperial taxation?—Yes.

18,371. And certain things ear-marked as subjects for local taxation?—Certainly.

18,372. And that there should be no subvention in the one case or the other?—Yes, that is about what it comes to.

18,373. That is the result of your suggestion?—Yes. There would be a great simplification of national and local accounts.

18,374. (Chairman.) Have you got the first resolution of the London School Board in your hand?—Yes.

18,375. You observe there that the Board's resolution puts forward two principles, first, as to the cost, and, secondly (the one which evidently is the one which you mostly favour), as to the amount of the contributions to Imperial revenues being the test of receipts?—Yes.

18,376. It is quite obvious that these two principles are mutually irreconcilable?—I do not think that.

18,377. Cannot you conceive a district which contributes a great deal to the Imperial revenue and does not expend much upon education?—No, not very easily. By education, of course, you include voluntary school education as well as board-school education?

18,378. Of course?—You mean education generally?

18,379. Yes?—All districts ought to contribute, roughly, according to population.

Mr. H. Morgan-Browne.

18 May '98

Education: Government Grants. Principles on which the amount of contribution should be based.

Mr. H.  
Morgan-  
Browne.

18 May '98

Education:  
Increased  
Government  
Grants.  
Question  
of local  
control  
discussed,  
and of  
safeguards  
for careful  
local ad-  
ministra-  
tion.

18,380. London, it so happens, is expensive for education, and it also contributes a great deal?—Yes.

18,381. Therefore, so far as London is concerned, I concede to you that these two principles are not in London irreconcilable; but it does not follow that they are not irreconcilable in other places?—Do you mean to take the case of a country district?

18,382. I am taking you step by step. Because these two principles happen to tell in the same way in London it does not follow that they will tell in the same way universally over every other school board area?—I am bound to say I think they would in the long run; I do not say that one might not pick out a perfectly anomalous case where they would not, but I think that in the broad average of cases they would, and that where a community contributed more to Imperial taxes, living would be more expensive there, and all that is involved in an educational system would also be more expensive.

18,383. Which do you think the most important of these two principles?—I think the principle to which I am speaking is the more important, because it is the underlying principle.

18,384. The school board seem to take the other view by having put it first?—I am bound to say I do not see the conflict.

18,385. It is a question of importance?—Speaking of their importance, the first one is the more important from the point of view of a body like the school board because they are dealing specifically with education; but the other is the larger principle.

18,386. The first one of the two is a direct incentive to local extravagance, is it not?—No, I cannot agree to that.

18,387. Surely, if the cost is to be the test of the amount you are to get, the more you spend the more you will get from the other fund?—But then it does not follow that if you spend 10s. over and above some other body you are going to get a grant of 12s. Our point is that if we spend 10s. more we should get 10s. more. That does not encourage our extravagance because we get no benefit out of it. Again, there may be a further case; say we have to spend 10s. more and then you give us 8s. more; in that case, to my mind, there is still less inducement to local extravagance, but there is a still greater approach to equity. There are three alternatives.

18,388. Supposing we were to apply the principle which you have been advocating to such a district as West Ham, for example, would the contribution by the Imperial revenue to West Ham, taking it as a unit, not be very small when compared with the amount of education required?—Of course, West Ham is an extremely anomalous case. It ought to be within the area of the administrative county of London.

18,389. But, as a matter of fact, it is not?—That is so.

18,390. And therefore it must, in applying your principle, be regarded as a separate unit?—Yes.

18,391. Therefore does it not come to this, that your principle would not apply according to the units of administration into which the country is now divided?—I do not suggest that this principle, applied throughout the country, would not produce cases of hardship any more than any other general principle. It certainly would. In West Ham it would produce a very considerable hardship, I admit; and there are other places where there are heavy school board rates of 2s. 6d. or 2s. in the £. But then all that would be removed if the suggestion, which I want to press, were carried out, namely, that education should be made purely a matter of Imperial concern.

18,392. Is there to be no local administration?—Some local administration.

18,393. What do you mean by "Imperial concern"?—I mean that it should be paid for out of the taxes to a much larger extent than it is now, and that the earned grant should be very much reduced; I mean the amount that has to be earned. My point is that we can get efficiency with a much smaller incentive in the way of money than we have now.

18,394. You tempt me into a wide field there by that last answer, that it is to be much more a matter of Imperial concern?—Yes, I do.

18,395. Do I understand that there is to be a larger relative expenditure from Imperial sources, but that local administrators are still to spend that money?—I mean

this, that the money which should be contributed to education from Imperial sources should largely be, not on the basis of an earned grant, but on the basis of getting the work done, should be, in fact, on some other basis entirely; and that the amount which is to be dependent on the earning of the grant should be a smaller amount. There would still be room for fluctuations.

18,396. Does that not amount to this, that the Imperial Treasury is to pay, and that the local people are to spend?—Certainly.

18,397. That is what you put forward?—Not entirely, as I have pointed out.

18,398. But very much more largely than at present?—Yes. Of course, that is what they do in a great many cases at present; that is no new principle.

18,399. Naturally the incentive to economy would be proportionately taken away?—No, I do not agree.

18,400. Why not?—For this reason, because the money which the Imperial Exchequer contributes can be very clearly earmarked for certain fixed charges, in which there is no room for variation.

18,401. As for example?—As for example the cost of sites.

18,402. I beg your pardon, but that is not by any means a fixed charge, because it depends where you fix your building; suppose you take an expensive site fronting a main street, for which the Treasury is to pay; where is the check to come from?—The check can always come from the Education Department—the Imperial authorities—as at present.

18,403. Is it not better to have the check of economy?—There is the check there always in the Education Department. However there are a great many other fixed charges; there is a certain minimum of salaries which has always got to be paid; a certain number of teachers must be had for a certain number of children.

18,404. You suggest now that salaries are a fixed charge. I suggest to you that that charge varies almost more than any other according to the taste of the local body?—Would not this meet the case? We have had now sufficient experience to enable us to say that to educate children costs so much per head; a Commission could arrive at it.

18,405. Can you say that—it varies very much in London from other places?—I know, but for each locality we could arrive at a certain fixed charge which is what we may call a necessity.

18,406. How are you going to arrive at a fixed charge on the previous expenditure?—The previous expenditure is a guide, is it not?

18,407. The previous expenditure may have been under extravagant administration, or it may have been under economical administration; how are you going to apply that test?—Of course we cannot arrive at any certainty in these matters, but on broad principles we know that to educate a child costs so much, and that it will always cost so much, and will not cost less.

18,408. Are not the principles so broad that they are not capable of being reduced to any particular rule?—Not at all. I think that a certain grant could be made, for instance, per child, and that any further expenditure which might be necessary could be met out of the rates.

18,409. Is that not almost exactly what is done at the present time—there is a certain grant per child, is there not?—But then, as I say, it depends on earning it.

18,410. Only to a small extent, comparatively speaking?—It does not take into consideration the fact that in a given locality to get that minimum of efficiency you will have to spend more than you will have to spend in another locality. If you have got to spend 30s. to educate a child in London and 20s. in the country, the earned grant is the same for both.

18,411. I suggest to you—and this is the last question I put—that that consideration is better left to the locality, with all the incentives to economy which the dread of a rise in rates brings, rather than to run the risk of allowing a local body to expend money provided by the Imperial Treasury?—I do not agree. I should agree if that were to be wholly so, but then I do not suggest for one moment that the money to be contributed by the Imperial Exchequer should be the whole cost of education, because I quite agree with the suggestion made to me before that the checks and safeguards for local careful administration must be maintained.

The witness withdrew.

Mr. T. J.  
Mac-  
namara.

18 May '98

Mr. THOMAS JAMES MACNAMARA called and examined.

Mr. T. J.  
Mac-  
namara.

18 May '98

18,412. (Chairman.) Like Mr. Morgan-Browne, you are a member of the London School Board, and have been appointed by that body to place before us the resolutions\* contained in your memorandum?†—Yes.

18,413. I put the same question to you as I did to him; the Board, as a Board, is responsible for the resolutions that are passed, and not for any other development which you have been good enough to prepare for us?—That is so.

18,414. For all except the resolutions you appear as an individual to explain and elucidate them according to the view that you think the Board had in passing them, is that so?—Yes, that is so.

18,415. Which of these two principles mentioned in the first resolution do you desire to see prevail?—I want to develop the first myself more particularly, although I do not propose to discriminate between their importance on behalf of the school board.

18,416. You say you want more equitable relations to be "maintained between the proportion of the cost of "Elementary Education borne locally and centrally respectively"?—Yes.

18,417. Why do you select cost as the test upon which the Imperial contribution is to be given?—The cost of course is the ultimate financial burden to be borne in respect of education; that is why I select that.

18,418. I suggest to you that taking cost as the test is about the most efficient means you could devise of running the cost up greater than it need otherwise be?—I do not follow you. The education grant is administered as carefully as any grant I am acquainted with. The Education Department's regulations both in this country and in Scotland are exceedingly minute and detailed; the money is doled out in exceedingly small quantities for specific subjects, which are very carefully tested by the Department officials, who are many, and, compared with the administration of other Imperial subventions, I should have thought there is no grant made which is so carefully surrounded by safeguards as the education grant.

18,419. You would agree that that is a wise thing to do of course?—I think it is carried too far and on wrong lines at the present time.

18,420. Do you not think that every possible safeguard against extravagance should be adopted?—Yes, I do; but I think you may overdo your safeguards against extravagance. Let me say exactly what I mean. For instance, as you are aware, the education grants are paid out per subject in, as I say, very minute sums, with the ultimate result that you get the aim of managers to be the taking up of subjects which shall pay, rather than the wellbeing of the education of the locality, and of the children. That I do not think a desirable development.

18,421. Is that not a matter which it is within the competence of the school board to remedy if it likes?—No, because such a very considerable proportion of the money upon which education depends comes from the Imperial Exchequer, that, in the interest of the ratepayers the school boards, though they may agitate and send recommendations, must, more or less, fall in with the regulations prescribed by the Education Department in this country and Scotland.

18,422. Does not what you have just said amount to this: that there are certain subjects which pay the locality to take, and certain which do not, and, as all the subjects are paid for by the Imperial Treasury the local body takes up those subjects, and instructs its teachers to take up those subjects out of which it will get most money from the Imperial Treasury?—Yes; and that is not always in the interests of the children or of the education of the locality.

18,423. Is that not a very strong argument for some further safeguards against which I suggest to you is an abuse?—No, it is an argument in favour of safeguards along different lines.

18,424. I will take it that way. What safeguard do you suggest? As I understand Resolution I, the only test with which you are concerned is the cost; in other words the first part of the resolution means this: that the more the local board spends the greater the proportion they are to get out of the Imperial Treasury?—Yes.

18,425. Where does the safeguard for economy come in under that principle?—If you wish me to detail a statement of safeguards I should be prepared to do so at

considerable length. They would not be in some respects along the lines upon which the present Scotch and English education departments go, because I believe that those safeguards result in uneducational methods, in so far as they are an incentive to take up subjects which are paid for by detailed and minute sums of money. It would be possible, and easily possible to secure safeguards and general supervision of a close and effective character which would avoid the difficulty which I have tried to represent to you, and would still be thoroughly efficient in the way of anticipating and preventing extravagance and mal-administration.

18,426. I wish you would make it more distinct to me?—The particular safeguards that I mean?

18,427. Yes?—Then I should have to go into the question of the method of inspecting schools by the Education Department's officers, and to deal with their present methods, and how far they might be reformed. It is along the line of the method of inspecting schools by the Department's inspectors that I should wish to direct your attention. I would not propose that each of those subjects should be paid for by those minute sums, but that the general character of the education given should be under the close supervision of the Department's officers, who would be permitted to be in touch with it at any time they pleased and as often as they pleased.

18,428. What do you mean by close supervision? At present, you know, there are two systems, one an annual inspection, and the other a certain number of more or less surprise visits, the latter system being rather more in favour at the present moment than the former one?—Yes.

18,429. How much more close supervision do you suggest?—I do not want any more close supervision than the latter system which you have mentioned. I would not propose that the work of a school should be assessed upon the results of the children's efforts in individual subjects, but that the grant should be paid more in the nature of *per capita* payments; and still you would have efficient supervision without the danger to which I have already referred.

18,430. But the payment *per capita* does not carry you quite so far as the resolution, that it is to be in proportion to the cost?—May I with regard to this question of the cost of education call your attention to the position in which we are—perhaps I shall make myself clear then—We get about 7½ millions from the Imperial Exchequer, roughly, now for elementary education; we get only 5½ millions from the localities. That 5½ millions is raised—4½ millions of it in the form of compulsory rates—I am speaking of England Wales, not of Scotland—the remaining three-quarter millions being the result of private benevolence and charity. The 4½ millions compulsory local rate for education is only raised over two-thirds of the area, leaving the third area absolutely free of any compulsory local charge. The three-quarters of a million, charitable subventions are raised of course over the whole area, and in the absence of any detailed statement of facts as to how much each locality does raise in the way of charitable subventions, I may roughly say that that three-quarters of a million is raised over the whole country in a more or less even manner.

18,431. I think that is a large assumption, because I think people who desire to keep up their voluntary schools probably get the money from amongst their own immediate friends, practically to some extent for the sake of avoiding the school board rate; but I let that pass?—Would you suggest that there are more voluntary subscriptions in the non-school board districts than in the school board districts—speaking proportionately.

18,432. I think it would be impossible to say?—That is exactly what I say.

18,433. I suggest that where there are voluntary schools the people in the immediate neighbourhood contribute to those voluntary schools?—Yes, I know, but I said that in the absence of any particular statistics I would say roughly that the three-quarters of a million were raised over the whole country.

18,434. Very well; I will take that?—Now to get this you get one-third of the rateable value raising half the total amount raised locally under a compulsory rate, namely 2½ millions, and you would get that same third—roughly again—raising a third of the three-quarters of a million of voluntary subscriptions. I know these figures may be exposed to criticism, not being precise; but I have no statistics to go upon or I would have gone to them.

Education:  
Government  
Grants.  
The test  
of cost as  
a basis  
discussed.  
Question of  
safeguards  
for careful  
local ad-  
ministra-  
tion dis-  
cussed and  
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Education:  
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ture on.  
Amounts  
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raised.

*Mr. T. J. Macnamara.*  
18 May '98

That gives 2½ millions from the local subscriptions and from the compulsory rates for the first third. The next third would raise necessarily the same—2½ millions under the compulsory tax and one-fourth of a million, as I suggest, voluntarily subscribed. The third third of the rateable value—and you can do it on rateable value on population or on area, as they are pretty much the same—raises nothing, I suggest, practically except a quarter of a million charitable subscriptions. What I want to get at is why this third third should get off with a tenth of the contribution which is raised by each of the two other thirds—nine-tenths of the amount in those cases being the result of a compulsory rate.

18,435. I suggest to you that one reason is that they manage their affairs more economically than the public bodies who have the rates to dip their hands into?—I suggest to you, or the other hand, that their schools are in a highly inefficient condition in many cases.

18,436. What have you to say to my first criticism? The point between us at this moment is that your board advocates cost as the test of contribution?—I am trying to get to that. Take the whole area of the country in the way I have described; we look at it and we find that you get one-third of the area contracting itself out of its local obligation—if you are going to continue to have a local obligation—for education, and raising a tenth of that raised by the rest; we find that area specially favoured by the Government to receive special contributions from the central Exchequer over and above, notwithstanding the fact that at present in many cases they raise nothing locally.

18,437. (*Mr. Arthur O'Connor.*) I am afraid I do not understand you. What do you mean by “contracting themselves out of their local obligations”?—I should like to explain from my point of view. I say you have got a compulsory local rate for education over two-thirds of the area, and, I say, that the other third of the area has no compulsory local rate.

18,438. That is to say, they have no compulsory legal obligation?—That is what I mean by compulsory local rate.

18,439. Then there is nothing to contract themselves out of?—They have specified their preference for a particular class of school.

18,440. Is there anything to contract themselves out of? If there is no obligation, how can they contract themselves out of it?—My contention is that the obligation to maintain education is a communal obligation.

18,441. That is another thing; that is a view; I only want to know the meaning you attach to the term?—The use of the term was a matter of my opinion and view on the whole question of the duty of the community towards education.

18,442. It represented a view, and not a thing—that is the point?—Exactly, naturally.

18,443. (*Chairman.*) Take the question of salaries, which, as we all know, is a large item in the maintenance and management of schools everywhere; if cost is the test what is to keep the locality from adding to the salaries of the teachers, knowing that in proportion as they add to them they will draw more from Imperial sources?—I do not think there is any serious danger in respect of that. The zeal on behalf of education amongst the British community, at any rate south of the Tweed, is not so very exciting as to make one contemplate that with any serious misgivings.

18,444. At the present time beyond the contribution from the Imperial fund, which is earned by certain known, pre-supposed, and laid-down conditions, any extravagance upon the part of the locality is visited upon that locality. Supposing the London School Board ran up their salaries to an extravagant figure at the present time, that would have to come out of the pocket of the London ratepayer?—Yes, partly.

18,445. Except for the small thing that he may earn out of the grant, it does so?—That is 28 per cent. of the whole, as I show.

18,446. If you can add on to the salaries of your teachers and feel that in proportion as you add on to the salaries without any necessary increase of efficiency so you will receive from the Exchequer, do you not take away one of the most important checks to such a course of action?—No; and I must add that it seems that we are overlooking another very important check, which is a most effective one. There is the appeal to the ratepayers and the public. My experience as a school board member is that on these occasions the school board candidate is face to face with

a very great zeal on behalf of economy amongst the mass of those to whom he has to appeal.

18,447. If you are going to take away —?—No, I am not going to take it away; they are going to elect the School Board as in the past.

18,448. (*Mr. Clare.*) What is the cost per head of educating a child by the London School Board?—I have not got the precise figure, but I fancy it is about 3*l.* 12*s.* 4*d.*—that is the “maintenance” charge.

18,449. Do you know what it is in the provinces?—Yes, of course I know that it is less than that.

18,450. Does that not account, then, for the discrepancy between the percentage that the fixed Government grant bears to the cost per head in the provinces and the cost per head under the London School Board?—Yes; but I would suggest that there are very good reasons that are local for the greater cost of education in London.

18,451. If you base the Government contributions upon cost what would then become of voluntary schools; how long would they live?—I do not think that the suggestion endangers the voluntary schools at all.

18,452. Surely if a school board has a local rate, plus the Imperial Exchequer at its back, and it knows that whatever it spends it will get half of it from the Government —?—I did not suggest half.

18,453. How could the voluntary schools live under such conditions?—Personally I look forward to the time when the income of schools of all kinds will be stable and certain and not depending upon the fluctuating chances of what I call charitable income.

18,454. In other words, the voluntary schools are to be abolished?—No, I did not say that, and I did not suggest that. If you reform the incidence of the local rate, that is, supposing you maintain a local rate, and collect it by counties, say, instead of collecting it over small areas, which makes the incidence exceedingly grievous, there is no reason why under certain conditions which would have to be satisfied, the county authorities should not open the voluntary schools, with the right to share in whatever might be raised locally in the way I have described—if you maintain the system of having a local charge.

18,455. (*Mr. Arthur O'Connor.*) As I understand it you are in favour of a larger grant from the Exchequer?—Yes.

18,456. Do you know the terms of reference to this Commission?—I have had them before me; but I have not got them before me at this moment.

18,457. We are to inquire into the equity of the incidence of local taxation as between real and personal property?—Yes.

18,458. Are you aware that of the money which comes into the Exchequer the larger amount is raised by indirect taxation?—I was not aware of that fact; but I accept your suggestion.

18,459. Would it make any difference in your view if you ascertained that it was not only so, but very largely so?—No; I do not know that it would.

18,460. Do you think that it might affect the view of this Commission?—I cannot say that, of course.

18,461. You see that if the fact is so, the contribution from the Exchequer being increased, would result in an increase of the contribution from indirect taxation?—Yes; that is so, if your premiss be correct.

18,462. And from personal property rather than from real property?—Accepting your premiss, that would be the result no doubt.

18,463. Then the correctness of the conclusion depends upon the accuracy of the premiss?—Yes.

18,464. I suppose you will accept the returns of the Treasury, and the Chancellor of the Exchequer's admissions?—I have already said I accept your view.

18,465. Assuming the correctness of that premiss with regard to the proportion of indirect to direct taxation, your proposal would involve an increasing contribution from personalty as compared with realty?—Yes, again accepting what you suggested to me as being the fact.

18,466. I postulate that?—I understand.

18,467. (*Mr. Smith.*) Have you any experience of the working of the poor law?—No, I have not.

18,468. You would hardly like to go so far, I suppose, as to make the amount of Imperial contribution to poor law administration depend upon the cost, would you?—I cannot say, because, as I say, I have no personal experience of the administration of the poor law.

*Mr. T. J. Macnamara.*

18 May '98

Education by London School Board: Cost per head.

Voluntary Schools: Their position if Government Grant for education given on basis of cost.

Imperial taxation: Amount of direct and indirect taxation.

Education, cost of: Govern-ment Grants. The test of cost as a basis. Question of safeguards for careful local administration discussed.

**Mr. T. J. Macnamara.** 18,469. Therefore you confine that principle to what you do know a great deal about, namely, education?—Yes.

18 May '98

Education:  
Cost of  
should  
be a more  
uniform  
charge.

18,470. (*Chairman.*) Is there any point on which we have not questioned you that you want to press upon us?—I should like to urge again, if we maintain a local rate, the necessity of collecting it in a more equitable manner. The Education Department's return will show you both in this country and in Scotland the grotesqueness of the incidence. To take the case of the London area; I have taken the school boards contiguous with the School Board for London. There are 20 of them, and there probably are some districts touching London which have no school board rate, but that I cannot say. At any rate, of the 20 school boards which touch London, one penny in the £ in one case brings in 23%, and the moneys which a penny in the £ would bring in range from that amount up to nearly 150,000% in the case of London in the centre; and the school board rate for these 20 districts which touch the London area ranges from 3½d. to 2s. 0½d.

Government  
Grants  
towards

18,471. What inference do you want to draw from that?—I want to suggest that we do want to have an equalisation of areas and an extension of the areas of collection in some way or other, to render the incidence of the cost

more equitable. Of course, I am one of those who believe strongly that we should throw a much larger proportion of the cost of education upon the central Exchequer.

18,472. You will not, I know, agree with me, but I suggest to you that the 3½d. rate may arise from the economy of the board which is managing the education in that district?—Yes, but I scarcely imagine, if that were so, and I do not admit it, that you would advocate the continuance of a so called economy of that sort?

18,473. Clearly?—You would?

18,474. Most certainly. I am all for giving every locality the benefit of its own economical administration?—Of course, my argument would be that the area is so small and the rateable value so poor or low that the people take an economical view from necessity and keep the thing down as low as possible because of the grievous burden which otherwise would fall upon them.

18,475. You do not, I think, regard economy as a virtue even in the abstract?—Oh, yes, most decidedly; I think efficiency is essential and economy desirable, if I may put it that way.

The witness withdrew.

Adjourned till to-morrow at 11.30 o'clock.

## FORTY-FOURTH DAY.

Thursday, 19th May 1898.

At St. Stephen's House, Victoria Embankment, S.W.

PRESENT:

THE RIGHT HON. SIR J. T. HIBBERT, *in the Chair.*

C. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.  
T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.

E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.  
THE RIGHT HON. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*  
T. LLEWELYN DAVIES, Esq., *Assistant Secretary.*

**Mr. C. W. Tagg.**

19 May '98

Camberwell parish:  
Number of assessments.

Valuation:  
System adopted in Camberwell.

Mr. CHARLES WILLIAM TAGG, called and examined.

18,476. (*Sir John Hibbert.*) You are, I believe, the vestry clerk to Camberwell?—Yes, I am vestry clerk, and also clerk to the overseers.

18,477. How long have you held that post?—I have been vestry clerk for about five years, but I have been in the service of the vestry for 18 years.

18,478. You have prepared for us a memorandum which I hold in my hand\*?—Yes.

18,479. Will you state what is the acreage of Camberwell and the number of assessments in the parish?—The area is 4,342 acres, and there are 40,241 assessments.

18,480. Do you know what the population of the parish is?—The estimated population at the present time I should say is about 275,000.

18,481. Have you taken part in the work of the assessment committee?—Yes, I am clerk to the assessment committee.

18,482. There has been a quinquennial valuation lately of the metropolis, has there not?—Yes, in 1895-96.

18,483. I presume that the statement in your memorandum, that the gross value of the parish is 1,408,870l. and the rateable value is 1,142,632l., is correct according to that valuation?—Yes.

18,484. I do not think now we need go into the system adopted in your district of making the valuation list; I presume it is very much the same as in other parishes, is it not?—We endeavour to follow the Act of Parliament.

18,485. Is there anything special with respect to the system that you would like to speak about?—No, there is nothing special at all.

18,486. Are you satisfied with the system you have adopted in preparing the valuation list so far as it goes?—Yes, I am satisfied with the system.

18,487. What part does the surveyor of taxes take with respect to the early portion of the system; does he intervene in any way?—He attends the meetings of the overseers when they make the first valuation for quinquennial purposes; that is, when they deal with the returns which have been received from the occupiers; they go through each return, and the surveyor of taxes is present with them.

18,488. The principles which you adopt in determining the gross and rateable value are according to the principles which were agreed to by the conference of metropolitan assessment authorities in 1893-94, are they not?—That is so.

18,489. Do you find that by the adoption of those principles by various committees throughout the metropolis, there has been a greater uniformity of assessment?—Of course I have no knowledge beyond Camberwell.

18,490. You have not paid any attention to other districts?—I have no opportunity for doing so, but I believe it has led to greater uniformity.

18,491. In respect to special properties, such as railways and manufactories, how do you rate those?—We employ a professional valuer for that purpose.

18,492. Have you had any appeals with respect to the railways?—We had no appeals on our special properties at the quinquennial. We had objections before the assessment committee, of course, but none of them went beyond that.

18,493. None of them went to the court?—Not to the Sessions.

18,494. I suppose you have the Poor Rate Assessment and Collection Act in operation in your parish?—Yes, we proceed under section 3.

**Mr. T. J. Macnamara.**

18 May '98

education  
should be  
increased.  
Question  
of local  
control.

**Mr. C. W. Tagg.**

19 May '98

Mr. C. W. Tagg.  
19 May '98  
Valuation in Camberwell: System of compounding adopted.

Mr. C. W. Tagg.  
19 May '98  
Collection of rates in Camberwell: Number of summonses issued.

Overseers should be appointed by Local Sanitary Authority, and not by justices.

Collection of rates and taxes in a local Sanitary Authority's district should be made by the collectors of that Authority.

18,495. What are the deductions you allow?—The deductions vary from 10 per cent. to 25 per cent.

18,496. Is that according to the class of property?—Yes. The overseers of Camberwell have dealt rather specially with this question of compounding.

18,497. Do the overseers decide upon the different classes of property as to what the amount of deduction should be, that is, between 10 and 25 per cent.?—Yes; the overseers enter into the agreement subject to the consent of the vestry.

18,498. They get the consent of the vestry after?—Yes, to affixing the seal to the agreement.

18,499. Is that quite within the powers of the Act?—I believe so. It has to be a composition allowance made with the consent of the vestry.

18,500. Is this classification system which you adopt, adopted in any other part of the metropolis, do you know?—I believe some other portions of the metropolis have followed us with regard to that. The rate of commission for compounding small property depends, of course, entirely upon the nature of the property and the tenants occupying it; it rises and falls, I mean, as it may be more or less near large works, for instance.

18,501. Do you vary the per-centage of deduction from year to year?—Yes, we do. I have recently given notice to terminate to a large number of compounding owners, and we are reducing the commission. The overseers made a special survey of the entire parish; they went through every street of the parish and inspected every house in it.

18,502. After that inspection did they decide as to which class the houses should be placed in?—Yes, and they also took note of the number of empties in such streets, and of the class of tenants.

18,503. Are you satisfied with the method of composition which you have adopted?—I am satisfied that that is the correct way of administering the present system.

18,504. Do you approve of the system of composition?—Yes, I say in my memorandum that I approve of the system, but, of course, the difficulty is to adjust the system to meet fairly the owner as well as the parish.

18,505. Do you have any difficulty in obtaining the rates from the owners?—We have difficulties, but not great difficulties, in obtaining the rates from the owners, and we should have still greater difficulties in obtaining them from the tenants. I may say that when we re-organised in Camberwell the system of compounding allowances, about four years ago, we had a very strong opposition from the owners on reducing the amount of discounts. We had deputation after deputation, and everybody prophesied that the whole system would be a failure, as no owners would enter into a compound agreement under the new scale. But they have all come in.

18,506. Under your system, have you been obliged to take out any large number of summonses against owners?—No, we very seldom summons any owners.

18,507. How do you in your parish collect your poor rates, and other rates?—We collect the whole of the local rates by one collector upon one demand note. I have brought some of our demand notes with me for your inspection.\*

18,508. How long has that method been in operation?—That method of collecting the whole of the rates together has been in operation since 1855, I think, when the Metropolis Management Act passed.

18,509. Your demand note, I suppose, shows the amount required for each special purpose?—Yes; I have several copies here. The different tints of paper represent the different compound deductions, that is, the different allowances to owners. That is done for the purpose of sorting them out more easily. The demand note, the receipt, and the counterfoil are all in one, as you will see. I may say that about four years ago I went to Birmingham and investigated the system of rate collection there, and that we have adopted some of their ideas.

18,510. Did you get some good hints in Birmingham?—We got some hints, and we adopted their system for the collection of rates, I mean to a certain extent—as far as the demand note goes—by making the demand note the receipt, and the counterfoil, all one.

18,511. That had not been in operation before in your parish, then?—No, the demand note was not attached to the receipt before; it was separate.

18,512. Do you find that you have many summonses to issue with respect to the rates which are not compounded for?—Yes, we have a great many summonses, but I have not the numbers with me.

18,513. Are they in thousands?—We have over 40,000 assessments, and I should think that for the quarter the summonses would run into, perhaps, 2,000. I think the explanation is that it is to a large extent due to the fact that there is only 6d. charged on the summonses, and a great many occupiers think it is worth while to wait and pay the extra 6d.; they have the use of the money practically for another month for 6d. Out of the number of summonses issued there are very few that attend the petty sessions, and those that do attend, in nine cases out of 10, only want further time.

18,514. Have you to issue many distress warrants?—Very few indeed.

18,515. Then the large number of summonses which you have does not eventually injure the amount of money which you receive from the ratepayers?—Not at all; it is not appreciable.

18,516. Have you any suggestion to make with respect to the matter of preparing the valuation list; would you continue it on the present principles which you adopt in your parish, or have you any improved plans to suggest?—In our parish we have the system that I suggest in my memorandum. I suggest that the overseers should be appointed direct by the local sanitary authority, and not by the justices.

18,517. That is under the Act of 1894?—Yes.

18,518. Have you applied to have that power given to you?—Yes, we have. We were the first London authority to get that power.

18,519. You have got it then?—I got it immediately the Act was passed; I got the first order.

18,520. Do you think that that system should be adopted generally?—I certainly do.

18,521. How would you appoint your assessment committees?—By the same authority—direct.

18,522. At the present moment you are the assessment committee of your parish, but you have a board of guardians also, I presume?—Yes, but they have nothing whatever to do with the assessment.

18,523. I was going to ask you that?—We are specially provided in the Metropolis Valuation Act to be a union—we are the Camberwell Union—and we appoint direct.

18,524. You have a suggestion to make, I believe, with respect to the collection of the rates and taxes, have you not?—Yes. I would suggest that the whole of the collection in a local sanitary authority's district should be carried out by the collectors for that local sanitary authority. I include the Queen's taxes and all charges on property and land apart from the income tax.

18,525. Would you include all Queen's taxes?—All excepting the personal income tax.

18,526. What Queen's taxes are there that you would deal with?—The inhabited house duty and the property tax.

18,527. Does not the same collector of the Imperial taxes now collect all those taxes?—Yes, but he collects income tax from very few compared with what he collects these other taxes from. In the other cases there has to be a demand note on every house. The collection of the local rates and taxes is more especially brought to my mind in the case of a house which I have down at Hastings. There there is one rate collector acting for the overseers for the poor rate; we have another rate collector acting for the corporation rates; there is another rate collector collecting the coal dues; and then, of course, there is the Queen's tax collector, who collects the house property assessment. I pay no income tax down there direct, because I pay that in London. It seems to me that practically the four men are doing the work that one man could do with one demand note, and that they are keeping two sets of books when one set of books would suffice.

18,528. (Mr Arthur O'Connor.) One system of machinery should be used to do all similar work?—Yes. There seems to be no difficulty in the Government saying to the local authorities, "We want you to raise so much in house duty, and we want you to raise so much in property tax for the next year." They could serve the precept in the same way as the school board, or the county council, or any other body that have power to raise rates, serve us with a precept to collect that amount. We simply print it on our demand note; we pay their amount into the Bank

Mr. C. W.  
Tagg.  
19 May '98

Valuation:  
Uniformity of in  
London.  
Conference  
promoted  
by London  
County  
Council  
was useful.

of England, and there is an end to the collection, and the ratepayer gets a receipt covering the whole. With regard to private income taxes, I mean taxes paid by a person on his personal income, I think that is a private matter that really ought only to be collected by the surveyor of taxes, and it should not be known to the local authority what a man is paying upon. That is a difficulty.

18,529. Now, in regard to the steps taken by assessment committees in London to secure uniformity of assessment throughout the metropolis, is there anything you want to emphasize in connexion with that?—No, what I have stated in my memorandum is what I really think. I think that that conference was of great use, and that the resolutions they came to would be good resolutions to guide in the collection of the rates. I cannot say whether they are all carried out by the people who were present at the conference.

18,530. You state that they have been generally adopted as a uniform basis of assessment?—Yes, I believe they have been, as far as I can ascertain but of course I have no real knowledge of that.

18,531. In your own parish of Camberwell, where they have been adopted, have you found that they are capable of easy application?—Yes. The professional appellants that come there produce the scale that was agreed to at the London County Council, and base there appeals upon that. They take that as a text upon which to appeal. I should like to say that only last week I heard this from an artist friend of mine: He was taking a studio in Chelsea, I think; the rent asked for was 100*l.* a year, and he said the rates would be rather heavy on that, but they said, "No, it is only rated at 36*l.*" That is a case where evidently they are not basing it on actual rents. Then he went to another studio in Kensington, and the house agent said, "It is 100*l.* a year," I think it was, but he added, "It is only rated at 34*l.*; the owner is on the "vestry, or is an overseer, or something of that sort."

18,532. That is a peculiar kind of property, is it not, and very often stands empty for a long time?—But if it is empty it is paying no rates.

18,533. Is it not in the case of compounding?—You cannot compound property of that character. The highest you can compound for in the metropolis is a rateable value of 20*l.*—small weekly property.

18,534. The studio is only a portion of the building, is it not?—It does not matter; if there is a beneficial occupation, whether it is a portion or not, it is separately assessed.

18,535. Is each particular studio separately assessed?—If it is separately occupied it should be.

18,536. Take, for instance, those studios in Kensington Road, which have a common entrance, but where there are a number of different studios in the building; is each of those separately assessed?—I am quite unable to say; but if there was a separate occupation, and a separate key to each, we should separately assess them actually on the rents that they are let for. We make no exception whatever.

18,537. Even where there is a common entrance door?—Certainly, where there is a common entrance, if there is a private beneficial occupation. The common entrance would only affect the question of voting, not the question of rating. I only heard of those two cases last week, which led me to think that it is not administered in all parts of London in that fair way in which it should be.

18,538. With regard to the deductions mentioned in paragraph 13, you state that the deductions allowed from the gross annual value for the purpose of arriving at the rateable value are the maximum allowances for five classes of the Third Schedule; why have they adopted the maximum?—They take it as a rule throughout that a proper allowance should be given.

18,539. Does not the very idea of maximum suggest a discretionary fixing according to circumstances?—Of course there is a discretionary fixing, but the difficulty would be that you would have then to deal with individuals. It is much better, I take it, between gross and rateable to take a maximum than to vary it with each individual case that comes up. That only applies to the difference between the gross and the rateable value.

18,540. Clearly, but the deductions allowed are the maximum allowances; that is your proposition?—Yes. If you have a copy of the County Council Conference Scale\* you will find that they have based it on that.

\* London County Council Return, Assessment Conference, 1893-94, Resolutions, &c. (No. 168).—P. S. King & Son, Great Smith Street, Westminster, S.W.

18,541. Does it mean that the maximum is allowed in each individual case?—Yes.

18,542. Do you think that that is a proper application of a scale which is admittedly a maximum?—I do, certainly.

18,543. Paragraph 10, I think, speaks for itself?—Yes. The one that was heard and the appeal allowed with costs was a very difficult question; it was whether certain premises were a factory or not, and it could only be decided on evidence.

18,544. Paragraph 21, in the same way, is merely a statement of fact?—That is so.

18,545. In regard to the Treasury contribution in Camberwell, what do you say as to its adequacy?—I saw Mr. Griffiths on that, and we agreed upon the figures together, and we took them on a fair basis.

18,546. Are the figures as high as would be taken in the case of private owners?—Quite. I was perfectly satisfied with the arrangement.

18,547. With regard to paragraph 22, you say that "empty property should bear some proportion of local taxation"?—Yes.

18,548. What is your argument upon that point. I see you cite a number of cases?—I have no argument beyond the fact that streets have to be lighted, and sewers have to be provided, and cleansing has to be done for houses whether they are occupied or not. Where there is a lot of new property built we have to construct new sewers, and light the thoroughfares, and, of course, until the houses are let there is no income whatever.

18,549. Is property in Camberwell going up in value or down?—The property up to 40*l.* a year is going up; I am speaking of residential property, but property beyond that I should think is not.

18,550. What do you say with regard to the large shops?—They are certainly going up in certain thoroughfares.

18,551. In other words, the value of it is like the grass that grows while the owner sleeps?—It certainly grows.

18,552. The property is in one or both of two men, the owner of the ground and the owner of the building?—Yes.

18,553. On whom would you place the charge?—I should place the charge on the person who is receiving the beneficial rent for such property.

18,554. The only beneficial rent in the case of an empty house would be the beneficial rent received by the ground owner?—He would be the person receiving it.

18,555. Would the increase in value which you speak of attach to the land or to the house?—I should say to the house. Of course, the land is increasing in value; it costs you more if you want to build.

18,556. The income of the ground landlord would presumably be fixed for a considerable number of years?—It certainly would be until you get to the termination of the leases.

18,557. You would, therefore, be putting a charge upon the ground landlord, whereas the benefit of the increasing value would accrue to the owner of the house?—Yes. I was dealing with local rates, and saying that persons who were receiving a beneficial rent from houses, that were enjoying the privileges of being lighted and sewered, and all that, should be the persons to be charged for local rates. I do not mind who it is.

18,558. Speaking of the private house rated at 67*l.*, which has been empty now for nine years, the owner living next door, you say the estimated loss to the parish is 190*l.* 19*s.*; but I suppose the loss to the owner is very much more than that?—It is wilful on the part of the owner, it is not on the part of the parish; the owner simply will not let the house. Those cases that I quote in my memorandum are not cases of houses that are not occupied because they are unable to get tenants; they are not occupied because the owners simply will not have tenants.

18,559. In other words, the owner is enjoying his property himself?—In his own way.

18,560. In his own peculiar way?—Yes, that is so. These are cases where the owners will not sell or let.

18,561. You would find it, perhaps, a little difficult to prove that an owner is unreasonably refusing to let?—There would be no difficulty in these cases, because I have tested them in each case.

Mr. C. W.  
Tagg.  
19 May '98

Government pro-  
perty in Camber-  
well:  
Treasury contribu-  
tions.

Property unoccupied should be assessed to local rates to some extent.

Incidence of taxation: Whether taxation should be placed upon owner or occupier.

Property unoccupied should be assessed to local rates to some extent.

Deductions in Metro-  
polis:  
Maximum  
deductions  
allowed.

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18,562. You have not given what would be a sufficient inducement to the owner to part with the possession?—I have asked them what they would let the premises at, and they have refused to say, and have said they are not to let.

18,563. How do you account for that peculiar use of property?—The first three large shops is a case of a large company that are hoping in a few months, or perhaps a year or so, that their business will extend, and they wish to enlarge their business by opening these shops. In the case of the private house at 60L., that man bought that house for 1,500l. freehold; he has never occupied it for four or five years, and I do not know when he will. He keeps it empty. In the last case the man keeps the house empty because it is next door to him. I do not know whether he has had troublesome neighbours before, or what is the reason, but the fact remains, that he will not let it, and he will not let anybody live there.

18,564. He is using it as a buffer?—It certainly is a buffer against local rates.

Equalisation of rates is a good system.

18,565. What do you say shortly about the equalisation of rates, as being beneficial or otherwise to the localities?—I say that the present system is a good one. Perhaps that is because we get about the largest grant in the metropolis under it, as we do. I think the system of paying on rateable value and receiving on population is a good one, because where you have the very heavy poor population that we have (the bulk of the occupiers in our parish are rated under 20l. a year), you must have a great many more sanitary and public health concerns, which are very necessary, very heavy, and very expensive. It is for the good of the health of the metropolis that the Public Health Acts should be administered in the best possible way, and having not much regard to the cost.

Property: Increase in value of, owing to increase of population and of traffic facilities. Benefit to land-owners. The person who receives the greatest benefit out of property should pay the greatest proportion.

18,566. Would you say that the value of property in a place like Camberwell would increase *pari passu* with the increase of population in the district?—It would to the extent of weekly houses and small houses. I mean it is impossible in many parts of the parish for them to find any houses to occupy now.

18,567. Therefore there is a great demand?—The demand is very great, and, therefore, the rents go up with better means of transit.

18,568. Taking the district as a whole, irrespective, for the moment, of the different degrees of accommodation, should you say generally that the increase of population enhances the value of the district?—Yes, I do; and it has done so with the exception of the very large residential houses that I mentioned in the early part of my evidence, and they have gone down in value.

18,569. But, on the whole, the district has gone up?—On the whole, certainly.

18,570. To whom does that benefit of increased value throughout a district go. Does it go to the owners of the houses, or does it go to the owners of the land in greater part?—It goes to the owners of the houses of course, with the exception of where owners of land have leases falling in, or are letting leases on new ground rents, when the ground rents are increased.

18,571. And they are increased, I suppose, by considerable leaps and bounds, as the leases fall in?—Certainly they are.

18,572. That is to say, the immediate, and perhaps mere fractional benefit, goes to the owners of houses, that is the yearly increase or the increase coming every two or three years, and in the case of the owners of the land the benefit goes by greater bounds, but at longer intervals?—Yes, of course, where he has already let his land for long periods.

18,573. I suppose as the leases are running out with each year the interest of the landowner is increased?—It is.

18,574. So, that in one form or another, ultimately the increase goes to the landowner?—Yes, he is sure to win in the end.

18,575. And all that, you say, is attributable to the increase of the population?—To the increase of the population and to the increased traffic facilities.

18,576. That population not only lives there, but pays for the improvements, which themselves in turn enhance the value of all the property about?—Yes, they pay certainly.

18,577. Does it strike you as equitable that the population, which by its increase, and its requirements, and its whole expenditure increases the value of the district, should bear the greater portion of the ultimate charge, or would

you think it more equitable that the landowner who, in the end, gains all the advantage of the increased value should pay a portion of the charge?—Yes, I think the landowner should, but I think it requires most careful adjustment. You might be able to adjust certain payments to be made by him when he gets an increased rental on his leases falling in.

18,578. That goes to the question of the mode of charge, but you would assent to the general principle that the owner who ultimately derives the benefit should bear his portion of the burden?—The general principle that I stated earlier is, in my idea, that the person who receives the greatest benefit out of the property should pay the greatest proportion.

18,579. As I understand you, that person is the owner of the ground ultimately?—Yes, when it reaches him, but of course a lot of Camberwell was let in 1860 and 1864 at very low ground rents.

18,580. But with each year the interest of the landowner is rising?—It is increasing when he gets into possession.

18,581. What do you say about paragraph 11 in your memorandum, where you deal with the possible under-assessment?—I have given the figures as printed on the return. I did not work those out myself, but they were worked out in the office. Of course it does work against the parish.

18,582. Do you think your parish is under-assessed?—No, I am sure it is not under-assessed.

18,583. Is it over-assessed?—No, it is not over-assessed.

18,584. We may take Camberwell, then, as a model of a standard parish in the matter?—You can take Camberwell as having carried out the resolutions of the conference. That was what the conference decided to be a model, and we have carried those out.

18,585. What parts of London do you say are most under-assessed?—I have no means of saying that, and I have no means of ascertaining. I gave you two cases that I heard of incidentally last week.

18,586. But you do say that the rest of London is under-assessed?—No, I do not.

18,587. Another way of putting the same thing is to say "if London were fully assessed, instead of being under-assessed"?—Yes, I was asked if such a thing was to happen what would happen to Camberwell.

18,588. That is merely hypothetical?—That is only hypothetical. You, the Commission, asked that question.

18,589. Then paragraph 25 (iv.) deals with the question whether equality of assessment between parish and parish should not be secured at the cost of a central authority, and how such equality should be secured?—The answer is that byelaws should be framed.

18,590. There should be a central authority?—Certainly, and they should have power to enforce.

18,591. With regard to railways, water-mains, and property of that kind, you seemed to think that each parish should employ its own valuer?—I really am not very decided on the point.

18,592. You do not press that opinion?—No, that may be the proper system, but I really do not understand the best system for that.

18,593. I see that your assessment committee resolved this year that the clerk be instructed to suggest to this Commission "that the law should be so altered as to give "overseers and assessment committees the right to "demand, in the case of a change of occupation of a "hereditament during the quinquennial period, the same "facts as at the quinquennial valuation, and such demand "to include the amount of premium paid for licensed "premises." I suppose that means that you ought to have means of obtaining full information with regard to the actual facts?—Yes. We have had a great deal of difficulty with regard to assessing licensed premises, and, in fact, getting any information at all. They absolutely refuse to give us any information, and we do not seem to have any power to enforce section 57 of the Valuation (Metropolis) Act, which gives us power to compel owners and occupiers to give us certain information, the general idea seeming to be that that is for quinquennial purposes and not for supplemental valuations.

18,594. Then you also propose a local tax on advertising?—Yes. The Advertising Stations (Rating) Act, 1889, is, I suppose, about the worst Act of Parliament to administer which you could possibly find. You get an advertisement hoarding put up, and when you have found it it takes you three months to get it into a provisional

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Valuation in Camberwell is properly carried out.

Valuation in Metropolitan. There should be a central authority for purpose of securing uniformity.

Valuation in Metropolitan: Returns from occupiers should be obtainable at any time during quinquennial period in case of a change of tenancy.

Advertisements should be assessed to local rates.



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list, and very often it is gone by that time. Under the Act you have to ascertain the person "who shall permit the same to be used or, if he cannot be ascertained, the owner thereof." There is a definition of "owner." It is very difficult to find the person "who shall permit the same to be used." With our hoardings, when one sees them, we endeavour to obtain the name of the person who has permitted them to be used, and he is assessed, and then we find the man we have assessed is not the person at all, and we have to begin again and find the owner. It is a most difficult Act to administer.

18,595. (*Mr. Elliott.*) With regard to the resolutions of the conference, to which you refer in paragraph 7, as to the deductions to be allowed in arriving at the rateable value at present, I understood you to say that the maximum rates in the schedule to the Valuation (Metropolis) Act are adopted?—That is so.

18,596. But in Table B, to which you refer, I think the rates are not maximum rates in every case, are they?—Really I do not know. We take that Table B.

18,597. According to Table B the maximum rates are not allowed in every case?—We take Table B. I am not sure whether it is all maximum.

18,598. Do you think that it would be possible in an Act of Parliament to do more than prescribe maximum rates?—Do you mean between gross and rateable?

18,599. Maximum rates of deduction to arrive at rateable value?—No, I do not see how it could be.

18,600. Do you think that there must be discretion left to the local authorities to apply the maximum rates according to local variations and particular classes of property?—Yes.

18,601. Do you think that anything more could be done than is at present done on the Statute Book to guide local authorities in arriving at the rateable value?—Yes, by byelaws on the same lines as the resolutions adopted by the conference.

18,602. Do you think it would be better that those byelaws should continue to be byelaws to be made by the local authority, or should they be embodied in the Statute Book?—I should rather have them on the Statute Book.

18,603. In London what would be the authority which you would suggest should make such byelaws?—I am quite prepared for the county council to do it. I take the county authority everywhere.

18,604. Would you give any special representation to the district authorities for the purpose of considering what byelaws should be made?—No; of course the byelaws would have to be confirmed, and there would be an appeal against them, I take it, by the local authorities, to the Local Government Board, or whoever confirmed.

18,605. In constituting the central authority would you not obtain very valuable and special assistance by enlisting the assistance of members of the assessment committees?—Do you mean to make them form a central authority?

18,606. Yes?—You would, of course, get information, but there are a great number of assessment committees throughout London.

18,607. What I wanted to get from you was whether you think the central authority would be better composed of representatives of the county council as such, or whether a special central authority should be set up, on which the representatives of the district assessment committees should be included?—First of all we were speaking of byelaws, and who should make the byelaws, now you mean who should administer them.

18,608. No, I am speaking about who should make them?—Personally I am prepared to leave it to the county council, but they would get valuable information, of course, from the members of the assessment committees—the chairmen of the assessment committees, for instance.

18,609. Do you think better byelaws, or sounder byelaws, would be made by the London County Council as such, or by an authority in which were included representatives of the assessment committees?—I think really there would be very little difference if the whole of the representatives attended, but I would rather have byelaws made for the whole of London by one London authority. I think they would be fair.

18,610. When you say that the district committees should be appointed by the local sanitary authorities instead of by the unions, upon what do you base that opinion?—I do not quite follow what you mean.

18,611. You make that suggestion in paragraph 25 (iii.) and I want to get from you the reasons for that expression of opinion. Why do you think it would be better that the assessment committees should be appointed by the local sanitary authorities rather than by the poor-law guardians?—I suggest the local sanitary authority, and when I mention the local sanitary authority, of course I mean in boroughs the corporation, and in London the local authorities acting as the sanitary authorities. I consider that they are far more representative bodies than those appointed to administer the poor law. The persons who administer the poor law have really nothing to do but to act under the directions of the Local Government Board, as far as the administration goes, and to carry it out in that way; whereas the persons who are appointed on the sanitary authorities, such as the members of corporations in boroughs, are appointed on a far larger franchise, they have a far wider scope of duties, and are men, in my opinion, far more capable of carrying out assessment duties than are the members of the boards of guardians throughout the country.

18,612. You would say, then, that you are more likely to get good men, of high business qualifications, from the sanitary authorities—that is, in London, from the vestries—than you would get from the poor-law guardians, who would be elected mainly by reference to their qualifications for the administration of the poor law?—Certainly. I say you would get a far better type of man on the sanitary authorities throughout the country than you do on the boards of guardians, including London. In making this recommendation I meant it to apply outside London as well. You would get a different type of men altogether. Beyond that the poor-law guardians really have only to deal with the poor rate, while the local sanitary authorities have to deal with every other rate in their district.

18,613. In the case of Camberwell, which is the greater rate, the rate levied by the guardians, or the rate levied by the local sanitary authority?—The guardians rate in Camberwell—the poor rate—comes to a much higher precept.

18,614. What is the rate in the £ of the expenditure over which they have control?—The poor rate includes the expenditure of guardians of Camberwell, the Metropolitan Asylums Board, and the South Metropolitan District Schools. Those came to 11½d. in the £ in the half-year ending Lady Day, 1898. Then there are the Metropolitan Police Rate which was 2½d. —

18,615. (*Mr. Stuart.*) Is that a quarterly rate?—No, every six months. Then the London County Council precept, which was 7½d. in the £, the public libraries, ½d., and the public baths, ¾d. The poor rate, including all these, came to 1s. 11d. The vestry rates, including the School Board for London, came to 1s. 3d. in the £.

18,616. (*Mr. Elliott.*) With regard to your suggestion that there should be one value for all purposes, namely, the rateable value, and that gross value should be abolished, for what purposes is gross value at present used?—It is used by the surveyors of taxes in the collection of the Queen's taxes.

18,617. Have you calculated what the effect upon the Exchequer would be, if your suggestion were adopted?—No.

18,618. On what grounds do you make it?—I make it practically on administrative grounds. That we have to put in double the amount of figures, and do double the amount of work than there seems any real necessity for. We never touch gross value at all, beyond entering it in our books and totalling it.

18,619. Have you not looked upon the other side of the question, have you not considered the gap which would be caused in the tax revenue by the adoption of this suggestion?—I think that would very simply be met by the Revenue increasing their taxes in proportion to the difference between the gross and rateable. It is very easy to do that. They could levy an additional sum.

18,620. But you have not looked into the figures at all?—No, I did not think it was necessary, because they could levy it at an additional rate.

18,621. In other words, the rate in the £ for the house duty and the income tax might be increased?—By the proportion, certainly, if it is to be on the rateable value. It would make no difference whatever to the payer.

18,622. Do you not think it might be difficult, in the cases of both those taxes, to add such a proportion as would fill up the gap?—Not in making the original precept. The Government would simply estimate how much money they want, and how much tax is required to meet it.

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Assessment Committees should be appointed by Borough Authorities or the Sanitary Authorities, and not by Poor Law Authorities.

Rateable value instead of gross value should be adopted for all rating purposes. Suggestion discussed.

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Advertisements should be assessed to local rates.

Rateable value, instead of gross value, should be adopted for all rating purposes.

Collection of rates in Metropolitan System.

18,623. It would be a little difficult, would it not, to say that the income tax should be 8d. and some small fraction in the £ on the rateable value?—I do not think that is a difficulty at all.

18,624. With regard to your suggestion that there should be a stamp duty on advertisements, can you tell me what the receipt from rates on hoardings in Camberwell is?—No, I could not tell you; but it is not a large amount.

18,625. At what rates would you impose the stamp duties?—I should let the local authorities fix that entirely within their own areas. I know a great many local authorities whose districts are entirely disfigured by these hoardings, over which they have no control. I should fix a scale that would prevent people disfiguring places with those hoardings. That is for the local authority to decide.

18,626. Do you know of any precedent for this proposal so far as other countries are concerned?—I think in France they have a system something like that.

18,627. You have formed no idea of what revenue the Camberwell authority would be able to obtain in this way?—We should get a far better revenue than we get at present. Really, the action would be so much simpler; they would simply come to the local authority and get stamps for their bills and pay at once, and we should receive the money, and there would be no cost of collection.

18,628. Do you think there is any danger that in some districts posters might be taxed out of existence?—I should be very pleased to see that myself.

18,629. (Mr. Smith.) Just a word upon one of the last questions you answered. You suggested that there should be only one value for all purposes, and that the gross value should be abolished; and you, I think, said you did it for the convenience of office work; but can you tell me any reason in natural justice why the Imperial taxes should be collected on the gross and the local taxes on the net?—I have never been able to understand it myself.

18,630. Have you ever heard anybody give an explanation of it?—No. I have had a great deal of trouble, caused by ratepayers coming to see me and producing a demand note for Queen's taxes for one amount and ours for another, and I have, on many occasions, had to explain the difference.

18,631. In other words, if it is right and fair to make certain deductions in respect of certain classes of property to get at the actual as distinguished from the gross value, should that not apply equally to all kinds of taxation?—It should, in my opinion. The Government, a few years ago, partially recognised that by giving an allowance from the gross value for repairs.

18,632. But not to the same extent as the allowance is given in the case of local taxation?—No.

18,633. In other words, both principles cannot be right?—Certainly not. At present it is most confusing. The rateable value can be arrived at in precisely the same way.

18,634. I just want to ask you a question as to the issue of precepts and the collection of rates in the metropolis; are the county council precepts sent to the guardians in all cases?—Yes.

18,635. The school board comes to the vestry?—Direct.

18,636. And that is the distinction between the two?—Yes.

18,637. (Mr. Stuart.) That is the only exception is it not?—That is the only exception.

18,638. (Mr. Smith.) Are there any cases in London in which the overseers collect the poor rate and the vestry the general rate?—Yes, I think so. I believe it is so in Hammersmith, or Fulham, or somewhere there; I am not quite sure, but there are some cases in London.

18,639. Could you conveniently, for the purpose of our notes, let me know what those districts are?—I will endeavour to.

18,640. You have made a very valuable suggestion in paragraph 25 (iv.) of your memorandum, and I think your evidence went a little further than the memorandum. You propose for the country generally that byelaws should be framed by a central authority similar to those framed by the Assessment Conference in London, and that a central authority should be established for each county?—Yes.

18,641. That you propose to apply to the country generally?—That is so.

18,642. You said that in London you would be quite satisfied to leave it to the county council?—Yes.

18,643. But the county council means a good deal more in London, does it not, than the county council in the provinces; is not the county council in London almost in the nature of a municipality in some respects?—Of course I have had a great deal of experience of the county council in London, but I have not had any experience of a county council in the provinces.

18,644. A county council in an ordinary county merely takes the place of the old quarter sessions, does it not?—For most purposes, yes.

18,645. That is to say, it deals with the county rate, which is generally something about 4d., and it deals with the lunatic asylums, main roads, and police; and its whole rates will probably not be more than 6d. or 7d.?—That is so.

18,646. So that it is not in itself, except geographically, a very important body?—It is because of its geographical position that I suggest the county authority. I would make it a more important body.

18,647. Is it not a fact that the county council levies, as a rule, a rate in an English county, all told, of probably not much more than 6d.?—I really cannot say.

18,648. You do not know?—I do not.

18,649. You do know, I suppose, that the municipalities and urban sanitary authorities would levy rates, all told, to the amount of 5s. or 6s.?—Yes, I know they are very heavy.

18,650. Your suggestion distinctly is, then, that the county authority, whether it is purely county council or partly county council with other representatives of other bodies, should be a supervising authority?—Yes, with power to enforce.

18,651. With power to enforce?—That is the most important.

18,652. You would not propose to give it the administrative details of hearing appeals, would you, or of fixing individual assessments?—What appeals do you mean?

18,653. What we generally call appeals, I mean objections?—Yes, they could take the place of the Assessment Sessions.

18,654. But the Sessions is to be the Appeal Court?—Certainly.

18,655. You would not propose that the county authority should have administrative duties, such as are now vested in assessment committees?—Certainly not.

18,656. Do you not think it would be impossible for a county authority so to distribute themselves over their huge area for the purpose of hearing objections, as to make an effective tribunal?—I am quite sure it would. At the last Quinquennial we dealt with 2,376 appeals, and that took us 18 days, from 10 in the morning until about 10 at night.

18,657. Have you any experience of rural England, if I may so term it, I mean the country generally?—I have at Hastings, that is all.

18,658. Should you think, for instance, that the Sussex County Council could divide itself into sub-committees and sit all over the county for the purpose of dealing with individual objections?—No.

18,659. If such a suggestion were made to you would you say that it was an unpractical one?—Yes, I should say that the moving courts would not be very possible.

18,660. At the same time you have an opinion that the county council, or the county council with certain added members of representative bodies, would be a good supervising authority?—Certainly, but not to deal with appeals. My idea is to have an assessment committee as at present, appointed by the sanitary authority for the district.

18,661. I am very glad to hear you emphasise that. I see you state that you have a preference for an assessment committee elected by the sanitary authority over one elected by the guardians; but would you have any objection to an assessment committee elected by the two bodies combined?—It would be rather difficult to find two bodies combined, acting for the same area in the country, would it not?

18,662. Of course areas do cross occasionally, but, at all events where they are coterminous, would it not be desirable to have a body representing the guardians and also representing the sanitary authority, both being large spending bodies?—No. I would not, myself, have the guardians

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Central County Authority should exist in every county, including London, for the purpose of supervising matters relating to valuation and rating, with power to enforce its orders, but not to hear appeals.

Assessment Committees should be appointed by the Borough Authorities or Sanitary Authorities, and not by Guardians.

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deal with anything at all outside the poor law. I look upon them as poor-law guardians. I would make the municipalities of the boroughs, the sanitary authorities, act as the representatives for all other purposes within their area.

18,663. You are, perhaps, even more municipal than I am. I was only going to suggest that the guardians are at present the authority?—In some cases they are.

18,664. Throughout rural England they are?—Yes.

18,665. It would be letting them down a little easily, would it not, to give them a small share?—Yes. Still, at the same time, I think it is much better in dealing with these reforms to go straight away and deal with them as a whole, and not do it piecemeal and then have to amend it in a year or two, after we find it does not work.

Com-  
pounding.  
Same al-  
lowances  
should be  
given in  
case of  
poor and  
sanitary  
rates.

18,666. (Mr. Clare.) Just a question or two about the allowances you make in composition property in London. You compound up to 20l. a year, do you not?—Rateable value.

18,667. In your district do the overseers make the same allowances to the owners who agree to pay the poor rate in all cases on composition property, or do they draw a distinction between those which are worth, say, 20l., and those which are worth 10l.?—As I say in my memorandum, we schedule all property at certain per-centages. It depends upon what street they are in, in fact, it depends upon the locality entirely.

18,668. I misunderstood you; I thought that scheduling was done for the purposes of arriving at the rateable value, not for the purposes of the deductions to be allowed to owners if they paid the rates?—That scheduling is for the deductions.

18,669. I am speaking of the allowance which is made under the Poor Rate Assessment and Collection Act, 1869, to owners who agree with the vestry to pay the rates whether the property is occupied or not?—The compound allowance?

18,670. Yes?—That is what we schedule. We schedule streets of 10 per cent., 15 per cent., 20 per cent., and 25 per cent.; every house in the parish is scheduled, and I have a register of them showing the per-centages; so when an owner comes to me and says I want to compound for a house in such and such a road, I can at once see what is the per-centage.

18,671. What is the maximum amount of allowance you give to an owner in your district?—25 per cent.

18,672. That is the maximum allowed by the Act?—That is so.

18,673. What is the minimum?—10 per cent.

18,674. What allowance is to be given with respect to the vestry rates?—Precisely the same, it is on the one demand note.

18,675. Are all your vestry rates, then, collected together?—Yes, they are all collected together—there is one demand note.

18,676. Does the same law govern both?—Yes, the same precisely.

18,677. Are you aware that in the provinces the allowance under the Public Health Act can be as much as 50 per cent.?—I believe that is so.

18,678. Can you conceive any logical reason for giving an owner 50 per cent. upon sanitary rates and 25 per cent. upon poor rates?—No, it is very difficult to find any logic at all in country assessments. I have tried to understand them at Hastings, but I cannot make them out, and I have given it up now. I do not think there are any principles of assessment at all.

18,679. It does appear to you, then, from your experience on this subject, that whatever allowance is given for the poor rate, the same allowance should be given for the sanitary rates?—As I stated in my evidence, I would have one authority to collect all the rates in the district, and one commission allowed to owners if they compounded.

18,680. I think you said that at one time a general allowance of 25 per cent. was made all round, but that your authority, the Camberwell Vestry, had decided to alter that, and turn it into a sliding scale?—Yes. We have had a rough sliding scale for years; it has varied from 15 to 25 per cent., and it was not until four years ago that the overseers determined to survey the whole of the property in the parish, and schedule the houses, as they have done now.

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18,681. But the effect of that survey was that they came to the conclusion that they were making allowances which were unnecessary, and they reduced them?—Certainly.

18,682. And when they did that the owners protested, and declared the thing would be a failure?—They did.

18,683. As a matter of fact, has it turned out that, notwithstanding the protests of the owners, they have all come in and agreed to pay the composition?—Of course I cannot say they have all come in, but they have nearly all come in. The actual effect was that we saved a 2d. rate by doing it, as the 1d. produced so much more.

18,684. The fact that the owners had voluntarily agreed to pay the rates in full with the smaller deduction clearly proves what a benefit they had under the old arrangement?—They had too large a benefit.

18,685. I take it that if you wanted to levy an equal poundage rate over the whole of London it would be necessary that you should have the same system of allowances adopted in each rate-collecting area?—You could have the same system, but you would have to have the sliding scale. You must have regard to the nature of the property, and therefore you must have a sliding scale between the 10 per cent. and the 25 per cent., or whatever it is.

18,686. In order to levy an equal poundage rate, all properties of exactly the same character, no matter in which district they are situated, should be dealt with on exactly the same lines?—Certainly. There are two sections in the Act dealing with this, section 3 and section 4, and some of the local authorities in London act under section 4, which gives an allowance to the owners all round of so much.

18,687. With regard to the rating of empty property, it would be a little difficult, would it not, to draw a distinction between a man who wilfully keeps his house empty and a man who cannot let?—It would be very difficult.

18,688. In cases such as I am now going to describe, namely, where a large block of property is pulled down by either a company or a person for the purposes of re-erecting upon it other property, do you see anything unfair in the suggestion that the rates should be paid upon the old assessment until the new property comes into assessment?—No. That happens now with regard to companies or the London School Board; if they take property for demolition they have to pay the poor rate.

18,689. Those are only companies acting under the authority of a special Act?—In the case of any property demolished under the authority of an Act of Parliament they now have to pay the poor rate on the same amount, but not the general rates. That principle should certainly be extended to the general rates, because as other property is pulled down it goes out of rating.

18,690. Would it be a practicable scheme, in order to get some contribution from owners towards local expenditure, whether the property is occupied or not, to require that a certain proportion of all rates shall in every case be paid by the owner?—When you speak of the owner am I to take it that you mean the ground owner.

18,691. No, the person who is in receipt of the rack-rent?—Personally I can see no objection to the owner paying the whole of the rates on a property and charging it in the rent. I would rather see it in that way. Let him charge a rent in proportion. You may be quite sure that if the owner has to pay any proportion of the rates it will go on to the rent.

18,692. If the owner pays all the rates and the occupier sends the people into the local council to spend the money, it may come rather hard upon the owner?—Yes, but you may be sure that whatever an owner has to pay, the occupier will have to pay that sum to the owner.

18,693. Only when the re-arrangement of the rent can take place?—Of course you are speaking of rack-renting owners now, not ground-renting owners?

18,694. Yes?—The rack-rent is in many cases only on a yearly or three-yearly agreement, or on a seven years' lease. With regard to the ground-rents, where they run for 99 years, that would of course be very difficult.

18,695. (Mr. Stuart.) Have you read the Bill\* that was introduced into the House of Commons by Mr. Coben and myself in consequence of the conferences that took place?—Yes, I had a great deal to do with that Bill at the conference.

Property  
unoccupied  
should be  
assessed to  
local rates  
to some  
extent.

Valuation  
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Uniformity  
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able.

Mr. C. W. Tagg. 18,696. Roughly speaking, do you approve of that Bill? —Yes; the conference amended that Bill to agree with its views, and very fully, if you remember?

18,697. Yes I do, and I wish to hear your evidence about it. That Bill goes a long way, I suppose, to meet your proposals in paragraph 25 (iv.)?—Yes, I should be very pleased to see that Bill carried through.

18,698. If I am not mistaken, we have had the same testimony from every London authority who has presented himself here?—As a matter of fact, you will remember that the Local Government and Taxation Committee submitted a draft Bill to the conference, and that the conference dealt very roughly with that draft Bill, so that the original parents of the Bill hardly knew it when it came out of the conference. I had something to do with it. The Bill as finally amended by the conference was improved a very great deal indeed.

18,699. And as introduced by Mr. Cohen and myself on behalf of the conference, or on behalf of the county council which adopted it?—Yes.

18,700. What do you suppose that that Bill would mainly secure?—The great thing that that Bill would secure would be equal rating throughout the metropolis, which we have not at the present time.

18,701. You mean equal assessment?—Certainly.

18,702. Then you go beyond that Bill; as I understand, there is an additional change in the machinery of sound assessment that you propose—namely, that the local sanitary authority in the metropolis should become practically the overseers and the assessment authority?—No; they should appoint the overseers and appoint the assessment authority. I would take everything away from the poor-law guardians and give the whole thing to the major authority; I call the major authority the sanitary authority in the district.

18,703. You would also make that same body the collector of the rates?—The collector of all the rates levied in the area.

18,704. So that all precepts from central bodies, and also precepts from the board of guardians, should be served upon that body?—Certainly.

18,705. With those changes, namely, the Bill of the conference passed into law and the change which you have just now indicated, you would feel fairly satisfied, would you, with the assessment of the metropolis?—Yes.

18,706. A suggestion was made that there might be a contingent of the board of guardians to act with the vestry in the matter; in the case of the metropolis, I take it that you see a difficulty in the want of their districts being conterminous?—That is so.

18,707. Would I be far wrong if I said that the vestry area and the board of guardians area is conterminous in less than half of the metropolis?—I should think it is. It is conterminous in Camberwell, but in very few other cases.

18,708. You are aware, are you not, that the proposals that you make outside and beyond the Bill that we have referred to actually exist as law in portions of the metropolis?—Which proposals are they?

18,709. I mean that in the parish of Shoreditch, for example, the vestry elects the overseers and collects the rates?—So we do in Camberwell.

18,710. So the position in Camberwell you are satisfied with so far?—Yes, I say it is the proper system that they should elect the overseers and the assessment committee, and be the collecting authority for the whole.

18,711. The power which you have in Camberwell, which they have in Shoreditch, and which exists in one or two other cases, is got by private Act of Parliament is it not?—No.

18,712. How was it got, then?—In regard to the appointment of the assessment committee, that was got under the Valuation (Metropolis) Act, which provided that there should be separate unions, and that they should appoint direct. Under the Act of 1894, the vestries have the power of obtaining an order from the Local Government Board of appointing overseers.

18,713. That was the clause I introduced into that Act, but they have not all taken advantage of that Act?—No; but there is no reason why they should not do so.

18,714. In order to obtain the application of the suggestion which you make about the vestry appointing the overseers and collecting the rates no further legislation is necessary?—For the collection of the rates, yes,

18,715. I thought that was what you said just now, that you could do it now by an Order under the Act of 1894?—That is the direct appointment of overseers without going to the justices. With regard to the collection of the rates, that is regulated in many parts of the metropolis by private Acts. In Camberwell we have an Act of 1833 which regulates that.

18,716. I think you misunderstood the question that I put a little before. It is owing to a private Act in Shoreditch, in Camberwell, and in other places, that you have those rate-collecting powers that you have?—Certainly. I beg your pardon, that was my mistake.

18,717. To make the appointment of overseers as you would desire it to be, as it is in Camberwell, and as it is in Shoreditch, no further legislation is necessary?—That is so.

18,718. But to secure the collection of the rates in the great number of parishes in London in which the local sanitary authority, as a matter of fact, does not collect the rates, an Act of Parliament would be necessary?—That would be so.

18,719. But with that Act of Parliament, and with the passage of the Bill introduced by Mr. Benjamin Cohen and myself, and with the adoption of the powers of the Act of 1894, you would say then that the system in London of assessment would be fairly satisfactory?—Yes, as far as I can see.

18,720. Now, I just wish to turn to another question beyond that. What did you say you now allowed in regard to compounding?—It varies from 10 per cent. to 25 per cent.

18,721. According to the character of the property, is it?—Yes.

18,722. Are you satisfied that the system of compounding is a more profitable system to the authorities than direct collection would be in the case of these properties?—I am sure of that. In the very worst class of property, where we allow 25 per cent., it would be quite impossible for us to collect the rates; I mean the tenants are in and out every week, and we should not have any opportunity of collecting our rates at all. As I mentioned in my memorandum, in some cases owners refuse to compound where they have a very bad class of tenants, and then we have to collect ourselves. We lose rates by that.

18,723. You have no power of compelling owners to compound, have you?—Under section 4 of the same Act we have power to make an allowance of 30 per cent. by rating all owners, but of course it is not worth that.

18,724. You think that that is too much?—It is too much. I say that if you can adjust a compounding allowance to an absolutely fair basis, then it is a proper system.

18,725. I see that your rateable value is 1,158,038; on what portion of that rateable value are the rates collected by the system of compounding; you can give it me roughly if you like?—Roughly speaking, I should say on half that amount.

18,726. And I presume a considerably greater number than half the occupiers?—Yes, certainly.

18,727. What proportion of the occupiers in number in Camberwell do you suppose come in as compounders?—I should say about 25,000.

18,728. Out of how many?—Out of 40,241 assessments.

18,729. That would be more than half?—Yes.

18,730. These people vote, of course, and elect the vestry amongst themselves?—Certainly.

18,731. In electing the vestry and the guardians for that part, they elect persons who raise the rates or lower the rates as the case may be?—Certainly.

18,732. As a matter of fact, I suppose you would admit that when the rates are raised a shilling or two, if it were so, these people's rent which they paid as compounding householders would rise?—Yes. I do not think there are any opportunities lost of raising rents. I do not think rents always follow rates. The rents depend on whether the houses are letting well in the district.

18,733. But I suppose you would take it as a general rule that if the rates were to rise a shilling next year there would be a tendency to raise the rents of these houses?—That is the usual thing. Landlords raise rents if they can.

18,734. Is it not more immediately acting than that?—No. If landlords can get more rent for their premises they raise the rent. It is exactly a question of supply and demand. In a good letting district they keep increasing the rents as fast as they can.

Mr. C. W. Tagg.

19 May '98

Assessment Committees and Overseers should be appointed by Borough Authorities or Sanitary Authorities.

Compounding in Camberwell: Compounding is a more profitable system to the Authorities than direct collection in case of worst class of properties.

Rent: How far influenced by a rise in rates.

Mr. C. W.  
Tagg.  
19 May '98

18,735. Do you mean that the landlord looks upon the rates that he has to pay under the system of compounding as one of his outgoings, like repairs, or anything else that he has to do, and that he tries to get that back from the tenants, and gets it back if he can?—He collects the rates he pays in the rent.

18,736. He tries to get it back in the rent?—Every landlord gets as much as he possibly can out of weekly property—he puts on as high a rental as he can.

18,737. If the vestry goes on raising rates by extra expenditure I presume that would be one of the causes why the landlord would go on raising the rent?—Yes, but our vestry have not raised the rates so much as other bodies in the metropolis in the last year.

18,738. I am sure your vestry in Camberwell does not, but just assume that case anywhere; I think you would say that what I put to you is perfectly clear?—Yes.

18,739. I want to know whether those 25,000 people, whom you have referred to as compound householders, and who vote and effect the action of the vestry, are aware of the fact, and recognise the fact, in your opinion, that the rise of the rates is the cause of the rise of their rent, or is one of the causes?—No. I do not think that the rent really goes much on rates. I think what goes to raise weekly rents, as I said before, is the question of what they can let their houses for. I believe a great many owners let houses at a little lower than the real rent if they have good, respectable people, that have been with them for sometime, and get their rents regularly every week.

18,740. I think you rather admitted—but do not admit it if I am wrong—that the rise of the amount of rates paid by the owner made him raise the rent; and in a previous answer you did say that if any rates were put upon the owner he would eventually raise the rent?—What I thought I said, or what I intended to say was, that owners of weekly property, as well as owners of other property, get the highest rents that they possibly can for these weekly houses, and, as you said, they look upon the rates as a necessary outgoing, in the same way that they do repairs and everything else.

18,741. I think you will find when you look at your evidence that you did say that if part of the rates were charged on the owner he would raise the rent?—I said that an owner would raise his rent for any excuse. He will get as much as he possibly can.

18,742. Would you say that a rise in the rates in Camberwell, or a fall in the rates in Camberwell, would not affect the rents charged by the compounding landlord?—I do not think it does at all. I believe an ordinary occupier (apart from an occupier of a weekly house), on going into a house does not look at what the rates are at all. He looks at the house, and if he thinks he is under an authority that do their work in a very good way, and that it is a good district to live in, he goes and lives there, and whether the rates are a penny or twopence more in the £ I do not think affects the occupier at all.

18,743. Do you mean if the compounding landlord, instead of getting 25 per cent. off from you, were to get 95 per cent. off from you, that he would not be able to let his house cheaper?—It would not make the slightest difference as to what he let the house for. He would let his house for whatever he could get for it. Whatever weekly rent he could get he would let his house for.

18,744. Supposing there were two houses next door, and both of them were empty, and there came people to seek for them, surely the man who got 95 per cent. off would be able to let his house cheaper, and, therefore, would get his house let?—I do not myself think that that regulates the rent. What regulates the rent of weekly property is what it will fetch.

18,745. Very well, I will not press you further?—That is my idea.

18,746. How long have you been at Camberwell?—18 or 19 years.

18,747. During that time have the rates for a given property of given value—upon a 150*l.* house say—risen or fallen?—They have risen.

18,748. Has rent risen or fallen?—I said in the earlier part of my evidence that the private houses about 60*l.* or 70*l.* a year have decreased, but that houses up to that have kept to about the same, or have improved; houses up to 40*l.* a year have certainly improved, and their rentals have gone up.

18,749. (Mr. Arthur O'Connor). I suppose when you say that the landlord will get as much as he can for his

property you would agree that if A, being landlord, and B, being tenant, and the tenement rented at 20*l.* paid to the landlord, the landlord paying no rates, the rate being 5*l.*, he would be able to get 25*l.* from the tenant if he, the landlord himself, paid the 5*l.* rates: supposing there is a tenant prepared to pay 25*l.* for rent and taxes, if the landlord pays the taxes—?—He would get so much a week more from the tenant.

18,750. Yes?—Certainly.

18,751. So far you would say it is true that the landlord's paying the rates would mean a higher payment by the tenant under the title of rent?—If a man pays his rates in his rent, certainly he pays more.

18,752. Whereas if he pays the rates he will stipulate for a lower rent?—Certainly.

18,753. (Mr. Elliott.) I rather gather from what you have said in reply to another member of the Commission that you have some knowledge of the conditions of the local government of Hastings?—Yes, I have.

18,754. Would you apply to Hastings some of the suggestions that are contained in your memorandum? By whom, for instance, would you propose that the assessment committee in Hastings should be appointed?—By the borough corporation.

18,755. Would you give any representation to the guardians on that assessment committee in Hastings?—No.

18,756. In Hastings by whom would you propose that the valuation lists should be prepared?—The overseers.

18,757. As at present?—They should be appointed direct. I think at present, speaking within the Borough, they have eleven parishes consisting of eleven sets of overseers. I would have overseers for the entire borough appointed by the authority to prepare the valuation lists.

18,758. Appointed by the corporation?—Certainly.

18,759. Then by whom would you propose that objections to the valuation lists should be heard?—They should be heard by the assessment committee.

18,760. What appeals would you propose should exist in those cases from the decision of the assessment committee?—The appeals would be to the Quarter Sessions unless there were this central county authority, and then I think I should let them appeal to them.

18,761. Supposing the assessment committee for the borough of Hastings declined to entertain an objection, would you give an appeal from the decision of the Hastings Assessment Committee to the East Sussex County Council?—Yes. Of course I am not dealing with divisions of county councils, I speak of the county authority.

18,762. You may take it that the East Sussex County Council is a county authority?—Certainly. I am not quite clear on the point whether the persons that make these byelaws, and have the right to enforce them, should be the people who should hear appeals beyond the assessment committee; I mean I would rather prefer the Court of Quarter Sessions as a judicial body to deal with those, because these rating appeals very often turn on points of law.

18,763. Do I gather, then, that you think that on the whole you would get a better appeal from the decision of the Hastings Borough Assessment Committee to Quarter Sessions, as at present, than to another administrative body?—No, I do not say that; that might be. I rather want the formation of byelaws by a county authority for assessment purposes, but I am not sure about the appeals.

18,764. I am asking you now in regard to the appeals, whether you think it would be better that an appeal against the decision of the assessment committee should go to another administrative body, like the county council, or to a judicial authority as at present, namely, the Quarter Sessions?—I rather favour a judicial body as far as the appeals go, I must say. When you are electing members of a corporation of a borough there is an immense lot of excitement, but you never hear of an election of the board of guardians that appoints the assessment committee. I have never voted for one, and I really do not know when an elector goes on. But for the corporation there is a keen fight, and all the best men, or those who are supposed to be the best men, get upon the corporation, and therefore I make them the authority.

18,765. Perhaps you can tell me what you think would be the view of those who are interested in local government in Hastings upon a proposal that they should be subject to the supervision of the East Sussex County

Mr. C. W.  
Tagg.  
19 May '98

Assessment committee in a borough should be appointed by corporation.

Central County Authority should exist for purpose of supervising matters relating to valuation. This proposal discussed.

*Mr. C. W. Tagg.*  
18 May '98  
Council, without any direct representation of their views on that supervising body?—The county authority would be an authority to make byelaws, which would have to be confirmed by the Local Government Board; then if the local authority wished to appeal against any of those byelaws they would have an opportunity of appealing to the Local Government Board on inquiry.

18,766. Then you contemplate that the county authority should not be a final authority, but that the district authority, in the case of the Hastings Town Council, should have a power of appeal to the Local Government Board?—Only on the confirmation of the byelaws that they have to carry out.

18,767. That would be the only duty which you propose to put on the county council, would it not?—Yes, and to see these byelaws are enforced.

18,768. That is, in other words, you would give them a power of appeal—of course to Quarter Sessions?—I would give them some means of enforcing in the same way as there are powers to enforce in the Bill Mr. Stuart spoke about for assessment in London—certain powers which the central authority have to enforce.

18,769. From your knowledge of municipal government in Hastings do you think that that arrangement would be acceptable to the municipal authorities?—I should think so.

18,770. If they had the power of appeal to the Local Government Board?—That is really on the byelaws they have to carry out.

18,771. Do you think they would demand that power of appeal to the Local Government Board?—They always appeal on all byelaws.

18,772. You would not propose that the decision of the East Sussex County Council should necessarily be binding on the Hastings County Council?—I would, as far as the administration of assessment work goes. The East Sussex authority would make byelaws for assessment purposes so that we should get them all carried out on the same lines throughout the county.

18,773. As I gather, your suggestion is that before those byelaws come into operation and become effective the

Hastings Town Council should have an opportunity of appealing to a central authority?—Yes, to the Local Government Board.

18,774. As against those byelaws?—Yes; they have against every byelaw, I may say, that is made.

18,775. (*Mr. Smith.*) Arising out of that illustration of Hastings, and dismissing your proposal for a moment, what would you say to a suggestion of this kind—that a county valuation authority should be appointed by the county council of Sussex and of the guardians in the county; that that valuation authority should divide itself into committees and sit all about the county, including the Borough of Hastings, and settle the valuation of Hastings and all the rest of the county, and hear all the appeals. What would you say to such a proposal?—I should not like the proposal at all.

18,776. Would it be practicable?—No, I think not.

18,777. Would Hastings like it?—The ratepayers would not, certainly. I would make the major authority for the borough the authority for all purposes.

18,778. Is it from your point of view, as a practical man, a conceivable solution of the question?—No; where you have travelling committees not many travel, and it would result in about two or three men hearing the appeals.

18,779. (*Mr. Stuart.*) There is a question I ought to have asked you before I left one branch of the subject: You have given a very clear and coherent scheme for the improvement of the assessment of the metropolis. Would I be right in supposing that the views which you have put forward are practically held by those as a whole who have gone into the subject?—I think so, but I have not had the privilege of listening to the evidence the other vestry clerks have given.

18,780. But you have spoken with many vestry clerks?—Certainly.

18,781. And you have spoken with many other people, and I know you yourself are very much interested in the question. Is it your report to us that these views practically overbear all other views as to the improvement of the assessment in London?—I am quite sure myself that that is the view of the permanent officials, if I may say so.

The witness withdrew.

Adjourned.

## FORTY-FIFTH DAY.

Wednesday, 8th June 1898.

At St. Stephen's House, Victoria Embankment, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

SIR E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
C. N. DALTON, Esq., C.B.  
T. H. ELLIOTT, Esq., C.B.

ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
THE RIGHT HON. J. L. WHARTON, M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*  
T. LLEWELYN DAVIES, Esq., *Assistant Secretary.*

The Rev. R. KENNEDY called and examined.\*

*Rev. R. Kennedy.*

8 June '98

18,782. (*Chairman.*) You are vicar of Wressell, in Yorkshire, I believe?—Yes.

18,783. I understand that you have been a beneficed clergyman for 23 years, and that you desire to put before us on behalf of yourself and others of the clergy the hardship which the rating of that portion of your income which is derived from tithe causes to you?—That is so.

18,784. Do you consider that your case is a fair sample of many others?—Yes.

18,785. I understand, that in this memorandum which you have prepared for us, you have shown the

effect which the Agricultural Rates Act has had upon your income from tithe?—Yes; but if you will permit me to say so, that return was made upon the value of tithes for this year, and accordingly will somewhat vary from the return which was sent on Friday.

18,786. I understand you to put forward the nominal income of your benefice from tithe as commuted at 96l. 6s. 5d.?—That is so, according to this year's value.

18,787. After payment of Imperial taxes, it is reduced to 93l. 2s. 2d.?—That is so.

18,788. You say next, that before the passing of the Agricultural Rates Act, this would have left, after deducting local rates, 84l. 1s. 8d.?—There is a slight inaccuracy there, because the rate, I was informed, was 1s. 10½d., but I unearthed the documents after-

*Mr. C. W. Tagg.*

18 May '98

Central County Authority could not hear appeals in different parts of the county.

\* A statement of the gross and net incomes, and of the percentage of rates paid to the net income of the Benefice of Wressell for the year 1897-8, will be found on pages 348-9.

*Rev. R. Kennedy.*

8 June '98

Agricultural Rates Act: Effect upon the income derived from tithe, of vicar of Wressell.

Rev. R.  
Kennedy.

8 June '98

wards and found it was 1s. 10d. in the £, so that it would be slightly increased.

18,789. You contend that after the passing of the Act, 31l. 9s. 6d. is all that is left; in other words, that you are 2l. 12s. 2d. worse than before, the rates upon the tithe having increased, as you say, from 1s. 10d. to 2s. 5d. in the £?—Yes.

18,790. Before we go into the inferences which may be drawn from that, just let us be quite sure that we agree upon the facts. Are these figures which you have given me in the print, the rating entirely upon the tithe without including anything for the house?—They do not include the house.

18,791. Have you examined it to see how far the alteration of your position for the worse is due to the operation of the Agricultural Rates Act or to the increase of rates not caused by that Act?—I have not looked into it very closely. All I can say is that the rates have increased to that amount. Since this information was sent to you, the rates have gone back again to about 1s. in the £ for the first call. Where it was 1s. 5d. immediately after the passing of the Agricultural Rates Act it has now gone back, I perceive, this year to 1s.

18,792. Do you know what the cause of the increase for that year from 1s. to 1s. 5d. was?—I have not the slightest idea. I do not know of any reason which could have produced such a state of things—anything different I mean.

18,793. Did it occur in parish rates or in the county rating?—I cannot say.

18,794. You say in your memorandum, that before the passing of the Act, the rate was so much, and afterwards it became 2s. 5d. in the £; can you tell me what local financial year you refer to?—In 1897-8, I think it was 2s. 5d.; it is stated accurately in the statement in full which I returned on Friday. Those figures show exactly the half year when the rise took place.

18,795. We will leave that over for the moment, and we will try and get the exact figure, because, of course, it is clearly to the interest of both of us that the figures which we put into the Report should be absolutely precise, and should not be capable of being broken down by anybody else when they come to be examined?—Yes, it is.

18,796. That is a common interest which we all have?—Yes, accordingly, I prefer to stand by the return which I made on Friday. I think it is in a very much better form.

18,797. When you tell us that nominally your tithe is 140l., what do you exactly mean?—That the value of the tithes in the first instance when they were computed was 140l., and that the said 140l. is now worth 96l. 6s. 5d.

18,798. Apart from the question whether your position has been prejudicially affected by recent legislation, there are other contentions put forward in the interest of the clergy on which I ask your observations. For example, it is often said that no other class is called upon to pay rates on income in the same way as you are?—That is true, so far as I know. I do not know another class that is so called upon.

18,799. On that point what is the suggestion which you think would be most welcome to the clergy as a method of finding relief?—The striking off of the tithe altogether.

18,800. Do you mean that it should not be rated at all?—That it should not be rated at all for services rendered.

18,801. Of course as there is a rate paid upon it now, if there was no rate upon the tithe in future somebody else would have to pay; what would be your suggestion to make up the deficiency?—The sum would be so infinitesimal that I should think it would make very little difference, but I can hardly make any suggestion.

18,802. That may be the case as far as your parish is concerned, but perhaps you will take it from me that in some cases, compared to the whole rateable value of the parish, the sum would not be infinitesimal; in some cases, therefore, your statement would not be accurate. Do you not think that if the other local ratepayers had to make up the deficiency there would be a good deal of complaint?—There might be complaint, but two wrongs never make one right, you know; and I think the wrong should be put right.

18,803. You know, of course, that tithe is one of the subjects which have universally been rated since there were local rates at all?—Just so.

18,804. Do not think I am expressing any opinion; but what do you say to the contention that while increases of rates, no doubt, press hardly upon the clergy, they accepted their position knowing the tithe was subject to rates, and that so far as the mere fact of their being rated is concerned they have no grievance? I want your answer to that?—Speaking for myself, I never had the smallest idea that tithe would go down to its present level. I am quite sure if I had I should not have accepted my position.

18,805. Have you any other answer?—I could qualify that to this extent by saying that I have really spent so much where I am that I should be very reluctant to leave it even if there was no income at all.

18,806. It has been suggested to us that as the basis of an assessment is what a hypothetical tenant will give for a property, and as the tithe when in the hands of a clerical owner has attached to it conditions which obviously lessen its value to him, a hypothetical tenant would not give so much for 100l. a year in tithe burdened by duties as he would if it was not burdened by those duties; what do you think of that contention?—I think it is a perfectly just one.

18,807. Do you not think that it is a contention which is more easily defended than the one which you put forward a moment ago, namely, that tithe should not be rated at all?—No, I still maintain the principle that for duties done tithe ought not to be rated.

18,808. Is that not just what I put to you—that in respect of personal services which have to be rendered, there is a case for exemption?—Yes.

18,809. Some people have also put forward the contention that there is a charge upon the clerical owner of the tithe for repairs to the chancel; what do you say to that?—Inasmuch as that does not apply to my case, I am not sufficiently acquainted with it.

18,810. You say one thing which I should like you to develop: "In respect of assessment of house, &c., "I have thought I have noticed that the man who "keeps his surroundings in proper order is assessed "higher than others, who with equal or even better "premises, are careless as to up-keep." What do you wish us to infer from that?—My opinion is, that in large country parishes where the power of assessment is in the hands of the farmers, they notice these things, and they pay far more attention to outward appearance than they do to the actual value of the premises. An individual who really cares to keep his surroundings in order [is mulcted accordingly considerably more than others who neglect to attend to them. As a commissioner of taxes, I was very much struck the other day with the assessor. He had put upon a house 5l. of his own accord. The case came before me, and I asked him why he had done this. He said he did not know; he supposed he thought it looked so much better, and he put the 5l. This applies to Imperial taxation, but the same thing applies more or less to local taxation.

18,811. If any owner of property thinks himself unfairly used he has, of course, the recognised method of objection first, and appeal afterwards, has he not?—He has; but, as a rule, the country clergy are not in a position to carry their case to appeal.

18,812. Perhaps I was wrong, but I thought the sentence had reference to property generally, not only to the property of the clergy?—I was speaking more particularly of my own case. It is my rule to keep things in such a way that if anything happened to me things would be all right and straight, and I know, unfortunately, that I have neighbours who act on the contrary principle.

18,813. Do you not think that if the basis which is laid down in the Acts for assessment is what a hypothetical tenant would give, that the hypothetical tenant would give more for a place which is in good order than for a place which is in bad order, and that, therefore, the special matter which you bring before us is really in conformity with the law?—Assuredly he would give more for a place which is well kept up, and so forth, but I submit that that is decidedly against a man keeping up a place. He might as well let it go.

Rev. R.  
Kennedy.

8 June '98

Tithe rent-charge should be valued upon the basis of what a hypothetical tenant would give for it. Upon this basis a deduction should be allowed for personal services.

Houses in country parishes, valuation of: It is said that farmers value premises well kept up higher than those badly kept up.

Clergy should not be rated in respect of income derived from tithe rent-charge paid for personal services.

Rev. R.  
Kennedy.

8 June '98

Agricultural Rates Act :  
Effect upon income derived from tithe of vicar of Wressell.

18,814. Perhaps I ought to ask you this one general question: Have I missed any point that you want to put before me?—No. I do not know that you have.

18,815. (*Mr. Wharton.*) Just now I think Lord Balfour alluded to the keeping up of the chancel; that would be in the case, I think, of those who own the great tithe?—Just so.

18,816. Not of those who own the small tithe?—That is so.

18,817. Do I understand correctly that your complaint is, that your rates have risen since the passing of the Agricultural Rates Act, 1896?—Yes.

18,818. When did the rates begin to rise?—It is all put there in the form before you, filled up by me exactly for each half year.

18,819. This is what we want to be sure of. Are you sure that that rise in the rates was owing to the operation of the Act, or was it owing to some other causes—sanitation, or increased school rates, or something of that sort?—Nothing of the kind; it seems to me to be due to expenses, or something of that kind.

18,820. Was there an extra rate placed upon any special property and placed upon your tithe?—No. The rate rose upon buildings, and tithe is now called "buildings" instead of "land."

18,821. Your suggestion, I take it, is that under that Act as the buildings are still rateable at their full value the rate on the buildings increased, and your tithe being partly derived from buildings the rate was increased owing to the rise of the rating on the buildings?—Just so.

18,822. (*Mr. Elliott.*) In addition to the tithe rentcharge what other income attaches to the benefice?—It is all in the return there.

18,823. You have some glebe land, have you not?—Yes; 18 acres.

18,824. Have you any sources of income other than glebe and tithe?—There is a small sum of money for land taken by the railway company—about 8*l.* a year, and a sum of 24*l.* added last year from Queen Anne's Bounty.

18,825. You have no seat rents or emoluments of that kind?—No.

18,826. With regard to the increase of rates, is it the fact that since the passing of the Agricultural Rates Act the actual payments made by you in respect of tithe rentcharge have increased?—Yes.

18,827. What was the amount of the rate paid by you in respect of your tithe rentcharge for the first half of the year 1897-8?—5*l.* 18*s.* 3*d.*

18,828. In the second half year of 1897-8 what was the amount?—4*l.* 3*s.* 6*d.*

18,829. Did you ever, in any previous half-year in recent years, pay so little as 4*l.* 3*s.* 6*d.*?—No; I should pay more than that in 1895-6 and 1896-7.

18,830. Taking the half of the year, have you ever paid so little in respect of any one half-year as 4*l.* 3*s.* 6*d.*?—No, apparently not, judging from the two previous half years.

18,831. Take the next half-year, what was the amount paid by you in the first half of the year 1898-9?—That is the one just paid.

18,832. Yes?—3*l.* 19*s.* 11*d.*

18,833. So far as these figures are concerned, is not that the lowest payment on record?—You must bear in mind that I had sat patiently for a great many years, and at last the straw was too heavy, and I appealed. Accordingly the assessment was altered to something more reasonable. It is a little unreasonable yet in my judgment, but more reasonable than it was.

18,834. Do you think that if you had appealed previously—and I quite appreciate the reasons which prompted you not to appeal—you would have been entitled, in your judgment, to the same relief that you have got now?—Yes.

18,835. Therefore, did not the higher payments in the previous years, to some extent, depend upon the fact that your assessment was excessive?—I think not, if you see the amount in the £ that was levied. In one case it was 1*s.* 10*d.*, in the previous year 1*s.* 8*d.*, and this year it is 2*s.* 5*d.*

18,836. In what year was it 2*s.* 5*d.*?—The one that we are speaking of—1897-8.

18,837. I think you said, in reply to his Lordship, that you had not gone into the causes of that heavy rate?—That is so.

18,838. Will you tell us what the rate in the £ is for the present year?—I was only called upon to pay the rate, I think it was, on Thursday morning, and this return came the same morning. It is a shilling in the £; I am happy to say 5*d.* less than it was in the corresponding period of 1897-8.

18,839. Then, at the moment, you are in the most favourable position, I take it, as regards rates that you have ever been in?—Yes, I was grateful to see it.

18,840. You are much the gainer at the present moment?—As far as the amount in the £ is concerned.

18,841. And as far as the actual payment, are you not?—No, the payment simply denotes so much less tithe.

18,842. The amount of the rates, as a matter of fact, is much less?—I do not think it is less at present; for instance, in 1895-6 it was 10*d.* in the £.

18,843. Still, you have got away from that heavy payment of 2*s.* 5*d.*?—Yes, I hope so, and that is why I state in this memorandum "I do not wish to commit myself to a statement that this will be a permanent increase. I do not know."

18,844. Apart from any question as to the effect of the Agricultural Rates Act, I take it that your grievance remains substantially the same?—Just so.

18,845. That so far as regards your receipts from tithe rentcharge no account is taken of the professional services you are required to render in return for that tithe rentcharge?—That is so.

18,846. With reference to a question that was put to you by his Lordship, is it within your knowledge that ever since the passing of the Tithe Commutation Act, the tithe owners have never ceased to urge their grievances in respect of this payment of rates?—So far as my knowledge goes, it has been so.

18,847. It is not a new grievance?—No, it is not a new grievance, in fact, I have signed several documents, in respect to it.

18,848. (*Mr. Smith.*) Suppose your income arose entirely from glebe land, instead of from tithe, would you still claim exemption from rates?—No.

18,849. What is the reason of the difference?—I look upon tithe as somewhat different to land, seeing that it has been given for the express purpose, in the first instance, of services.

18,850. Presumably glebe also?—I do not know; I cannot say. It may have been, and it may not in my case.

18,851. Do I understand you to claim total or partial exemption, that is to say, total exemption from tithe, whatever the amount, or partial exemption on some estimate of the value of the services?—I should be perfectly satisfied myself with the latter.

18,852. Your grievance, which we all understand, is accentuated by the very low average obtaining at the present moment for tithe rentcharge?—That is so.

18,853. That, of course, is a matter you understand that this Commission cannot deal with?—Yes, quite so.

18,854. (*Mr. Dalton.*) With reference to your table, I see you have put the gross income from the parsonage at 30*l.* a year, and the gross income from the glebe at 30*l.* also?—Yes.

18,855. When we come to the rateable value, which is the net income, the parsonage is put down at 34*l.* 10*s.*, and the glebe at 23*l.* 1*s.*?—That is so.

18,856. How do you account for that?—It is one of the mysteries of the local assessment committee. I think that is plain proof to you of the way that they deal with the land, and houses as opposed to land. You see, the assessment committee is formed in our case of farmers mostly, and it is to their benefit to keep down the rates upon land. Here is a case in point; they assess my land at 23*l.* 1*s.*, and I myself value it at 30*l.*

18,857. Have you appealed against this division of the assessment between the house and the glebe?—I did. Unfortunately I was unable to be present personally; I was laid up at the time.

Rev. R.  
Kennedy.

8 June '98

Tithe rentcharge, valuation of: Clerical tithe owners should not be rated in respect of income derived from tithe rentcharge received for personal services. A partial exemption sufficient. No claim made for a similar exemption in case of glebe land.

Land, valuation of: Assessment Committee of farmers value land at a low figure and houses at a high one.

Rates paid by the vicar of Wressell.



Rev. R. Kennedy.  
8 June '98

18,858. What did you propose to put it at then in your appeal?—I forget the exact sum, but I wanted it levelling; taking a fair average of my neighbours, I wanted mine put at about the same level. As a matter of fact, one neighbour is assessed at 40*l.* for his house, another at, I think, 34*l.* or 37*l.*, I am not quite sure which, and two are assessed at 20*l.* with equally good houses, and yet the assessment for myself with the greenhouses included amounts to 34*l.* 10*s.*: the house they have put at 27*l.*, as you will see, in the first part of 1897-8.

18,859. You regard these 18 acres as valuable as the house and greenhouse?—Quite as valuable.

Rates paid by the vicar of Wressell. Effect of Agricultural Rates Act on vicar's income.

18,860. Your rates on your glebe, of course, have diminished since the passing of the Agricultural Rates Act?—Yes.

18,861. You have got that relief?—Yes.

18,862. Taking the total rates that you have paid upon your income, I find that you paid in the year prior to the passing of the Agricultural Rates Act, 14*l.* 10*s.* 5*d.*, putting the two half-years together?—Yes.

18,863. And in the following year, which was an exceptional year, 15*l.* 2*s.* 4*d.*?—Between that period I had appealed.

18,864. Yes, but you paid, therefore, in that year 12*s.* more in rates than you had paid in the preceding year?—Yes, about that.

18,865. This year, apparently, you would pay considerably less, if we may judge from this table?—It is going back to about the same level as 1895-6, to its normal condition.

18,866. Slightly under that, is it not?—Well, a shilling under, or 1*s.* 2*d.* under; the rates paid in each half-year of 1895-6 were 6*l.* 7*s.* 2*d.*, and for the first half of the present year they are 6*l.* 6*s.*

18,867. Taking the last two years, the practice seems to have been in your parish to raise a higher rate in the first half-year than in the second?—That is the mystery.

18,868. That is a common practice, is it not, in the country?—In this particular instance the rise was so great and there was no apparent cause for it.

18,869. I will come to that in a moment. As a general rule in your neighbourhood, do they have a heavier rate in the first half-year than in the second?—I can hardly tell from this return. It was not so in 1895-6 I see, but it was so in 1896-7, and possibly will be the same this year.

18,870. But, at any rate, whether it is lower or the same, it is improbable that in the second half-year you will have a higher rate than you had in the first half-year?—Our first half, I fancy, will be the higher.

18,871. If that be the case, your rates will have fallen since the passing of the Agricultural Rates Act considerably more than they rose in that exceptional first year?—I do not think so.

18,872. May I take the figures? They rose in the first year 12*s.* according to this table?—But you are ignoring the fact that I appeared before the assessment committee, and had the assessments considerably reduced.

18,873. I am only speaking at the moment of the total amount raised. If your rates this year come to 12 guineas, six guineas the first half-year, and we will assume they will be the same in the next, you will be paying 2*l.* 10*s.* less than you did last year?—Yes, due to reduced assessment and value of tithe.

18,874. And as last year you paid 12*s.* more than you did before the passing of the Agricultural Rates Act, you will be paying about 38*s.* less than you did before the Act passed?—I should do with the assessment upon 1*l.* land going only at one half.

18,875. You have gained on the land?—Yes, together with the reduced assessment upon the house and grounds.

18,876. Do you consider your parsonage is too highly rated?—I do, as compared with my neighbours.

18,877. What do you say with regard to the glebe?—The glebe is, in my judgment, under-assessed.

18,878. Then, although you are over-assessed in the one, you are under-assessed in the other?—Yes, that may be; that is so, in fact. I am not assessed at all lower, you must understand, than my neighbours.

18,879. (Mr. Murray.) Your claim is for total exemption, I understand?—Yes, as far as the tithe goes.

18,880. Would you extend that to tithe in the hands of the Ecclesiastical Commissioners?—No.

18,881. Only to tithe in the hands of clerical tithe owners?—That is so; tithe in the hands of those who perform the duties.

18,882. It would be rather difficult to distinguish tithe paid to the Ecclesiastical Commissioners from other tithe, would it not?—I should think not.

18,883. You do not extend that claim to the glebe?—No.

18,884. You are aware that tithe has been subject to this liability for, at least, 300 years?—So far as the poor is concerned.

18,885. Then you are seeking to alter an arrangement which has got a very long prescription at any rate?—Even if it was brought back to what it originally was, it would be something better, but in the course of time they have added one thing and another—I think the district rates include highways and all kinds of things in addition to the poor.

18,886. If you begin to alter or remove liabilities of that kind, will you not raise a series of other questions; for instance, this: Can you distinguish between the liability of tithe to rating and the liability of land to tithe?—I take my ground upon the distinct injustice of calling upon a man to pay upon that which he does duty for, and I say that he should not be called upon, no matter how long it has been done.

18,887. Do you think that the landowner could not make out on some other ground an almost equally good claim to be relieved from tithes altogether?—I think he would find it difficult.

18,888. He might, for instance, say that the value of his land had diminished very largely?—I should ask him what duty he does for it.

18,889. He might not admit that that had anything to do with it?—I could not help that.

18,890. I did not gather, from your answer to the Chairman, on whose shoulders you proposed to shift this burden?—I do not think that is a matter for me at all. It is a matter for the authorities and the House of Commons, I should think.

18,891. What is your suggestion?—I should like to think it out well before making any suggestion. To begin with, I have a very great reluctance to ask for any public grant. That I should very much object to. I was surprised with what the Chairman said, that there were parishes where it would make a very great difference. My experience is that it would make an infinitesimal difference in my parish, and would be hardly felt at all.

18,892. But, infinitesimal or not, it amounts to something, or you would not want to get rid of it, I suppose?—As far as amount is concerned, in my case it is not a serious matter. It is more a matter of justice which makes me contend against it.

18,893. But apart from the question of justice, who is to take the burden which you think you ought to be relieved of?—I would rather be excused from giving an opinion at present.

18,894. (Chairman.) Is there anything that you want to add that we have missed?—No.

Rev. R. Kennedy.

8 June '98

Glebe land is under-valued by farmers on Assessment Committee, and parsonage house over-valued.

Tithe rent-charge, valuation of: Clerical tithe owners should not be rated in respect of tithe rent-charge received for personal services. But no opinion expressed as to who should pay the deficiency in rates caused by such a deduction. No claim made for exemption in respect of glebe land.

The witness withdrew.

Rev. E.  
Lodwick  
Ellis.

The Rev. E. LODWICK ELLIS called and examined.\*

Rev. E.  
Lodwick  
Ellis.

8 June '98

Agricultural Rates Act: Effect upon income of vicar of Bettws-yn-Rhôs. Asserted that rates would have been less if Act had not been passed.

18,895. (Chairman.) You are vicar of Bettws-yn-Rhôs, near Abergele, Denbighshire?—Yes.

18,896. How long have you been there?—I have only been since last autumn in that parish.

18,897. You divide your memorandum into two parts—the first with regard to the tithe rentcharge in your parish, and the second as to the effect of the Agricultural Rates Act?—Quite so.

18,898. We will begin with the first. You give figures relating to your parish, showing that the computed value of the tithe rentcharge is 399*l.* 6*s.* 2*d.*?—That is so.

18,899. And the value of last year 279*l.* 2*s.* 2*d.*?—That is so.

18,900. From which there are deductions for Imperial taxes of 9*l.* 5*s.* 9*d.*?—Yes.

18,901. For local rates for the half-year, March 1897, 12*l.* 4*s.* 10*d.*; for the half-year ending September 1897, 17*l.* 9*s.* 8*d.*; for the collection of the tithe, 8*l.* 8*s.*; and for compulsory insurance, 30*s.*; making a total of 48*l.* 18*s.* 3*d.*?—That is so.

18,902. So that, to make it complete, the net value for 1897 which remained to you was 230*l.* 3*s.* 10*d.*?—That is so, from the tithe.

18,903. Before we go into the special matter of the Agricultural Rates Act, what is the suggestion which you wish to put before the Commission in regard to these figures?—With regard to the rating of the tithe, I express my own opinion, as well as that of the clergy of our deanery, which is that we look upon tithe certainly as different from other property. We do not ask the Commission to recommend a total exemption of the tithe from rates, inasmuch as we think that the clergy have a special right to the tithe as a freehold property; consequently we cannot ask that the tithe should be entirely exempted from rates. But we certainly think that a greater concession ought to be made to the tithe owners, inasmuch as tithe, in the first instance, was rated because it was considered as land, therefore we consider that any concession that is made to land ought to be made to tithe. That is our first point. Then, taking into consideration that tithe is paid to us—the clergy—for duties performed, we think that some lower rate of rating should be adopted than there is at the present.

18,904. Let me have it quite distinct. When you say a lower rate of rating, do you mean a lower rate per £, or that a deduction should be made off the gross value before you get to the value on which you are to be rated?—I think there is a suggestion in my memorandum that there should be an allowance analogous to the income tax for the first 160*l.* of income from tithe.

18,905. Just tell us what are the arguments which you, and those for whom you speak, advance in favour of that proposition?—We say that every other body of men, as well as all other professional men, as far as we are aware, do not pay rates upon their incomes, and we think we have a right as citizens to claim an exemption from being rated upon the income for which we perform duties.

18,906. Those are, of course, two distinct lines of argument. With regard to the first, what do you say to the contention that tithe, rightly or wrongly, is one of the classes of property that is specifically mentioned in the Act of Elizabeth and has been rated ever since that time?—For the poor rates?

18,907. Yes, for the poor rate, but every other parish rate is collected practically on the same basis. I would put this question to you: Do you draw a distinction between poor rates and other rates?—We do.

18,908. Will you develop that for me?—I wish to point out that, speaking for myself, I am of the opinion that the tithes ought to be rated for the poor, but when they are rated for all other schemes I think it comes very heavily upon us—rather unduly heavily.

18,909. Do you think it is the case that the annual value of the tithe being easily ascertained the owner of the tithe is rated more up to the gross value than the owner of any other class of property?—I think so.

18,910. With regard to the Agricultural Rates Act, I think you are in the fortunate position of not putting

forward any suggestion to us that that Act has been harmful to you?—I do not think so.

18,911. Then just let us see whether I have got the facts right. Will you look at the return which you have sent in? For the year 1895-6, taking the two half-years together, the rate in the £ in your case was 2*s.* 4*d.*, was it not?—Quite so.

18,912. In the next year, 1896-7, it was 1*s.* 9*d.*?—Quite so.

18,913. And for the last full complete year, 1897-8, it was 2*s.* 2*d.*?—2*s.*

18,914. Under those circumstances, and with those figures, will you explain to me how the Agricultural Rates Act has done you harm?—I think, if we go back to 1895-6, we shall find then that the reason for the rates being so high that year would be that there was 20*l.* in connexion with the expenses under the County Councils Act; consequently the rate was 2*s.* 4*d.* in the £, and the total rates paid upon my incumbency amounted to 32*l.* 15*s.* 1*d.* for the year 1895-6. Then take the year 1896-7, when the rate for the first half-year was 10*d.*, and for the other half 11*d.*, which would be 1*s.* 9*d.* My total rates for that year would be 23*l.* 18*s.* 9*d.* Then take 1897-8, the year in which the Agricultural Rates Act came into force, we shall find that my total rates were 23*l.* 4*s.* 6*d.* Now take the present half-year—

18,915. I think we had better let it remain at that, for the moment, because we have not got a complete year, and there will obviously be a possible fallacy if we take a half-year, because the first half-year is almost always the larger of the two. We had better go on those two years?—Very well, my Lord, we will take the two years 1896-7 and 1897-8. This is how I make it out that the Agricultural Rates Act has increased the burden in my parish. The total rateable value of the parish is 4,675*l.*, the assessable value of houses, &c. is 1,635*l.*, and the rateable value of land is 3,040*l.*, which at a half is 1,520*l.*, which would make the present total assessable value of the parish 3,155*l.* The average annual expenditure for the three years ended Lady-day 1897 for the parish council expenses, assistant overseers' salary, parliamentary registration, and overseers' expenses, is 55*l.* No grant under the Agricultural Rates Act is received in respect of these expenses, although agricultural land is rated at one-half only as compared with houses, &c. The result is that the ratepayers of Bettws occupying property not benefited by the Agricultural Rates Act have to make up the deficiency, and an additional rate of 1½*d.* in the £ is necessary to produce this amount. A rate of 2½*d.* in the £ would have been sufficient to raise 55*l.* if made on the rateable value, whereas a rate of 4½*d.* is necessary on the assessable value.

18,916. What you put before us then is this, that although your rate per £ in 1897-8 was 2*s.* as against 2*s.* 4*d.* in the year before the Agricultural Rates Act passed, if the Agricultural Rates Act had not been passed your rate would not have amounted to 2*s.* in the £?—I do not mean to say that. I mean to say that my rates could not have been as much, for the rating would have been upon the rateable value of the parish instead of upon the assessable value of the parish.

18,917. I think that is exactly what I said, although, perhaps, I spoke too quickly. As a matter of fact, your rate in 1897-8 was 2*s.* in the £?—No.

18,918. But when I said 2*s.* 2*d.* you corrected me and said it was 2*s.* I must go through it again. In 1897-8, for the first half-year it was 1*s.* 4*d.* in the £?—Upon the buildings.

18,919. Upon everything, was it not—tithe and buildings both?—No.

18,920. I can only read your own figures?—Quite so; that is on the form, but this form has not divided it. For the first half-year it was 1*s.* 4*d.* upon the tithes and buildings and 8*d.* upon the land; and then for the second half it was 8*d.* upon the tithes and buildings and 4*d.* upon the land. There is a different rating in those two half-years.

18,921. That is not what is in the return, and I got the figure from you before, I thought accurately. What was, in your opinion, as a matter of fact, the gross rate upon your tithe for the last year, 1897-8?—Do you ask what is my opinion as to whether it has been increased or not.

\* A statement of the gross and net incomes, and of the per-centage of rates paid to the net income of the Benefice of Bettws-yn-Rhôs for the year 1897-8, will be found on pages 348-9.

The rent-charge, value of in the parish of Bettws-yn-Rhôs.

Tithe rent-charge, valuation of: Clerical tithe owners should be allowed a deduction of 160*l.* in respect of personal services.

Tithe rent-charge should be assessed to poor rate, but not to other rates.

Tithe rent-charge, valuation of: Tithe rentcharge is valued too highly.

Rev. E.  
Lodwick  
Ellis.

8 June '98

18,922. I want to know what it was, as a matter of fact; what did you pay per £ on your tithe in the last full year?—The first half of the last year I paid 1s. 4d. upon the tithe; and in the second half of the year, 8d.

18,923. Then your rate was 2s. in the £, as I put it to you?—Very well.

18,924. Was it not?—Yes.

18,925. Do I understand your contention to be that if the Agricultural Rates Act had not been passed your rate per £ in that year would have been less than 2s.?—Quite so.

18,926. By how much?—1½d. in the £.

18,927. And that arises from those particular charges for which you say an allowance was not made in the Agricultural Rates Act?—Quite so.

18,928. (Mr. Elliott.) In this return you give us the amount of rates paid in respect of tithe rentcharge for the half-year ending September 1897, and for the half-year ending October 1898. Could you give me the corresponding amount for the half-year ending September 1898?—The same, I have just paid it, 17l. 9s. 8d.

18,929. The amount for the two half-years was the same?—Yes.

18,930. With regard to many of the purposes for which those local rates are levied, do you consider that they are levied for purposes which go to the improvement of property; take, for instance, the sanitary expenditure in your district?—There is no sanitary expenditure at all.

18,931. Is there no sanitary expenditure at all in respect of the district in which your parish is comprised?—There has not been.

18,932. I take it that your grievance is not one which has come into existence by reason of the passing of the Agricultural Rates Act, is it?—To some extent.

18,933. Yes; but was there not a substantial grievance long before the Agricultural Rates Act was passed?—Quite so.

18,934. Are you aware that that grievance has been urged by tithe owners ever since the passing of the Tithe Commutation Act?—As far as our district is concerned, I think it has.

18,935. You would say, would you not, that the passing of the Agricultural Rates Act has had the effect of, to some extent, accentuating the pre-existing grievance?—I think I have proved it pretty well by the figures I have given.

18,936. I take it that that is the limit of your objection to the Agricultural Rates Act, that you do not demur to the general principle of that Act, but simply to the indirect effect that it has had in accentuating your particular grievance?—It has accentuated our grievance, and I think it has been an injustice to the clergy with regard to the tithe. Inasmuch as the tithe was rated as land before, why are we not benefited by the Act?

18,937. To the extent, would you say, of 1½d. in the £?—No, to the extent that the land has been.

18,938. But I understood you to say, in reply to his Lordship, that the effect of the Act has been that you are paying a rate of about 1½d. in the £ more than you otherwise would have been paying?—As far as the Act is concerned, quite so.

18,939. But supposing the Act had not been passed, your grievance would still have existed, and the substantial character of that grievance has not been very much affected?—Not at all.

18,940. (Mr. Smith.) Are there any private houses in your parish apart from the occupation of land?—Apart from any occupation of land in connexion with them there are very few.

18,941. Of course they have been prejudiced to the same extent that you have by the passing of the Agricultural Rates Act?—Yes.

18,942. I rather understood you to say that you thought tithe ought to be subject to the poor rate, did you not?—I did say that.

18,943. What other rate do you complain of particularly?—Every expense of the county councils, of the parish councils, and of the parish meetings.

18,944. Is it not extremely difficult to draw a distinction? You say you have no sanitary rate; is it not possible that if you had a sanitary rate you might have a little less poor rate? Such things as hospitals, for instance, save a great many people from pauperism?—Yes, I am rather afraid the next year will bring us some sanitary expenses, though.

18,945. (Mr. Dalton.) Can you say how much of this 2s. in the £ is for the relief of the poor in your parish?—No, I have not worked that out.

18,946. Would you say the bulk of it is?—In the year 1897-8 the guardians' call was 168l. for the whole year. I have not worked it out really; I could work it out, but I did not think of it.

18,947. That would represent the bulk of your rates, would it not?—It would represent the bulk of our rates.

18,948. Then I understand you to say that as regards the bulk of your rates, you agree that the tithe rentcharge should remain liable to them?—That would be a concession in our favour, certainly.

18,949. No, because I understand you to say that you think the tithe rentcharge should still remain rateable to the relief of the poor?—Yes.

18,950. As the rates raised for the relief of the poor are the bulk of the rates raised in your parish, consequently your claim for relief not extending to those rates does not extend to the bulk of the rates in your parish?—Not to the bulk; but it would be a concession in our favour.

18,951. As regards the rates that have been raised in your parish, they seem to have been very unevenly raised during the last few years. In the year 1895-6 they were 2s. 4d. in the £, in the following year 1s. 9d., and they then went to 2s., at which amount they have since remained; and taking the average of the two years before the Agricultural Rates Act came into force the rate was 2s. 0½d.; it came to 4s. 1d. for the two, one year being 1s. 9d. and the other 2s. 4d., so that the average of the two years was 2s. 0½d., but since then it is 2s.?—Still we must take into consideration that in 1895-6 there are expenses to the amount of 20l. in connexion with the county councils.

18,952. What rate does that represent in the parish, a very small rate, does it not? That will not account for the difference between 1s. 9d. and the 2s. 4d., will it; there is a difference of 7d. there?—Quite so.

18,953. The 20l. for this particular expenditure would not represent a rate of 7d. in the £. It rather looks, from the figures, as if you had raised too big a rate for 1895-6, the result of which was you had a small rate in the following year, namely, 1s. 9d., is that not so?—I do not think there is such a vast difference in the demand for the two years, is there.

18,954. It is 2s. 4d. one year and 1s. 9d. the other—that is a very considerable difference. I do not think the figures you have given us as to the extra expenditure in the former year amount to anything like 7d. in the £ on the rates, do they? You say there was an exceptional call for 20l., but that would be only something like a 1d. rate, would it not? It rather looks as if the collectors had got behindhand and then raised a higher rate than was necessary, the result of which was that in the following year the rate fell, and it has since returned to the average of 2s. in the £?—I see the guardians demand for the first half of the year 1895-6 was 184l., and that it was 136l. for the second half-year.

18,955. You do not know whether it was raised to make good a deficiency?—I cannot say; I was not in the parish at that time.

18,956. You have become more regular in the rates since; you have got in each of the last two years a rate of 2s. in the £, which is about the average of the two preceding years, only a halfpenny less. Those figures do not seem to point to the conclusion that the Agricultural Rates Act has made much difference in the rating of your parish?—All the difference it has made is what I have given to the Chairman.

18,957. What is that?—1½d. in the £.

18,958. Three halfpence in the £ for what?—For the last half year, and for this half-year too.

18,959. What authority raises that?—It is to meet the parish council expenses and overseers' salary, and so on.

Rev. E.  
Lodwick  
Ellis.

8 June '92

Rates paid by vicar of Bettws-y-n-Rhds. Effect of Agricultural Rates Act.

Rates paid by vicar of Bettws-y-n-Rhds.

Agricultural Rates Act is said to have prejudiced clerical tithe owners to some extent, though their substantial grievance existed before the Act.

Tithe rentcharge should be assessed to poor rate, but not to other rates.

Rev. E.  
Lodwick  
Ellis.

8 June '98

18,960. Are those steady and regular expenses?—These are regular expenses. The assistant overseer's salary, for instance, is 32*l.*, and there are 10 guineas allowed for the jury list, and so on, making 42*l.* 10*s.*

18,961. Is that pretty well the average?—That is the average of his expenses. Then there are the parish council expenses, the registration, and incidental expenses, and those are, on an average, the same, I should say.

18,962. What rate in the £ is required for 42*l.* 10*s.*?—I have not worked it out.

18,963. Should you say that is 1½*d.*?—No, I took the average total expenses for those various things to be 55*l.* for the last three years.

18,964. I understood just now that it was 42*l.* 10*s.*?—For the overseers only.

18,965. And the parish council?—The total for the last three years of the parish council's expenses, the assistant overseer's salary, and the parliamentary registration and other incidental expenses is 55*l.*

18,966. Fifty-five pounds a year?—Yes.

18,967. That requires what rate?—1½*d.* in the £.

18,968. A rate of 1½*d.*?—Yes, upon the assessable value of the parish.

18,969. What would be required upon the rateable value?—2½*d.*

18,970. Then you do not get an additional rate of 1½*d.*? What is the additional rate you get?—That is the additional rate; a rate of 2½*d.* in the £ would have been sufficient to raise 55*l.*, if made on the rateable value, whereas a rate of 4½*d.* is necessary on the assessable value.

18,971. (Sir Edward Hamilton.) I think you point out in your memorandum that your rate has risen since the passing of the Agricultural Rates Act?—Yes.

The witness withdrew.

The Rev. J. MANNERS SMITH called and examined.\*

18,978. (Chairman.) You are rector of Barnardiston in Suffolk, I believe?—Yes.

18,979. I understand from the figures connected with your parish that it is one of the districts which has suffered most severely by agricultural depression?—Yes, I think that is so.

18,980. I understand that the rates in your parish have, as a matter of fact, risen very much during the last three years?—Very much indeed in my case, if that is what you mean.

18,981. I mean in the parish as a whole?—I have not gone into how the rates in the parish as a whole have risen.

18,982. You know, from your own circumstance, that in the year 1895-6, the poor rate levied was 4*s.* 1*d.* in the £, was it not?—Yes, and in addition to that there was a highway rate of 10*d.*—4*s.* 11*d.* would be more correct.

18,983. I want to keep them separate if I can; 4*s.* 1*d.* was the poor rate, was it not?—It was the parish rate for the poor and the school.

18,984. In the following year that parish and school rate had risen to 4*s.* 4*d.*?—Yes.

18,985. In the next year it had risen to 6*s.* 8*d.*?—Yes, exclusive of the highway rate.

18,986. I want to ask you, before going into it in detail, whether you are able to tell me what is the cause of that rise in the rate?—The cause is that the farmers practically assess themselves, as they form the assessment committee, and their assessments have gone down to considerably below what they used to be.

18,987. Do you know whether the gross amount spent upon the poor is or is not larger in the last of the three years?—I do not know; I could not say that.

18,988. Do you attribute the increase of rate per £ to the lowering of the assessment in the parish?—To the lowering of the assessment in the parish on the agricultural land purely.

18,989. In regard to everybody?—Except the clergyman.

\* A statement of the gross and net income, and of the per-centage of rates paid to the net income of the Benefice of Barnardiston, for the year 1897-8, will be found on pages 348-9.

18,972. I do not think I quite understood from what you said on that point whether you attributed that to the passing of the Act itself, or whether it was merely accidental?—I attribute it to the passing of the Act.

18,973. I do not quite follow how it was; do you consider that the passing of the Act itself made the rates rise in your own particular case?—It has made them rise to the extent of 1½*d.* in the £.

18,974. How far do you attribute it to the passing of the Act, or how far do you consider it to be a purely accidental rise that would have taken place had there been no Agricultural Rates Act passed?—May I put it in this way? The rise upon the tithes and the buildings is due to the non-provision made by the Agricultural Rates Act. The Agricultural Rates Act makes no provision for these expenses in the parish, therefore the higher rate upon which the tithe and buildings is rated causes the rise in the amount of rates which I pay. I think that is clear.

18,975. Then you suggest in the concluding paragraph of your memorandum an exemption of the first 160*l.* of income?—Quite so.

18,976. Have you any view as to how the deficiency to rates by such exemption should be made good whether it should fall on the Imperial exchequer, or whether it should fall on the local ratepayers?—I think that one class of the community have received a concession from the exchequer, namely, the landholders, and I do not see why the tithe owners should not also receive a concession from their hands as another section of the community.

18,977. Therefore you contemplated when you made the suggestion of exemption that it should be the Imperial Exchequer which should make it good?—Yes.

Rev. E.  
Lodwick  
Ellis.

8 June '98

Tithe rent-charge, valuation of: Clerical tithe owners should be allowed a deduction of 160*l.* in respect of personal services, and the deficiency in the rates should be paid by the Exchequer.

Rev. J.  
Manners  
Smith.

18,990. In fact, on those who own land as opposed to those who own houses?—As opposed to those who own houses and tithe.

18,991. Do you mean a decrease in the assessment of agricultural land consequent upon the Agricultural Rates Act, or do you mean a decrease in the assessment on account of the subjects being of less value?—On account of the farmers claiming that they are of less value.

18,992. So that, apart from the operation of the Agricultural Rates Act, there was a decrease in the total assessment value of the parish?—Yes, a considerable decrease.

18,993. Can you give me the figures; leave out of account the Agricultural Rates Act for a moment?—In 1895-6 the rateable value of the agricultural land was 719*l.*, and in 1898 the rateable value is 400*l.* 10*s.*\*

18,994. So that, apart from any Act of Parliament, by the mere operation of fresh valuations the agricultural land in your parish has gone down from 719*l.* to a little over 400*l.*?—Yes, that is so.\*

18,995. Am I right in saying that the total annual value of property in your parish at the present time is 713*l.*?—713*l.*, including tithe and land.

18,996. And of that 713*l.*, 109*l.* is rector's tithe?—Yes.

18,997. Therefore, the rector's tithe in that parish amounts to rather less than one-sixth of the total valuation of the parish?—Yes.

18,998. It is quite clear, is it not, from that statement, that if the rector's tithe were to be excused from rates, and no outside contribution given, it would result in a very large increase of burden to the other owners of property in the parish?—If the relief to the tithe owner had to be paid locally it would.

18,999. I understand that the contention which you put before us in your memorandum is that the farmers in whose hands the assessment is very largely placed do not make such accurate returns of the value of land as they are enabled to get of the value of the tithe?—

\* The witness states that 719*l.* was the total rateable value of the parish in 1895-6, and not the rateable value of the agricultural land only.

Rates of rector of Barnardiston have risen in recent years. District has suffered from agricultural depression.

Land, valuation of: Assessment Committee of farmers value land at a low figure, which is the cause of rise in rates in respect of rector's tithe.

Tithe rent-charge in Barnardiston parish: If rector paid no rates in respect of his tithe, owners of other property in the parish would have a large increase in rates. Land, valuation of: Under-valuation by Assessment Committee of farmers.

Rev. J.  
Manners  
Smith.

8 June '98

No. Their returns in some cases are totally inaccurate, I feel sure; I can give you a case of a farm of 288 acres assessed at 39l.

19,000. Was it a let farm?—Yes.

19,001. What was the rent?—I do not know, and I cannot say.

19,002. Do you know whether it was more than 39l.?—No, I do not.

19,003. Then for all you know it may have been a fair return?—I thought the Assessment Act did not allow that if there was no rent paid there should be no return made. I thought it had to be valued according to what it ought to let at.

19,004. No doubt that is one of the conditions; there is the power so to value. I do not want to go widely into it, but you would probably agree with me that assuming there was no reason to suspect collusion between the owner and the occupier, the rent that was paid one year with the other would be a pretty fair index of the value, would it not?—I think the assessment committee have done this. I think they have subtracted the tithe from what was paid twice over; that is my opinion. Even then it would not be high enough if that were what was done.

19,005. I would like you to tell me what is the particular remedy which you yourself would propose?—I think most of the clergy would be quite content if they were treated as other agricultural owners are treated in respect of relief to their rates. If we were relieved to the extent of half our rates by money from the Imperial Exchequer we should be quite content.

19,006. What are the arguments upon which you would rely to defend that suggestion?—That tithe is of the nature of land.

19,007. In the respect that it pays land tax?—Certainly, for one thing. It is almost laid down in the claim for land tax that it is land, or of the nature of land. If it is not land, why does it pay?

19,008. Of course you would not go the length, as I understand, of those who urge—and there have been some—that upon the value of the glebe the parson should be treated in any way different from any other owner or occupier of land?—He should be treated just the same as other owners.

19,009. What do you say to the suggestion which you heard made this morning, and which has been made before, that there should be a definite deduction made from the value of tithe in respect of the personal and professional services which should be rendered?—I think it is very fair, and if you had not now given me the opportunity, I was going to suggest, that in respect of professional services certainly we should be excused rating, unless we are relieved in the way I suggest.

19,010. I understand from that answer that you do not ask for both methods of relief?—I would not ask for both, but I will not say that it would not be just to ask.

19,011. I want your opinion?—I think that that part of the endowment that we own in respect of which duties are performed, and in respect of which, in our absence, we should have to pay for the duties to be performed. I think that should be deducted from whatever tithe is owned before there is ever a rate made upon it.

19,012. Do you put that forward as an alternative suggestion, or as being an addition to what you suggested a moment ago, namely, that tithe was like agricultural land?—I should put it forward as an alternative suggestion.

19,013. Which do you propose; which do you think would be the most easy to defend; perhaps I should ask you which do you think would be most agreeable to the great body of those for whom you speak?—I think the most agreeable would be to be relieved in the same way that agricultural occupiers are relieved.

19,014. (Mr. Wharton.) Would you be satisfied to adopt the proposition that was made by the last witness, that instead of the tithes being entirely exempted for local purposes the first 160l. of your income from tithes should be exempted for local rates, as in the case of income tax; do you think that that would be a satisfactory method of dealing with the matter?—It would be very good as an alternative suggestion, but it would be one that I should only rely on if the others broke down.

19,015. Do you think that would be a fair method of dealing with it; do you think that would be a fair relief?—In some cases I do not think it would; in the case of a large tithe owner it would be unfair.

19,016. You probably would think that the large tithe owner, unless he has special claims upon him, would not be so much justified in seeking relief as the small tithe owner, or as the man with a small income?—Yes. I confess it never occurred to me, but it seems a very good idea.

19,017. On the whole you would be prepared to receive the suggestion made by Mr. Ellis, that the first 160l. in the income should be exempt from any rating, as in the case of the income tax?—Yes; that is a very good idea.

19,018. (Mr. Elliott.) There has been a large increase, has there not, in the expenses of the school board in your parish?—I am not quite sure. That is on the return, I think, that I have made.

19,019. According to the statement before me, the amount raised for school board expenditure was 20l. in each of the half years in 1895-6; 26l. 6s. 8d. in each of the half years in 1896-7, and no less than 38l. 16s. 10d. in each of the half years in 1897-8—almost double what it was in 1895-6?—Yes. I think I can explain that. It is in consequence of the inspector refusing a certain grant. There is a grant made if a parish is under 200, and there is also a grant made if a parish is under 300. In the last two years I believe we have lost one of these grants because the inspector said the school was near enough to a school in a neighbouring parish, so as not to entitle it to receive any grant in respect of the population being under, I think, 300.

19,020. That, I gather, is one of the principal causes which has led to the serious increase of rates in your parish?—Yes.

19,021. It is quite clear, is it not, that the school board expenditure in your parish has almost doubled in those two years?—Yes, it has.

19,022. Therefore, you may take it that that is one of the principal causes of the increase in the rates. Perhaps you will fill in that answer when you get the proof of your evidence?—Yes, I will do so.

19,023. With regard to the preference you express for the system of relief given in the Agricultural Rates Act, have you considered at all that the principle of assessing at one-half only applies to agricultural land *quæ* land, and does not extend to land which is covered even by farm buildings? Your tithe rentcharge is payable, is it not, not only in respect of agricultural land, but in respect of land covered by agricultural buildings?—That does not refer to the tithe, does it?

19,024. But the tithe is payable in respect of both classes of property?—I think I had better put it in this way—the tithe, I know, is referred to as a hereditament, is it not?

19,025. I wanted to ascertain from you whether you had considered the practical difficulties which would attend the adoption of the suggestion for which you expressed preference; are you aware that there are practical difficulties in the way?—The difficulties in the way of giving a grant from the Imperial exchequer are certainly great, but they are not impracticable, I think.

19,026. Supposing that you were willing to take from me the fact that there are serious practical difficulties in the way of treating tithe rentcharge in the same way as agricultural land is treated, apart from agricultural buildings, would not that affect the preference you express in favour of one system rather than the other?—If the difficulties could not be got over.

19,027. (Mr. Smith.) Arising out of that question, would you not prefer, if you could get it, a permanent deduction on account of services, rather than to be classed with agricultural land in an Act that, after all, is only temporary?—Is it so, that the Agricultural Rates Act is only temporary?

19,028. It is only temporary?—I should prefer, of the other two alternatives, that which was recommended by Mr. Ellis.

19,029. That was the 160l. deduction, was it not?—Yes.

Rev. J.  
Manners  
Smith.

8 June '98

Barnardston parish,  
rates in :  
Rise in  
School  
Board rate  
in recent  
years.

Agricultural Rates Act :  
Suggested difficulties in applying the principle of this Act to case of tithe rentcharge.

Tithe rentcharge, valuation of : Clerical tithe owners should be allowed a deduction of 160l. in respect of personal services.

Tithe rentcharge, valuation of : Clerical tithe owners would be content if they were relieved to the extent of half their rates, or alternatively a deduction should be made from the valuation of tithe rentcharge in respect of personal services.

Tithe rentcharge, valuation of : Clerical tithe owners should be allowed a deduction of 160l. in respect of personal services.

Rev. J.  
Manners  
Smith.

8 June '98

19,030. Now, on that would you suggest that that should apply to glebe where the value of the living was entirely confined to glebe?—No; I am perfectly contented, as far as the glebe is concerned, to be treated like any other landowner.

19,031. I want to know, when the Act is temporary, how is the landowner affected—what benefit does the landowner get if the tenant pays less rates?—I mean the occupier; I ought to have said that.

19,032. We are told, you know, that the Agricultural Rates Act does not, as long as it is temporary, benefit landowners?—That is so.

19,033. (Mr. Dalton.) Yours is a very exceptional parish, is it not—a very small parish to start with?—It is very small.

19,034. With a very small rateable value?—Yes.

19,035. In a district which has suffered very much from agricultural depression?—Quite so.

19,036. In the neighbouring parish, would the rates be as enormously high, as they appear to be, from this return, in your parish?—No, they would not. I know of no parish around, on any side of my parish, that at all compares with mine in the heaviness of its rating.

19,037. That I should expect. You have very little rateable value as compared with population in your parish, I presume?—We have 180 people.

19,038. And an assessable value of about 700*l.*?—713*l.*

19,039. It always happens in such a case as that, does it not, that the rates must get very high?—Yes, but not so enormously high as in my case.

19,040. I am only trying to get at the causes which have led to this enormously high rate in the *£*. I understand last year that it was 6*s.* 8*d.* in the *£* without including the highway rate, which was 1*s.* 8*d.*?—Yes, which brings it to 8*s.* 4*d.*

19,041. You would agree, would you not, that there must be a very small number of agricultural parishes in the country where the rate is anything like 8*s.* 4*d.* in the *£*. I think you say even in your own district, which is a very depressed district, there are no other parishes where the rate is equally high?—It is not so very depressed that the assessable value should be so low as this. I say the assessable value should be much higher; I say a good many of the farmers should be put up.

19,042. Even if it were doubled, you would still have a very small rateable value?—Yes.

19,043. So far as your high rates are due to the wrong assessment, that would be put right by an alteration of the law of valuation, I presume?—Yes.

19,044. Is the land tax in your parish high?—I am not sure, because we all pay the same now, 1*s.*

19,045. Have you got any relief from your land tax?—We got some relief in the land tax.

19,046. By the recent Act?—By the recent Act on taxation.

19,047. Then it was a high rate?—It was 3*s.* 3*d.* in the *£*.

19,048. That has been reduced to 1*s.*, has it?—Yes.

19,049. That has been some relief to you?—That has been some relief.

19,050. You have got no parish council and no expenses for parish meetings, I think?—That is so.

19,051. You have got a very high school board rate and a very high highway rate?—Yes.

19,052. I should imagine from these figures a high county rate, too, have you not?—I have not gone into that.

19,053. "Other purposes"?—Is that the county rate?

19,054. That would include the county rate?—I could not say, without comparing it with the other parishes, whether it is high.

19,055. Do you think it is a case for merging your parish with a neighbouring parish for the purpose of rating?—It would be very little relief.

19,056. I should have thought, if the neighbouring parishes were so much lower in their rates and yours was so very high, there would be a considerable relief to you?—I do not know exactly what is the rating of the neighbouring parishes.

19,057. You are quite sure that it is nothing like 8*s.* 4*d.* in the *£*?—Quite sure.

19,058. (Mr. Arthur O'Connor.) I suppose, if it is possible to effect any relief for the clergy in regard to this matter, it is advisable to find out what is the most practicable way, what is the direction of least resistance, and therefore we must consider whether the cases put forward are the best for the cause. What is the size of your parish?—About 1,100 acres.

19,059. What is the population?—181.

19,060. Are they all belonging to your flock?—Not all.

19,061. What proportion?—I should say three-fourths.

19,062. That would be 135. What acreage do you occupy in the parish?—Merely the glebe land and house—5 acres.

19,063. What is the average assessment of the acreage generally, is it about 6*s.* 8*d.* or 7*s.*, or 8*s.* an acre?—I can hardly say.

19,064. What did you tell us it was on the whole?—400*l.* 10*s.*

19,065. What is your ground assessed at?—I have not the figures, exactly, of that.

19,066. Break up the charge which is put upon you, and say how much you think goes to the land, and how much to the buildings?—I cannot give you that.

19,067. What are you assessed at altogether—10 guineas, is it not?—Yes, 10 guineas for the glebe land.

19,068. You occupy 13 acres, do you not?—No.

19,069. Or is it 21 acres?—That land is let.

19,070. Let?—It is let to a tenant.

19,071. Then you are a landlord?—Yes, a landlord of that.

19,072. Then you have a beneficial occupation, whether by yourself or your tenant, of 21 acres?—Yes, exactly. I did not know that that was what you were asking.

19,073. Would you mind saying what rent you get for that?—I could tell you—9*l.* 10*s.*

19,074. And your income is 170*l.* from tithe?—That is the gross income.

19,075. Is it not 250*l.*, gross?—250*l.* commuted, but then, calculating it out as to the averages, for this year it is 170*l.*

19,076. Or 174*l.*?—It is 171*l.* this year; it was 174*l.* last.

19,077. Let us consider for a moment land as a divisible whole. It may be in the hands of the fee-simple owner, who occupies it himself?—Yes.

19,078. In that case, what would be the charge; it would be about 8*s.* an acre, would it not?—Do you mean the land of the whole parish?

19,079. Take any piece of land in your parish; it might be in the hands of the fee-simple owner in occupation, or it might be that he let it; and then it would be in the occupation of one and in the ownership of the other, would it not?—Yes.

19,080. Still, in either case, directly or indirectly, it would be charged with this 8*s.* per acre?—Yes, I suppose it would; I do not know.

19,081. Supposing that out of this interest in land there is carved what is called tithe, I suppose you would say that that is just as much interest in land as the rent received, or as the beneficial occupation of the occupier?—Yes.

19,082. Now, when relief is given to an agricultural tenant permanently, I suppose we may say that the landlord, being aware of it, takes it into account in the figure which he is willing to receive as rent? If the rates are low the rent, taken generally, would be somewhat higher; and if the rates are high, the rent would be somewhat lower, is that not so?—I am afraid I do not quite understand that.

19,083. Is not that rather elementary?—I do not understand it.

19,084. Supposing a landlord has 100 acres to let, practically not rated at all, he would be able to let that at a greater advantage, would he not, than if it was very heavily rated?—Of course; I understand you now.

Rev. J.  
Manners  
Smith.

8 June '98

Barnardis-  
ton living:  
value of.

Barnardis-  
ton parish,  
rates in :  
A high rate  
in the  
pound.  
District has  
suffered  
from  
agricul-  
tural de-  
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Agricul-  
tural Rates  
Act bene-  
fits landed  
interest,  
but not  
tithe  
owners.

Rev. J.  
Manners  
Smith.

8 June '98

19,085. So that, as between occupier and landlord, the Agricultural Rates Act of last year, or the year before, gives a very substantial advantage?—To either owner or occupier?

19,086. Or to their united interest, however it may be distributed?—Yes, I quite see that.

19,087. The tithe interest gets no relief at all?—No relief whatever.

19,088. You represent, therefore, an interest in land, or arising out of land, which gets no relief, whereas as between the owner and the occupier there is a substantial relief, and so far you stand at a disadvantage with other land interests?—That is quite true.

19,089. You talk about income for services rendered being rated. I suppose you do not object to pay your income tax, like any other citizen?—Not at all.

19,090. The services which you render; to whom are they rendered?—It is rather difficult to say.

19,091. They are rendered to your parish, are they not?—Yes, to the parish.

19,092. The services which you get paid for are services which are rendered to the parish of which you are the incumbent?—Yes.

19,093. You do not seek to get relief from the income tax on the ground of your being a clergyman?—Not at all.

19,094. But with regard to local rates you say, "This portion of the community you are rating is the very portion of the community to which I am rendering the services for which I get my stipend"?—Yes.

19,095. "And then they come and rate me in addition to exacting my services"?—Yes, exactly.

19,096. Now as to the possibility of getting relief; supposing it was suggested that there should be a considerable deduction from your portion of the local burden, would not the proposal necessarily involve a corresponding increase on the rest of the local community?—Not on the local community; on the community at large.

19,097. I assume it was made by local arrangements?—Yes, it would then.

19,098. Do you not think that that would provoke an immediate outcry?—Yes, there would be much opposition.

19,099. Not only among the 60 people of your local community who do not belong to your communion, but also possibly a certain amount of unrest and dissatisfaction among the 135 who do?—Yes, it would cause great dissatisfaction all round.

19,100. Now that is a thing which you would be very anxious to avoid, I suppose?—Quite so.

19,101. On the other hand, supposing an application of any form or description was made to Parliament for central relief, do you not think that again would raise a general commotion throughout the country?—It would seem so from the arguments which have been uttered publicly lately.

19,102. Apart from the question of equity of relief, in what direction do you think it is possible to move for the purpose of securing relief so as to provoke the least possible unrest and dissatisfaction?—Perhaps one of those two alternative suggestions that were made as alternative to the one, that we should receive relief from the exchequer; either that we should receive the same kind of relief that a man with a small income receives in respect of income tax, or that our money for professional services should be deducted from the rateable value before the rate is made.

19,103. Let me see how that works out; I do not quite understand it. What is the deduction that you propose in respect of your services?—Count the number of services and charge what we should have to pay for services if they were taken—a guinea a service I should say.

19,104. Do you mean a service in the church?—Yes.

19,105. Is not your service very much more extensive than that?—Yes.

19,106. Have you not a general moral charge of the parish?—Yes.

19,107. Have you not to find out when the last baby in the parish was vaccinated, and to know what happens in every house in the parish?—Quite so. The reason I missed that point was because I was thinking more of the services as being the most important. We feel called upon to give many things—jelly, soup, and even wine—to any parishioner who requires it.

19,108. Take the whole of the services, what deduction would you propose to make; that is what I want to understand?—What I should have to pay someone to take my place in my absence, about 150*l.* a year.

19,109. That includes the occupation of the parsonage?—Yes, I should think so.

19,110. Of course you would be gone altogether then?—In my case it would be so. I cannot help my case working out in that way.

19,111. (*Chairman.*) Is there anything else you would like to add?—There was a question asked about the rating having been charged on tithe rentcharge since the time of Elizabeth. It has been suggested in another place that when the Commutation Act was passed our grievances were thought of then. I should like to point out what I believe is really the case, that when the Act was passed the framers of that Act adopted the sliding scale for tithe rentcharge, with the idea of protecting us. I suppose, because it was thought that gold might depreciate in value, and that the value of corn and cereals was a more stable standard than the value of gold. It has not protected our interests in anything like the way the framers of the Bill desired it should do.

19,112. Is there any other thing you want to add on that?—Another thing, the case has not been put strongly enough to square with my case. It was stated in one important speech, made in public some little time ago, that the rating sometimes has been as high as a third of the gross value. Last year my rating amounted to 8*s.* 4*d.* in the *£*, which is considerably more than a third of the gross value.

19,113. (*Mr. Dalton.*) From these figures it appears that there has been a very great reduction in the rateable value of the agricultural land in your parish, as a whole, during the last few years?—Yes.\*

19,114. But no reduction in the rateable value of your glebe; that seems to have remained the same through all the years?—That is so. It is rated too highly now, I think.\*

19,115. Why was it not reduced when the agricultural land was reduced in rateable value; did you make any application?—No, I did not make any application.\*

19,116. Is that the reason, do you think?—It is difficult to say. There is a prejudice throughout the parish against reducing rates on a small piece of land, whereas the large pieces of land get a good deal of relief.\*

19,117. (*Mr. Elliott.*) Supposing it were necessary for the Bishop to appoint anyone to take charge of your benefice, what would be the minimum stipend which he would have to pay to the curate under the Pluralities Act?—I do not know the Pluralities Act well enough to answer. It would be two-thirds, I think.

19,118. (*Mr. Arthur O'Connor.*) May I take it that your professional income, as the clergyman of this parish, is equal to about 30*s.* per head of your congregation, one way and the other?—No, certainly not.

19,119. How much is it?—I could work it out. My income for this year, after deducting every outgoing, is a little under 100*l.*

19,120. What do you mean by outgoing, because after all an income is only meant to be spent?—I mean taxes and rates; you see, you are not taking account of taxes here.

Rev. J.  
Manners  
Smith.

8 June '98

The Tithe Act, 1836, has not protected the interests of the clergy as much as was intended.

Land, valuation of in Barnardston parish.

Rector of Barnardston parish: His income

\* See footnote to Questions 12,993-4.

Rev. E.  
Molloy.

The Rev. EBEN MOLLOY called and examined.\*

Rev. E.  
Molloy.

8 June '98

8 June '98

19,121. (Chairman.) You are the rector of Keyston, in the county of Huntingdon, are you not?—Yes.

19,122. This memorandum, which I hold in my hand, is the one you have returned to us?—Yes.

19,123. Since sending in those figures, you have, like the other gentlemen who have been here to-day, filled up for us an additional return in the last few days?—Yes.

19,124. There are one or two points in that which I do not quite understand. For instance, unless there is some mistake, the rateable value of your parsonage house is put in at double the gross value. How does that come about?—I do not intend that. The rateable value is 30*l.* a year.

19,125. But in the column which you head "Gross Income," you enter it at 15*l.*?—That is for each half year, and dividing it. That is done in arriving at the value of the whole living for one half year.

19,126. Take it at that; is the gross value of it the same as the rateable value; surely you are allowed something for repairs, are you not, off the gross before you get the rateable value?—I know 30*l.* a year is the rateable value, and I believe the gross value is 35*l.* now that I think of it, but I am rated on 30*l.*

19,127. I do not know whether you will be able to give me any information upon it—perhaps it is beyond your province—but from the figures referring to your parish, I understand that land appears to have been relieved to the extent of 103*l.* a year under the Agricultural Rates Act, but that the Government contribution has only amounted to 78*l.* Are you well enough up in that figure to be able to explain that to me?—Yes.

19,128. Will you kindly do so?—At the time the Act was passed, the clerk was directed to send in the average rates for three years. That average was 10*l.*, but since then the rates have increased to 14*l.* I am a member of the district council, and a member of the board of guardians, and for this year it is 14*l.* where it was 10*l.* There has been an increase in the expenditure, and the result is that there is 4*l.* difference.

19,129. That is the half-yearly rate you are giving me now?—That is for everything except poor rate, I believe. The district council expenses, at least, so I understand, instead of being 10*l.* are 14*l.*

19,130. I do not think you and the overseers quite agree as to the figures?—I got my figures from his books. It is the clerk to the board of guardians who told me of the figures of 10*l.* and of 14*l.* They were three lean years for which the average was taken; since then the expenditure has increased, several large payments having been made out of income from rates. The 10*l.* refers to expenses of the poor. The cost of new board room, laundries, &c. which was taken into account since the Act has increased it to 14*l.*

19,131. The figure of 10*l.* does not happen to appear in either of the returns. The rate in the *£*, as given by you, for the year 1895-6, is 2*s.* 5*d.*, and that agrees with the overseer's; in the year 1896-7 the rate in the *£* leviable is given by you as 2*s.* 9*d.*, and that agrees; but in the next year, 1897-8, the figure, as given by you, differs?—I have actually paid rates as high as 3*s.* 1*d.*, and I proved that to the assessment committee when I was getting my assessment reduced. But there is a deficiency in the Thrapston Union.

19,132. Can you analyse that for me, so as to make it plain to me whether that increase has arisen from an increase of expenditure, or from an increase consequent upon the passing of the Agricultural Rates Act?—Any deficiency between the money paid in by the Government to the union and the money returned to the farmers has to be met by the owners of houses, and by the owner of the tithe rentcharge.

19,133. How did that deficiency arise?—Because, unfortunately, the three years preceding the passing of the Act were economical years, and since then the expenditure has increased in the union generally.

19,134. Under what heads has it increased?—Of course there are those expenses for parish councils, for overseers, and those things that are not met by the Act. Those things, I believe, as was explained by another witness, are extras.

19,135. Have you a parish council in your parish?—No, but we have got a parish meeting, and the rates are increased on their account. They, without any authority, put footpaths in the parish, with the result that the extra charge amounts to about 2*d.* in the *£* to me, and only 1*d.* to the farmers.

19,136. Then I understand that the discrepancy has arisen from increase of expenditure?—Generally in the union.

19,137. That increase of expenditure, of course, would have taken place, whether the Agricultural Rates Act had passed or not—it is independent of it?—I should think that the farmers are more inclined to spend money when they do not have to pay back so much of it; in fact, I am nearly sure they are. If you have only to pay 1*d.* in the *£* with spending 40*l.* or 50*l.* you are more likely to spend 40*l.* or 50*l.* than you are if you pay 2*d.* in the *£*.

19,138. Are they the real controllers of the expenditure?—Absolutely.

19,139. They are not in a majority, are they?—They are in the Thrapston Union.

19,140. Are they in the majority as voters to the district council, because it is a district council?—The agricultural interest is altogether in the majority. There are very few gentry in the county.

19,141. Does that apply to the union and to the district council alike?—Yes, they are conterminous.

19,142. You have also procured for us a return from the rector of Molesworth?—Yes.

19,143. If you cannot answer the question, of course you will say so, but how is it that the tithe rentcharge in his return is stated to be rated at 32*l.*, when it only produces 23*l.* 15*s.*, while on the other hand the glebe land is stated to bring in a rent of 80*l.*, but is only rated at 13*l.* 15*s.* 6*d.*?—I am afraid I could not tell you that. I do not think the tithe rentcharge—and I confine myself to that—is rated at 32*l.* That must be a mistake, 23*l.* 4*s.* 3*d.* is the gross value in 1897.

19,144. Perhaps you would not mind having that cleared up for us?—Yes, I will.\*

19,145. In that case, if the figures are right, the rector of Molesworth would derive more than half his income from the glebe, and not from tithe rentcharge?—Yes.

19,146. In which case, of course, he would be a gainer under the Agricultural Rates Act, and not a loser?—Yes, he would be a gainer as far as the rates on nine acres went.

19,147. But you cannot clear that up at the moment?—I cannot. I know what the rates paid were. The rates were 5*l.* 6*s.* 8*d.*, and that was 22 per cent of the gross.

19,148. What is the suggestion which you would like to make to us as the remedy for what you feel to be a grievance?—I think the clergy should be allowed the same as the income tax, *pro rata*; that is, incomes under 400*l.* so much; incomes over 400*l.* so much.

19,149. What are the arguments by which you would defend that suggestion, if it was attacked?—I do not think this tithe should be treated as land. Farmers are assessed on their rent, that is, the rack rent. What is left after the farmer's profit and expenses goes to the landlord, and that is rack rent. That is taken as the basis of their assessment, whereas the gross tithe, which is for some purposes treated as land, is taken as the basis of assessment, without any question of profits at all.

19,150. How does that bear upon the suggestion which you made, that there was to be a *pro rata* deduction from your income before the rates were laid on?—I think, as a matter of justice, the rates ought to be taken off the tithe altogether, if it could be done from Imperial sources. Of course I am sure there would be an uproar in the parish if it were taken off local assessment. As a rule, the clergy are the largest ratepayers in the parish; for instance, I pay for rates within 30*s.* a quarter of what a man who owns a large property of 700 or 800 acres does.

\* The witness subsequently wrote: "The greater portion of the glebe is let, and the tenant pays the rates on that. The 13*l.* 15*s.* 6*d.* is the rateable value of the nine acres in the rector's own occupation. The gross rent of the glebe is really 102*l.* 10*s.*"  
The Molesworth tithe rentcharge is rated at the original value, and has never been altered although the value has fallen about 10*l.*

\* A statement of the gross and net incomes, and of the per-centage of rates paid to the net income of the Benefices of Keyston and Molesworth, for the year 1897-8, will be found on pages 348-9.

Rector of  
Molesworth.  
Particulars  
of the  
living.Tithe rent-  
charge,  
valuation  
of: Clerical  
tithe  
owners  
should be  
relieved of  
rates alto-  
gether, but  
the clergy  
would be  
satisfied if  
they were  
allowed a  
deduction  
of 160*l.* in  
respect of  
personal  
services.  
But there  
would be  
opposition  
to this by  
the other  
ratepayers.



Rev. E.  
Molloy.

8 June '98

19,151. You realise that that would be said to be exempting tithe from a burden which it has borne since the time of the Act of Elizabeth?—Yes, but I do not think it ever was intended to bear the burden it is bearing now. The poor rate pure and simple would not be so heavy, but then we have to pay highway rate, and so on.

19,152-3. Do not understand that I am expressing my opinion—I am only putting these questions to try and elicit your view?—Yes, I quite see that, it has always been rated.

19,154. And it has been rated first to poor rates and subsequently to other rates, as they were put on ever since that time?—Yes, I admit that, of course.

19,155. Then the suggestion you make would be a new departure taken at the present time?—Yes, it would decidedly.

19,156. Do you think the present time is favourable for making such a suggestion as that?—I think it is, because the farmers have certainly got a measure of relief; it may be only temporary, but still it will affect them for the next three or four years.

19,157. Your suggestion was, if you will excuse me for reminding you, that tithe rentcharge should be relieved altogether?—Yes.

19,158. Whatever we may say of the Agricultural Rates Act, it does not relieve the farmer altogether?—No, it only relieves him of half.

19,159. Does that consideration modify your former answer?—I say, as a matter of justice, I should think it ought to be exempt altogether, but as a matter of fact, I feel that the clergy would be satisfied if they were allowed for their services a deduction from the assessment before the assessable value was arrived at.

19,160. (*Mr. Dalton.*) I think you said that the expenditure had increased of late years?—Yes, the expenditure has.

19,161. According to the table which we have here the amount of rates raised seems to have diminished in the parish, but that, I presume, is due to the fact that a certain part of the deficiency has been met by this Government grant?—Yes, it has.

19,162. I think you said that the Government grant did not cover the whole of the present deficiency?—It does not cover it.

19,163. Are you clear as to that?—Quite certain, because I have made inquiry from the clerk of the union.

19,164. Are you aware that one part of the Government grant goes to the county council, one part to the board of guardians, one to the rural district council, one to the school board, and so on?—Yes.

19,165. Where have you made the inquiry as to the deficiency being made good—of all those authorities, or only of the guardians?—From the clerk of the guardians, the district council, and the school board—he is the same person.

19,166. He would be aware of the deficiency in the rates and of the amount of the Government grant for the guardians, and the rural district council?—Yes.

19,167. Has he taken into account the grant that is paid to the county council?—I am afraid I cannot answer that.

19,168. Of course he himself raises the rates for the county council, but the grant is paid to the county council, and therefore they ask for fewer rates. Judging from this return which I have here, the amount of rates raised for "Other purposes," which would include the county council, seems to have diminished. That rather points to the conclusion that the Government grant paid to the county council has been left out of your calculations; but you cannot say how that is?—I cannot say how that is.

19,169. Possibly you can ascertain that when you are correcting your evidence?—Yes, I might be able to do so.

19,170. Your glebe is 28 acres, is it not?—Yes.

19,171. Is that let?—That is let.

19,172. At what rent?—It brings in a little over a pound an acre and I pay the taxes.

19,173. On that, I presume, you gained by the passing of the Agricultural Rates Act?—Yes, I gained half the rates.

19,174. Taking the total of your rates in the year before the passing of the Agricultural Rates Act, you paid 38*l.* 13*s.* 4½*d.*, I think, adding the two half-years together?—Yes.\*

19,175. The following year, 40*l.* 2*s.* 10½*d.*?—Yes.\*

19,176. A rise of about 30*s.*?—On a reduced assessment.\*

19,177. No doubt, but I presume there are other reduced assessments in the parish, are there not?—Yes, of course the farmers all keep theirs right.

19,178. Taking the first half-year of the present year the rates seem to have fallen?—Yes, they have fallen a little; the next half may be heavier. We are never sure which is the heavier.

19,179. Has not an estimate been made by the guardians for the total year yet?—That estimate I speak of, as showing a difference between 10*d.* and 14*d.*

19,180. Have you got any knowledge as to what the rate for the next half will be?—I am afraid that it will be more, because I was at the meeting when it was struck.

19,181. Has there been any complaint of the manner in which the valuation of your property and of the property of the rest of the parish is arrived at?—No, I think not, not as to the rates.

19,182. Do you think in your district it is tolerably fair?—I think it is very fair. I think the assessment committee understand land, but they certainly know nothing about tithe.

19,183. Do they over-assess your tithe?—They do not understand anything at all about it. Fortunately the chairman is in my parish, and I have made him understand that there should be certain deductions off tithe, and the result is that I have had mine reduced in five years. A tithe that is nominally worth 385*l.* as the total apportionment, I have had reduced from 265*l.* to 204*l.*, a matter of 61*l.*

19,184. I was going to say that it appears in this table to have been reduced in each of the last three years?—Yes, as I appeal every year. By law the assessment committee are bound to make that alteration themselves, but they never do. That is the reason Mr. Clarkson's of Molesworth has never been altered, because he has not appealed. He is a man of private means, and does not care to do so.

19,185. He can appeal?—Yes, he can, if he likes. As a matter of fact the assessment committee should do it without any action on the part of the tithe-owner.

19,186. But when application is made to them, you agree that they do it?—Yes, since I have put it into their heads that they ought to do so.

19,187. Coming to the figures of the rector of Molesworth, he has a very large glebe of 285 acres, let at a very low rent?—It is only prairie land, and worth very little; it is poor land. It is only worth 102*l.* 10*s.* gross rental.

19,188. Is that land that has gone down to grass?—It has gone down; it has depreciated; the whole parish has depreciated.

19,189. Is it contended that he has lost by the Agricultural Rates Act?—No, I should think not. He has lost on his tithe, which, of course, is only a small thing. You may see that the difference between the percentage of rates paid to gross value in 1895 and 1897 is 6 per cent.

19,190. Then these figures in your memorandum show the percentage on the gross rental of the rates?—That is percentage on the gross value of the tithe.

19,191. Only the tithe?—That total in my printed memorandum only refers to the tithe.

19,192. Then in his case, as against his increased rate on the tithe, he has got a considerable reduction on his land?—Yes. The reduction is only on the nine acres, the tenants pay rates on the glebe and get back half.

19,193. So that his living has not suffered by the Agricultural Rates Act, but has on the whole gained?—Yes. Of course it has suffered on account of the depression. It was worth 400*l.*, and it is only worth about 5*l.* a year now.†

\* These figures refer to the calendar years 1896 and 1897.

† The witness subsequently wrote:—"This was brought about by the farmer who held the Molesworth glebe becoming bankrupt and paying no rent. Some of the glebe is still unlet."

Rev. E.  
Molloy.

8 June '98

Keyston  
parish,  
rates in:  
Particulars  
of.

Keyston  
parish,  
rates in:  
Particulars  
of.

Agricultural Rates  
Act, 1896:  
Effect upon  
rector of  
Molesworth, who  
has a large  
amount of  
glebe land  
let.

Agricultural Rates  
Act: Benefit derived  
as regards  
glebe land.

Rev. E. Molloy.

8 June '98

19,194. That is not a matter of rating?—No; the last two or three years has not made any difference.

19,195. Many other rural rectors are in the same condition, I presume?—Yes, with regard to the land.

19,196. They have benefited from the Agricultural Rates Act?—In a small way they have.

19,197. When they have got a big glebe, it is in a large way?—If they have got it let, their tenant gets the advantage. As a matter of fact I know Mr. Clarkson has not had any rent at all.

19,198. He does not occupy it himself?—No, he does not occupy it himself.

19,199. The reason I asked the question with regard to the rector of Molesworth was, because it was under that column stated as to be the value of the glebe if occupied by the incumbent?—He has certain fields in his own hands.

19,200. (Chairman.) Is there anything you would like to add?—I should just like to point out that there is a very great discrepancy between the rates in different places with regard to tithe rentcharge. For instance, there is one parish, Old Weston, in the Thrapston Union, where the total apportionment is of the value of 435*l.* a year, and where the rates for last year were 37*l.*, whereas there is a living of similar value, a rectory in the union of Huntingdon, worth 431*l.* a year, with the rates only 22*l.* a year.

Tithe rent-charge, valuation of: Varies in different parishes.

Rev. R. F. McLeod.

North Fambridge parish, rates in and particulars of the value of the living. Statistics handed in by rector. Effect of Agricul-Rates Act.

The Rev. R. F. McLeod called and examined.\*

19,207. (Chairman.) You are, I understand, the Rector of North Fambridge, in Essex?—Yes.

19,208. And you also hold the position, if I do not misunderstand matters, of overseer of the parish?—Yes.

19,209. Therefore, you have appended your signature to both the papers which we asked you to fill up, so as to get the exact facts before us?—Yes.

19,210. I venture to think, and I give you the chance of correcting me if I am wrong, that, probably quite unwittingly, some of your figures are not correct. If you will look at the footnote to that one of your papers which you have signed as overseer, you will see the statement that you put before us is that the Agricultural Rates Act has caused a deficit to the ratepayers of the parish other than the occupiers of agricultural land to the amount of 15*l.* 2*s.* 2*d.*; is that not so?—Yes.

19,211. In arriving at that calculation, have you not omitted to take into account the grant to the county councils and the grant in respect of school board expenditure?—Yes, that has been omitted.

19,212. So that if those two sums were added, there would be 11*l.* 9*s.* to come off that 15*l.*?—Under what head would that be?

19,213. I want to see if I am right—I think I am?—I can give you the figures for the school board.

19,214. What are they?—3*l.* 12*s.* 11*d.* per half-year.

19,215. 7*l.* 6*s.* in the year?—Yes.

19,216. And the county council grant is 4*l.* 3*s.*?—Yes, that would be the 11*l.* 9*s.*

19,217. So that really, as a matter of fact, the deficit which at the utmost can be attributed to the Act is 3*l.* 10*l.*?—Yes, that would be right.

19,218. Independently of that, the rates have increased by about 2*d.* in the *£* from other causes?—The rates have increased?

19,219. Yes, have they not?—Unfortunately, this table does not go back far enough. If it went back another year, it would show the very considerable increase of 40 per cent. in the rates. In 1893-4, and for some years previously, the rates for the year amounted to 4*s.* 4*d.* in the *£*. They have steadily risen since then and are now 6*s.* 1*d.* in the *£*.

19,220. Do I understand that the object of your evidence is to show that the Agricultural Rates Act has injured the parish; of course, the test year is the year 1895-6?—Yes; but there is an additional thing that has thrown a burden upon the parish, and that is the great reduction in the assessments on the land.

\* A statement of the gross and net incomes, and of the per-centage of rates paid to the net income of the Benefice of North Fambridge, for the year 1897-8, will be found on pages 348-9.

Rev. E. Molloy.

8 June '98

19,201. That arises, does it not, from the administration?—Yes.

19,202. Of course in that respect, be it right or wrong, to rate tithe rentcharge, that is simply what happens in the case of the owner or occupier of any other class of property?—Yes, precisely; it has to do with the incidence of taxation altogether all over the country.

19,203. You would not be surprised if you compared the rates upon any other class of property, as between one district and another, to find the same discrepancy?—No, I should not.

19,204. Is there any other point?—There was a question asked the first witness with regard to the chancels. Some of us have to pay a great deal under that head. For instance, in the last five years I have paid to the Queen Anne's Bounty 122*l.* 3*s.*; a part of that is for the paying of a debt on the chancel for which really I was not responsible. That is owing to the Dilapidation Act. Of course it comes as a hardship upon the clergy, and I still have to go on paying that.

Tithe rent-charge, valuation of: No deduction allowed for repairs to chancel.

19,205. That deduction is not allowed to you in calculating the difference between the gross and the rateable value?—No, it is not allowed, and they will not allow that.

19,206. Is there any other point?—No, I do not think that there is anything else.

The witness withdrew.

Rev. R. F. McLeod.

19,221. How much is that? Can you give me the valuation figures for the two years?—Yes, I can give you those figures. For the parish in 1890 the total assessment was 1,075*l.*; in 1892 it was 1,046*l.*; in 1893, 956*l.*; in 1894, 839*l.*; in 1895, 823*l.*; in 1896, 789*l.*; and this year there is something more to come off, which I have not reckoned in, because it has been reduced since I sent in my return. In 1898 it is 755*l.*

19,222. Of course, that obviously proceeds from causes which, however regrettable in themselves, are not in any way dependent upon the Agricultural Rates Act?—Yes, that is so.

19,223. To go to your figures which you have signed as Rector; I do not understand how you come to put the gross value of the parsonage house at 2*l.* less than the rateable value?—I deducted the insurance from that.

19,224. Surely the rateable value must be less than the gross value?—Yes, the rateable value is less than the gross value.

19,225. But in your memorandum it is given at 2*l.* higher; can you explain that to me?—Under the parsonage house I gave the gross income on the basis of the rateable value. The rateable is 2*l.*

19,226. You have got the tables before you, have you not?—Yes.

19,227. If you would look at the first heading upon the left-hand side of your table—"Gross Income from Rateable Property"—under that one of the items, you will see, is parsonage house, 20*l.* for the year?—Yes.

19,228. In the next column is the rateable value of the same property, of which you have just given the gross income, and under that heading the parsonage house is stated at 22*l.* for the half-year?—Yes.

19,229. That is what I want to have explained to me, because that looks as if in each of the half-years you reckoned the rateable value of the parsonage house at 12*l.* more than the gross, and I cannot quite understand it?—The error is mine. It should have been half that, because that is the assessment for the year. It should be 11*l.* for each half-year.

19,230. You will observe, on carrying your eye down, that 22*l.* is stated for the half-year in every case?—Yes, that is a clerical error; it should be 11*l.* in each case.

19,231. Taking it at 22*l.* for the year, even that is 2*l.* more than the gross value, and I cannot understand that?—It is the gross income; I reckon, taking off from the 22*l.* what I paid for insurance, that would reduce it to the gross income.

19,232. Is there nothing allowed from the gross income for repairs, before you get to the rateable value?

*Rev. R. F. McLeod*—I do not think so. Things are done in a very haphazard way in the parish with regard to assessments.

19,233. But you are overseer?—I am overseer, but then I practically have nothing to do with it, because it is in the hands of the assessment committee, who are composed of farmers.

19,234. Is everybody else's house entered the same for the rateable value as for the gross?—No; there is a difference between the gross assessment and the rateable assessment.

19,235. You still do not explain to me why the parsonage is entered at a rateable value, which is the same or higher than the gross?—I may say, if the form had said that I was to give the gross assessment I should have given it, but I took it to mean the gross income—that is to say, what is the value of the house to me.

19,236. (*Mr. Elliott.*) What is the gross estimated rental on the parsonage house for the purposes of the poor rate?—I think it is 25*l.*

19,237. I notice in the first section of your memorandum that you give the rates applicable to the tithe rentcharge as 5*l.* 12*s.* 5*d.*; does that not include the rates applicable to the parsonage house?—Yes, that includes the rates on tithe, and the rates on the house as well.

19,238. Is it well to put the rates on the parsonage house in juxta-position with the income from the tithe?—I thought it was intended to show what the actual income of the benefice was.

19,239. Are the rates from the parsonage house a matter of deduction in arriving at the net value of the tithe?—No.

19,240. You have included the rates?—I have given it differently in the other statement.

19,241. In the printed memorandum you have included the rates for the house?—Yes; there is an error in that.

19,242. That 5*l.* 12*s.* 5*d.* should be 50*l.*?—Yes.

19,243. The rates that you have paid have fallen since the Agricultural Rates Act, have they not? Take the year preceding the passing of the Act. According to this table you paid 58*l.* 5*s.* 6*d.* for two half-years, is that not correct?—Yes.

19,244. In the following year, 56*l.* 14*s.* 9*d.*?—Yes.

19,245. And in the following half-year, 22*l.* 8*s.*?—Yes.

19,246. It looks as if you have not been injured by the passing of the Act, does it not, if the rates have fallen since?—Yes; but although the amount of rates paid by me has actually fallen, that is due to the fact that my assessment happens to have been lowered.

19,247. In what way have you been injured by the passing of the Act?—I understand your figures are put forward to show that the passing of the Act has injured you. You are paying less?—Only less since the date from which these figures start; from the year previous to that I paid more.

19,248. In an earlier year, 1894-5, you paid more; but what bearing has that on the question whether you have been hurt or not by the passing of the Agricultural Rates Act?—I do not contend that the Agricultural Rates Act has done any special hardship to me.

19,249. You agree that it has not?—Yes.

19,250. (*Mr. Smith.*) The rates in your parish are exceedingly high?—Very high indeed.

19,251. And the total rateable value of the parish is very low indeed?—Very.

19,252. I suppose you have got a very small parish; what is the population?—The population is, nominally, 150.

19,253. And the acreage?—We have 1,208 acres of agricultural land; and, with roads and everything else, 1,235 acres.

19,254. That would be a small parish?—Yes, it is small.

19,255. What is the rateable value of the whole parish?—755*l.* at the present time.

19,256. That is a very small rateable value for the parish, is it not?—Very. It is unfairly assessed. There is no doubt about that.

19,257. Unfairly assessed?—Yes; that is to say, it is assessed at the rate of about 2*s.* 7*d.* an acre.

19,258. What does it let for an acre?—I cannot tell you what it lets for, because I have no information on that point; and with regard to the chief farms, the owners occupy them.

19,259. What is your glebe land rated at—how much an acre?—My glebe land is rated at about 3*s.* 6*d.* an acre.

19,260. Do you think that is more or less than its value?—If the whole of the parish were properly assessed, it is less than its value—considerably.

19,261. Then this very high rate in the £ appears to some extent to be caused by the rateable value of the parish not being as large as it should be?—Yes, that is the case; the rates would not be so high then.

19,262. And they would not be so high with a proper valuation?—No.

19,263. What is the land-tax in your parish?—Last year I paid 10*l.*

19,264. What is it in the £?—Is. in the £.

19,265. What was it before the late Act?—2*s.* 4*d.*

19,266. Then you got more than half of it knocked off by that Act?—Yes, which was a gain. Still, that has gone in increased rates.

19,267. I am not saying that you are not hardly treated; but you have had that relief from recent legislation, and I understand you to agree that the Agricultural Rates Act has not added to your burdens?—It has not.

19,268. (*Mr. Arthur O'Connor.*) The gross value of your tithe is 244*l.*?—Not of the tithe, that is including the glebe and dividends from the Court of Chancery.

19,269. Those are only 5*l.* and 6*l.*, the gross value of the tithe is 233*l.* really?—Yes.

19,270. And it costs you 11*l.* to get it in?—That is including insurance as well, and the percentage.

19,271. How do you get it in?—Through the Tithe Rentcharge Owners' Union.

19,272. And they charge you 11*l.* for getting in 233*l.*, including insurance?—Yes.

19,273. Your parish has 150 inhabitants, has it?—Yes.

19,274. And most of the land is occupied by the owners?—Not the whole of it, the large farms are occupied by the owners.

19,275. A large proportion?—Yes, a large proportion.

19,276. Are all the 150 your flock?—No, but there are only about 10 who are not.

19,277. Does this glebe represent the whole of your income—there is the parsonage house, have you anything else?—No, nothing else.

19,278. 250*l.* for 140 people—it comes to something short of 2*l.* a head of your flock, does it not?—No, not the net value.

19,279. 140 is the number of people?—Yes, but the net value of the benefice is somewhere about 168*l.*

19,280. Then it is about 1*l.* 3*s.* a head?—Yes, about that.

19,281. What have you got to say about the "Assessment of the Parish to Local Rates," which is one of the items on your printed memorandum, what does that mean?—That means that I can give the total assessment of the parish.

19,282. What is it?—755*l.*

19,283. Then what is the assessment on agricultural land?—146*l.*

19,284. What is the assessment of the rector?—192*l.*

19,285. That is including tithe?—That is the total tithe and house; the tithe alone is 169*l.*

19,286. Then what is the proportion the assessment of the tithe rentcharge bears to the total assessment on agricultural land?—I am assessed at 33*l.* more than the whole of the 1,200 acres of agricultural land.

19,287. The whole of how many?—The whole of the parish—1,208 acres. I am assessed at 33*l.* more than the whole parish; that is on the agricultural land.

19,288. The next section in your memorandum is headed "Comparison of the Rector's Rating with that on the Three Chief Farms in the Parish"; what do you wish to say upon that?—As to the extent of the farms,

*Rev. R. F. McLeod.*

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Agricultural Rates Act has not been a hardship on rector of North Fambridge.

Titherecharge, cost of collection.

North Fambridge parish: Particulars of the value of the living.

Tithe rentcharge, valuation of compared with that of agricultural land in parish of North Fambridge.

Agricultural Rates Act has not been a hardship on rector of North Fambridge.

North Fambridge parish, rates in are very high.

North Fambridge parish, valuations in are said to be unfair.

*Rev. R. F. McLeod.* one is 537 acres and the other 135 acres. The present rateable value of the first is 72*l.* 10*s.*, and of the second 21*l.*

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19,289. You say "three chief farms"—you have not given me the other one?—The other at present is under water, and therefore I omit it.

19,290. It is under water?—Yes, through the bursting of the river wall. The assessment has gone down, so it was no use introducing that.

19,291. What is the "assessment on each compared with that on the tithe rentcharge"?—One is less than half the assessment on the tithe rentcharge, and the other is one-eighth the assessment on the tithe rentcharge.

19,292. Then what is the amount of rates paid by each of these farms?—For each half of last year on the first one, six guineas; on the second one, 1*l.* 11*s.* 6*d.*; and on the tithe rentcharge by the rector, 25*l.*, or twice each of these amounts for the whole year.

19,293. Do you know the rents of the farms?—No, because they are in the occupation of the owners; but the owner of one has told me that his land is well worth 2*l.* an acre. It is assessed at 2*s.* 7½*d.*

19,294. Worth 2*l.* an acre?—Yes; it is the best land in the neighbourhood.

19,295. The farmers themselves form the assessment committee?—Yes.

Land, valuation of: Assessment Committee of farmers value land at a low figure, and their interests conflict with their duty. This is a cause of rise in rates in respect of rector's tithe.

19,296. Do you suggest that as between you and them their interest is in conflict with their duty?—There is no doubt, I think.

19,297. Your next heading is "Comparison of Amount paid in Rates with Nominal Income." What do you say about that?—I pay nearly one-fourth of my gross income to local rates, and, in addition, I pay 10*l.* to land-tax.

19,298. What do the farmers pay?—They pay 1*s.* in the £ to Land Tax, I think, but on their low assessment it comes to very little indeed.

19,299. You pay a quarter of your gross income in rates?—Yes.

19,300. What proportion of their income do you say they pay in rates, comparing income with income, because you must compare like with like?—One paid six guineas each half year of last year on a farm of 537 acres, and three guineas on the farm buildings: that is only 18*l.* 18*s.* a year to local rates, while the rector paid 56*l.* for the same period.

19,301. You say you pay one-fourth of your gross income, as I understand you, in rates; what proportion of their gross income do they pay in rates?—That is rather a difficult question to answer. It is a difficult thing to get at a farmer's income.

19,302. You put down here the word "comparison," and I thought you were prepared to give it to us?—I meant a comparison with my own nominal income only.

19,303. You say next, "Land is not assessed at its full annual value"—and details of that you have given us?—I might say with regard to that, that the assessment has gone down 300*l.*, the rates have gone up 40 per cent., and with an increase of rates of 40 per cent., the farmers are paying 60 per cent. less rates than they did in 1893.

19,304. The burden has been shifted from them to you in part?—Yes; I pay a fourth of every reduction.

19,305. Would you just elucidate that proposition you have on the next page of your memorandum—"As a matter of simple justice either all incomes, from whatever source arising, should be assessed to local rates or clerical incomes should be freed from such assessment." Would you, for the purpose of rating, compare the income of a medical man, for instance, in the neighbourhood with a clerical income, seeing that the income of the medical man arises exclusively from personal services paid in personalty—in cash?—I will take a hypothetical instance—

19,306. He may not occupy any land at all except that upon which his house is built?—Yes, and under those circumstances, of course, he only pays rates on his house or, to be exact, on the land that his house is upon.

19,307. Do you suggest that he should pay on his income?—I think, as a matter of common justice, every income ought to be rated, if one class of income is rated, whether drawn from land or otherwise.

19,308. But the local authorities are concerned with land in their locality?—Yes.

19,309. And that is what they have to deal with?—Yes.

19,310. Then if a man, without occupying any land except the house or the room in which he lived, went to live in a parish, and spent his income there, you would rate him for coming?—Certainly.

19,311. Even although his coming might benefit the parish?—I think everybody in the State ought to pay rates, and not only on land. All personal income should be rated if one class is rated—that is, if the clergy continue to be rated on their incomes. Taking the figures altogether, I believe about three-fifths of the payers of income tax in the United Kingdom do not pay anything to local taxation.

19,312. Is a clergyman rated in respect of his income, other than that which he derives from the land of the parish?—No, I think not.

19,313. Supposing a clergyman writes books and makes 200*l.* a year, is he rated on that?—No, he is not rated on that.

19,314. He is rated on that which he draws from the land in the parish?—Yes.

19,315. If, therefore, the incomes derived from all the land in the parish are rated similarly, your grievance would go from that point?—No; I think that if all incomes, from whatever source derived, were rated, then he would be rated upon the writing of his books, and should be so. Either all rates should be taken off the incomes of the clergy from tithe rentcharge, or everybody should be rated on their incomes.

19,316. At present income, as such, is not rated except in so far as it is derived from the land in the locality?—Yes, but the sole income of a large number of the clergy is derived from tithe rentcharge.

19,317. Rating land or the income arising from land is an intelligible principle, at any rate?—Yes.

19,318. And that is the principle which is now in force; but rating income, other than that which is derived from land, is not in force?—That is so.

19,319. So that, as an occupier of land, you are not treated differently from other people?—Pardon me, yes. I mean to say the income of the benefice is for a particular and special purpose; and if a man happens to write books or to earn something in any other way, that does not touch the case at all, because he could not do anything further to increase his income from the land, and he is rated on that income for services performed.

19,320. A farmer occupies the land in order to perform a special service, too—to wit, to produce food for mankind?—Yes.

19,321. A clergyman supplies something which is not quite so material, but both of them occupy land?—Yes.

19,322. Both of them have income derived from the occupation of land?—Yes.

19,323. Both are rated in respect of their occupation?—Yes, but while the clergy are rated on 1½*th* of the produce of the land, the farmer is not rated on the other 1½*ths*. He should be so rated to put the two cases on an equality.

19,324. So far, in principle, what difference is there?—But, then, in perfect justice, the farmer ought to be rated upon his income. The farmer should be rated on his income the same as the clergyman is. That would be justice; at present it is not justice.

19,325. But the farmer makes his income?—The farmer makes his income; and so does the clergyman make his income by work or duty performed.

19,326. But not in respect of the land?—No, not in respect of the land; but the income is given for a particular duty.

19,327. He gets paid for his services?—Yes.

19,328. And he has a benefit in connexion with the land—the farmer's income arises from his industry in connexion with the land; but the clergyman's industry is in another direction?—Yes. The clergyman would be very glad indeed if his extra work could increase his income the same as the farmer's does.

19,329. That is another point?—In perfect justice, the farmer ought to be rated on his income if the clergyman is.

*Rev. R. F. McLeod.*

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Income, rating in respect of from whatever source would be a fair system. The clergy are at the present time rated in respect of their incomes.

*Rev. R. F. McLeod.*  
8 June '98  
Land, valuation of: Assessment Committee of farmers value land at a low figure.

19,330. (*Chairman.*) Your point, as I understand the matter, is this, that although the income of the clergyman is derived from land, he has to do for it certain services which are an inseparable incident to the enjoyment of the income, and which, if they were attached to other incomes from land, would diminish its letting value, which is the test of the value of property for rating purposes; is that so?—Yes, I believe so.

19,331. (*Mr. Smith.*) You have given us some most startling evidence of under-assessment in your parish. You are the overseer, I think?—Yes.

19,332. Do you value this land at that low valuation yourself?—No, I do not.

19,333. Do you value it at what you consider the proper valuation?—I have no power. I appealed against it some years ago, and the Assessment Committee was simply guided by one particular farmer.

19,334. Do you ever make a new valuation list?—That is what I am pressing for at the present time.

19,335. How long is it since you made one?—A new complete valuation list was made in 1894 or 1895.

19,336. Were you in office at that time?—No, not as overseer.

19,337. You consider, as overseer, there is most urgent necessity for a new one?—I do; and I have pressed that upon the Assessment Committee. I have asked them, if they do grant it, that they will not allow any of the local people to take any part in the assessment.

19,338. Do you ever see the Surveyor of Taxes in your district?—No.

19,339. He is satisfied to take the valuation of this Assessment Committee?—I suppose so.

19,340. The gross?—I presume so.

19,341. Do you ever hear that the County Council complain of the valuation of your parish as regards the basis?—No, never: I have heard no complaints.

19,342. (*Mr. Dalton.*) Do they adopt the same basis for county rate purposes?—Yes.

19,343. Is the county rate valuation the same as your own local valuation?—Yes, because the county rate is sent on to the guardians, and they send it on to the overseers.

19,344. Have they a separate county rate basis of their own?—Yes; but it is much about the same.

19,345. Do they enter that at the same amount as your guardians do?—Just about the same.

19,346. (*Mr. Smith.*) Would you mind telling me what class of people own this land—does it belong to farmers?—Yes, farmers.

19,347. They are not hereditary proprietors?—No, it is land that they bought when it was down in value.

19,348. They bought it when it was down in value, and they keep it down?—They have not only kept it down, but they are continually forcing it down.

19,349. I think you gave us one case—I do not want names—of land that the owner admitted was worth 2*l.* an acre, but which was valued at 2*s.* odd?—2*s.* 7*d.*

19,350. (*Chairman.*) Is there anything you want to add?—No, nothing more.

The witness withdrew.

Adjourned.

## FORTY-SIXTH DAY.

Thursday, 23rd June 1898.

At St. Stephens House, Victoria Embankment, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

Sir E. W. HAMILTON, K.C.B.  
C. N. DALTON, Esq., C.B.  
C. A. CRIPPS, Esq., Q.C., M.P.  
H. E. CLARE, Esq.

T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*  
T. LLEWELYN DAVIES, Esq., *Assistant Secretary.*

Mr. ROBERT VIGERS called and examined.

19,351. (*Chairman.*) You are professionally engaged as a valuer and surveyor in London, as I know?—Yes, and I am president of the Surveyors' Institution at this time.

19,352. You have some opinions and suggestions to put before us, I understand, with regard to the subject which is remitted to the Commission?—I have been in practice for a great many years, and I have had a very large business in connexion with rating all descriptions of property—public companies, railways, gas companies, and water companies. I assume that I have been asked to come here more especially to answer questions with reference to the subject than in order that I should broach any subjects of my own.

19,353. Let us take, in the first instance, that matter which you have yourself mentioned, the rating of railways and other trading properties; I understand you to say that you think there is no difficulty in dealing with them if they are taken before the proper tribunal?—That is my opinion. I think that the mode of rating railways is a very proper one, with one exception that I would make, that is, that a company, which is mainly rated upon the rent it would produce by finding out

what profits a tenant could make, is dealt with by the various parishes in small sections, and sometimes a difficulty arises in dealing with these small sections; but if the railway was rated as a whole, and then fairly divided amongst the parishes upon the parochial principle, I do not think there would be any difficulty at all.

19,354. Do you think that suggestion which you have just made, and which has been put before us by other witnesses, would be a distinct improvement upon the present system?—I think it would be an advantage to the parishes, as they would get their fair share of the rateable value, and I think it would be an advantage to the company, because it would only be dividing the whole rateable value of the property. Now a parish rates the small section that may be in the parish, and to avoid an expensive contest the railway company will give way, and does give way in the several parishes, and if you make up a total of the whole, it comes to a very large rating of the one property.

19,355. You would not put it the other way—that the parish fears to contend with a large corporation, and sometimes does not get its full amount?—That

*Mr. R. Vigers.*

23 June '98

Railways, valuation of: Valuation according to what a tenant would give for a por-

*Rev. R. F. McLeod.*

8 June '98

*Mr. R. Vigers.*

23 June '98

tion of the railway in each parish, not suitable. Railways should be valued as a whole, and the valuation then divided upon the parochial system.

Mr. R.  
Vigers.

23 June '98

Railways,  
valuation  
of: Method  
of valuation.  
Amount of  
deductions  
allowed.

may happen, but my experience is that it is the other way; and I represent at the present time entirely the rating of the Chatham and Dover Railway, the Metropolitan District Railway, and some other railways, and I act for the large companies generally.

19,356. But apart from the question of the method of arriving at the valuation, have you anything to say to us as to the principles which you think ought to be taken into account in calculating the value?—No, I think the basis of the whole valuation is taken upon a fair principle. The only questions that arise, in my experience, are as to what the deductions should be. There has been, for a great many years, a deduction made of  $17\frac{1}{2}$  per cent. for the tenant's profit, interest upon capital, and contingencies.

19,357. Would you have any objection to stating first, so that we may have it in your own words distinctly upon the notes, what, if you had to value such a subject as the Chatham and Dover Railway or any large railway, is the process which you would go through to arrive at a fair valuation before dividing it amongst the various local authorities interested?—I should take the gross earnings, and I should deduct all the proper charges for working and producing those gross earnings.

19,358. Would you get those two figures from their balance-sheet?—Those two figures can be got from the balance-sheet in most cases.

19,359. What next would you do after that?—Then I should take  $17\frac{1}{2}$  per cent. upon the earnings to cover the 10 per cent. that the tenant would expect for his profit, the 5 per cent. which is the interest upon capital, and the  $2\frac{1}{2}$  per cent. for contingencies.

19,360. (Mr. Cripps.) Would you take that on gross earnings, or what?—I say that you would take the  $17\frac{1}{2}$  per cent. upon the balance after you had deducted the proper charges from the gross earnings.

19,361. (Chairman.) Would the remainder be the cumulo valuation of the subject for assessing purposes?—I think it would.

19,362. And that would be the figure which you would proceed to divide amongst the various local authorities interested?—Yes, based upon the parochial earnings principle, which the railway company follow to show what is earned in each parish.

19,363. I would like to understand that: How can they tell, for instance, what is earned on the Metropolitan District Railway in the different parishes it runs through?—They do that now by dividing it up; for instance, a ticket issued on the railway is divided up according to the parishes it goes through.

19,364. According to the length of line which is in each parish?—Yes.

19,365. What is done about the stations?—The stations are always valued separately.

19,366. I want to get you to explain to me the whole process. We have got to the point that off the gross earnings the working expenses would be taken, and off the remainder  $17\frac{1}{2}$  per cent. ?—Yes.

19,367. Was that to be the sum upon which the railway company as an undertaking was to be rated?—Yes; then if the stations are valued separately you deduct the value of the stations from that gross sum.

19,368. On what principle would you proceed in settling the value of the stations?—According to what it would cost to produce such a station.

19,369. (Mr. Cripps.) You would take structural value, in fact?—Yes.

19,370. (Chairman.) Would you take, not what it did cost, but what you say it ought to cost?—What it did cost or what is its fair value at the time you make the valuation.

19,371. Could you conceive a set of circumstances under which the stations as a whole, valued in that way, would eat into the whole sum which the railway company has to pay, and leave very little for the parishes in which there are no stations?—Yes. Years since, when I first had to deal with the Chatham and Dover Railway Company, they did not earn enough to pay their expenses, but then the parishes all got the value of the stations, because they kept those separate.

19,372. When the Chatham and Dover was not paying its expenses what was it rated upon?—It was rated on nominal sums, which represented in most cases out of the London district the value of the land upon which the railway stood.

19,373. (Mr. Cripps.) It was paying its debentures, was it not?—No, not at that time.

19,374. (Chairman.) That is very largely the existing practice, as I understand, as to the amount on which the railway company is to be rated?—Yes, I think so. I am representing a small railway called the East and West Junction, which is a junction between the North-Western and the Midland. They do not earn enough now to pay their expenses. The parishes have all rated that railway. Every parish that it goes through has got a rateable value based upon the cost of the structure of the stations, and a sum for the land that it passes through.

19,375. Have you anything to say as to the principles which would guide you in valuing such undertakings as either a gasworks, or docks, or electric lighting companies?—As to how they should be dealt with, supposing we disagreed, do you mean, in order to arrive at a settlement between the parties representing the two sides, the dock company and the parishes?

19,376. I will put the question in another way. Would you think it desirable that a central authority should act in valuing such undertakings as I have indicated?—Yes, certainly; but it should be a central authority represented by men who have some knowledge of dealing with such things. For instance, I have for a great many years represented the Gas Light and Coke Company, which is the largest gas company in London; that is dealt with in the way that I have said I think railways should be dealt with, that is, by ascertaining the value of the whole concern, and then dividing it up amongst the parishes. But where there is a difference of opinion, I do not think we have any satisfactory court to go to to settle that, and my experience is that it is a very indifferent way in which it is dealt with now. A man very learned in the law is not a good man for dealing with commercial undertakings; it wants someone who is in the habit of dealing with such things.

19,377. Apart from the valuing authority, would you like to see a central body analogous to the constitution of the Railway Commission appointed for the decision of rating appeals in all cases of public companies, such as railway companies and gas companies?—Yes, and for other things too. Properties, for instance, are valued, beginning at the basis, by the assessment committee or the overseers; and you find—at least that is what my experience teaches me—that a row of houses practically all the same are put at different values. Take houses here in London, and you will find that a large house is put at a certain figure, and an adjoining one, which is smaller, has a much larger valuation put upon it. All those things are very inconsistent, and they create a great deal of trouble and expense. There is a row of houses at Lancaster Gate. All the houses are very much alike you will find, although there may be a small difference between them; in many of the cases there the smaller houses are put at larger amounts for rating purposes.

19,378. If you have to value a gas company fairly both to the gas company and to the different local authorities concerned, what is the principle upon which you would proceed to divide between the local authorities the gross amount at which the gas company should be rated?—It should be based upon the earnings in the parish. I should always keep to the earnings in every parish.

19,379. Why the earnings?—I do not think there is any other basis. It is the gas consumed in the parish which forms the basis of the value.

19,380. I want you to get rid, in your own mind, of the fact that a certain thing is done now under decisions of the courts; I am going behind that, and I want to know what, in your opinion, is the best system—not what is the effect of the present system?—I think the best system is to divide it according to the gross rental income of the parish. If there is a main now passing through a parish which is not tapped to supply, that main is rated upon its gross structural value beside the earnings in the parish.

19,381. Are you aware that Mr. Livesey, the Chairman of the South Metropolitan Gas Company, has been before us and made serious complaints of the effects of the very system which you are recommending?—No.

19,382. I am sure that, with your knowledge, you will be able to take it in if I read you these sentences; if not, I will give you the print in your own hand. He

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Gas companies,  
valuation  
of: The  
whole concern  
should be  
valued,  
and the  
valuation  
divided  
among  
parishes in  
which it is  
situated.Appeals:  
A central  
authority,  
analogous  
to that of  
Railway  
Commission  
should be  
constituted  
to hear rating  
appeals.Gas companies:  
Total valuation  
should be  
divided  
amongst  
various  
parishes  
according  
to parochial  
earnings  
system.Gas companies:  
Valuation  
of, on basis  
of what a  
hypothetical  
tenant  
would give

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Effect of this system upon South Metropolitan Gas Company and Crystal Palace Company.

says: "The result is unequal and uncertain assessments." "To show the inequality of this system, two gas companies supply the parish of Lewisham. The rating surveyor advising the assessment committee settled with the Crystal Palace District Gas Company at a rateable value of 4 per cent. on the receipts for gas in the parish, and the same surveyor at the same time claimed a rateable value of 21 per cent., reduced, on appeal to the committee, to 16½ per cent., on the receipts of the South Metropolitan Gas Company. . . . The price of the gas of the Crystal Palace District Gas Company was 2s. 8d. per 1,000 feet, and that of the South Metropolitan was 2s. 4d. per 1,000. The first-named company paid 14s. 8'66d. per ton for its coals, and the last-named 10s. 6'56d.—the net cost of the former, after deducting the receipts for residuals, was 4s. 9'84d. per ton, and that of the latter was 1s. 4'34d. I have always found that a low net cost for coal means a high assessment. It is one of the defects of the present system that the better a company serves the consumers the higher it is assessed. The profit per 1,000 feet was 9½d. for the Crystal Palace and 11½d. for the South Metropolitan. If 4 per cent. was right with a profit of 9½d. per 1,000, 5 per cent., and not 21 per cent., would be right for a profit of 11½d. per 1,000. The receipts of the Crystal Palace Company in the parish were 37,800l., and the company was assessed at 1,513l. Those of the South Metropolitan were 31,700l., and the same rating surveyor claimed 6,650l. A system that permits such glaring inequalities cannot be other than unsatisfactory and wrong?"—You say the Crystal Palace Company got a settlement with the surveyor; was it the same surveyor, does he say?

19,383. Mr. Livesey says so?—Then I cannot account for it at all.

19,384. (Mr. Cripps.) Does not Mr. Livesey's statement come to this—I have only been listening to it, and I have not read it—that in that you arrive at what the hypothetical tenant would give by means of the earnings, the more prosperous the company the larger amount the hypothetical tenant would give?—Yes.

19,385. Therefore you would rate it at a higher figure?—Yes.

19,386. (Chairman.) Is that what you say in answer to that?—Yes, certainly. The Crystal Palace Company is a small concern, and does not make such a good profit, and would not get such a liberal tenant as the South Metropolitan.

19,387. That throws us back upon the question of whether, in your opinion, the idea of the hypothetical tenant is the right idea in the abstract?—I have never been able to form any other better opinion than that I have always acted upon it, and have got for the Gas Light and Coke Company very reasonable and fair arrangements with the parishes. I have acted now for more than 20 years for them. The only contest we have had was about five years ago. We were very uncertain as to the way in which the matter was dealt with in the court. We had been for years making arrangements with the parishes which came out, although it was worked out at an average rateable value of somewhere between 9 and 10 per cent. upon their gross earnings; but then it went to the court against my advice, and the company were put up to 15 per cent. At the last Quinquennial I had to do the same thing again for them, and I have got them back again to what was fair—that is, between 9 and 10 per cent.

19,388. (Mr. Cripps.) You stated that at the present time all these companies are rated on the basis of what a hypothetical tenant would give?—Yes.

19,389. Supposing we are to have equality in local taxation, if you can apply that principle fairly would that bring about equality as between these big public companies and the ordinary landowner?—Yes, I think so.

19,390. It is really applying, though it is a somewhat complicated process, to these big public companies exactly the same principle as you apply to the ordinary landowner?—Yes, I think so.

19,391. I need hardly ask you, that in your view of course equality is the most essential element in rating matters?—Yes, it is.

19,392. Of course, as we know, in order to arrive at what the hypothetical tenant would give, you start from the gross earnings?—Yes.

19,393. In reference to what Mr. Livesey has said, the more prosperous the company the more a tenant is likely to give for it?—Yes.

19,394. Then, you say quite fairly, that you take off from the gross earnings the working charges?—Yes.

19,395. But I did not quite follow you after that; the difficulty in these cases, and what causes so much complication, is to ascertain what the tenant's capital would be?—Yes.

19,396. I understood you to say that the tenant's capital would be taken by deducting the working charges from the gross earnings, but that is not so, is it?—It is now.

19,397. Not in all cases?—With railway companies, yes.

19,398. Very good; you say it is so. I will take a gas company, as that is a very good illustration?—A gas company is different, because you can get at the capital.

19,399. Or a dock company?—The dock company the same.

19,400. Therefore, what you say about working charges and gross earnings would not apply to a gas company or to a dock company?—No.

19,401. You have, as I know, had a great deal to do with the big dock companies in London?—Yes.

19,402. One of the most complicated matters which leads really to the greatest expense, as a rule, is to arrive at this element of tenants' capital, is it not?—Yes, there is always a very great difference of opinion about it.

19,403. I mean it is a matter on which people of the highest expert views very often differ considerably?—Yes.

19,404. Now, I should like to ask you this, because I think this is the first important point; can you make any suggestion for arriving at the tenant's capital as regards companies generally, apart from these expensive inquiries which are now gone through?—No; take, for instance, the dock companies; you are bound to make a valuation of what the capital comes to, and you are obliged to value all the working stock; I do not know any other way of getting at it.

19,405. You do not think there is any short cut, I was going to say, but you do not think there is any way of getting at it except by this method of valuation?—I think not.

19,406. Take, for instance, the case of the dock companies; perhaps, in order to arrive at a portion of the tenant's capital, for an individual parish you might get figures about as high as this table?—Yes, you get very large figures.

19,407. Very large indeed; and that is one of the great elements of expense?—Yes.

19,408. You do not see any way of getting rid of that expense?—I do not see how you are to avoid it. The dock companies, you know, as a rule keep a valuation of that kind.

19,409. Yes, but then their view may not be accepted by the parish?—That is it.

19,410. Of course, if this arriving at the tenant's capital which we have to get at is a matter of expense, you could very much diminish that by rating the industrial concern as a whole?—Yes, and then dividing it.

19,411. I mean the expense is very much increased by having to go through this process for each parish?—Certainly.

19,412. And also you get a great deal of complication by having to go through this process for each parish?—You get a great deal of complication by dividing it up.

19,413. Is there any reason, in your opinion, why all these big public companies should not in the first instance be rated as a whole, and then the amounts allocated?—I know of none.

19,414. I will go a little further than that. Do you think it would be a great advantage, judging from your experience, to have these big public companies rated as a whole, and then the amount allocated between the different local authorities?—I think it would.

19,415. I think it is pretty obvious—I am putting this to you—that if it could be done in that way, a very

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Companies, such as dock, gas, and railway companies. Method of arriving at tenant's capital. Difficulties of ascertaining this.

Companies, such as dock, gas, and railway companies. It would save much expense if they were valued as a whole, and then the valuation allocated to various parishes according to amounts earned in them.

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large amount of expense might be saved in the aggregate?—A very large amount.

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19,416. You would get the tenant's capital once for all, and there would be an end of your trouble?—You see in a long line of railway you would only have one valuation to settle, and then you would only have the division according to its earning powers in each parish.

19,417. To value in one parish you have got to go through the whole expense theoretically of obtaining the value of the whole, plus the difficulty which arises from having, after that, to separate it out for the particular parish?—Yes.

19,418. Take the London and North-Western Railway; you might have 50 or 60 cases, whereas one could be dealt with more easily?—Yes.

19,419. There is one other point you have mentioned. As regards the court, you have a view that these valuation matters should be dealt with by someone who is not learned in the law?—I think, you know, that it should be a court, because there are legal questions always arising necessarily; but it wants someone associated with that court who knows something about commercial matters to deal with those things.

19,420. From your experience, the matters which come before courts of law in these rating cases are all matters of principle, are they not—they are not matters of figures? I am talking about the High Court?—When a thing gets up to the High Court, I suppose it is all a matter of law then.

19,421. Therefore, so far as the High Court is concerned, where these questions of principle and law are raised I suppose you have no suggestion to make, and that you would not supersede the High Court in any sense?—No, certainly not.

19,422. We begin from the assistant overseer and go up to the assessment committee, and then we get, of course, the appeal from the assessment committee to the court of quarter sessions?—Yes.

19,423. It is at that point, as I understood you, that you would like some difference in the court?—Yes.

19,424. Do I follow you that instead of the court of quarter sessions you would have some court in which there was a considerable element of valuation experience?—Yes.

19,425. Can you make any suggestions as to what you would desire?—No, I would rather not make any suggestion about that.

19,426. As regards illustrations of difference in rating, I think you gave an illustration with reference to Lancaster Gate?—Yes.

19,427. Does that difference, which of course results in inequality, arise from the parish areas which are utilised now for rating purposes?—No, I imagine it arises practically from someone making the first valuation who does not go sufficiently into detail.

19,428. Supposing two houses in Lancaster Gate—taking your illustration—came under the same rating authority and were dealt with by the same court, why should you get inequality?—I cannot understand it. I have tried to get them equal, but I have not succeeded.

19,429. I mean, there can be no reason, in principle, why you should have inequality?—There can be no reason. It is because of that that I think you want a court composed of people who are competent to understand such matters.

19,430. As you have told us you have had experience—and really I know an enormous experience—in all rating questions in all parts of the country, not merely in London?—Yes.

19,431. As regards the present areas, the parish area and the union area, do you think you would get better equality of rating by having those areas enlarged?—The larger the area you bring to be dealt with by one mind, I say the greater equality you will get.

19,432. Supposing you were taking a county area instead of a union area, do you think you would be more likely to get equality as regards all properties in the county?—Yes, certainly.

19,433. And that would be, in your opinion, an important reform?—I should think it would.

19,434. About the most important matter is, is it not, to get equality?—Yes, you want to get equality.

19,435. (Mr. Clara.) Applying the principle of one authority over the whole county of London, do you

think it is possible that you can create an assessment body that would undertake the detailed assessment of the whole of the properties in the county of London. Would it not be necessary to subdivide the county up for the purposes of the detailed assessment?—I do not think you would get an unpaid committee who would take the trouble to do it. That is how it is now; we have got an unpaid committee to begin with to make these valuations, and that is, of course, why there is the inconsistency.

19,436. Do you not think the desired result would be attained if there was a central body to lay down the general principles which the subordinate bodies were to carry out?—That would assist, but it is in the detail where the great difference is. They may carry out possibly, or be supposed to carry out the same principle, but it is not carried out, because it is done by someone who does not take the trouble to see that two houses are alike and to put them at the same price.

19,437. Assuming that professional experts were engaged in each district of a county, we will say, to prepare the valuation list in accordance with instructions given from the central body, do you not think that that would tend to bring about uniformity of assessment?—No doubt it should, and I think it would.

19,438. It would be absolutely impossible for one man to supervise the detailed assessment of the whole area of the county?—Yes.

19,439. In any case it must be subdivided?—It must be subdivided in certain cases, but the larger the divisions you make, the better you will get your valuation made.

19,440. Take the county of Lancaster: do you think it possible for any one man to value the whole of the county of Lancaster?—Yes, one man could take the lead, and could value the whole.

19,441. With regard to the railways, I understand you would suggest that it would be advisable to abolish the parochial principle of assessment, and to create some body managing a much larger area for the purpose of valuing railways; would you suggest that there should be a Government valuation for the whole kingdom of each railway, or that there should be a valuation carried out, we will say, by some county authority?—It could hardly be done by a county authority when the railways go into so many counties. I would take the railway as a whole, as a going concern.

19,442. Would you suggest, then, that there should be a Government valuation of all railways, and such like properties, throughout the whole kingdom?—Yes.

19,443. And a subdivision by the Government authority of the total assessment among the different parishes?—This might be done after arriving at that figure. A railway company might be called upon to divide the whole of the earnings of the line into its parishes, and then upon that basis the whole thing could be divided without difficulty, and each parish would get its fair proportion of the gross earnings of the one machinery.

19,444. You quoted a case, I think, of a railway company that was not able to earn sufficient gross receipts to pay its working expenses?—Yes.

19,445. Was that company assessed at any rateable value at all?—Yes, it is assessed now; it passes through some 10 or 12 different parishes, and it is assessed in each parish.

19,446. But at the time that its gross receipts were not equal to its working expenses was the assessment placed upon that undertaking on the basis that some hypothetical tenant would give a rent for it?—Yes, the parishes have all put a value upon it. They valued the stations—the structures—at what it would cost to build them, and they have put an imaginary figure of several hundred pounds upon each parish, which amounts to a very large sum as a whole, and there is no profit at all.

19,447. Of course, the stations are always assessed separately, but taking the ordinary line, how did they arrive at a valuation of a line where the working expenses are in excess of the gross receipts?—I cannot tell you. I am acting for the railway company, and I am going to appear before the tribunal to see what we can do with it.

19,448. As a matter of fact, they do arrive at the conclusion that a tenant would be found to pay rent for a thing which is a losing concern?—Yes, they do.

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Professional valuers, rather than unpaid committees, should act under orders of central authority.

Railways and other large companies of a certain class, valuation of: Desirable that they should be valued as a whole, and the valuation subsequently allocated to various parishes.

Railways, valuation of: Principles of valuation. Case of a railway losing money.



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19,449. Then, if by good management and careful working, the directors of the railway are able to turn that losing concern into a profitable undertaking, I understand the rateable value is then based upon the profits earned?—Yes, upon what the tenant would pay for coming in to occupy that railway upon the chance of earning that profit—how much rent he would give for it.

19,450. In other words, the intellect and capacity of the management is taxed for the purpose of the local rates?—I do not think you could quite put that construction upon it.

19,451. We will take the case of a railway which is a losing concern under a given management; a change of management takes place, and it is converted into a paying concern; is not the natural conclusion to be arrived at that it is the ability and capacity of the new management that has brought about that change of circumstances?—In that way, yes, certainly.

19,452. If the result of that change is to increase the rateable value, does it not follow that the rateable value has been based upon the product of the intellect and capacity of the people who manage the railway?—Yes, if you separate it in that way. But you see the difficulty is to see what a tenant would give for the right to work the railway without having some knowledge as to what its earning power will be, because you may have the same expenditure on this railway that I am talking about, in forming the machine, as you have expended on the North-Eastern Railway for the same number of miles, but the North-Eastern is in a place where it will earn money, and the other has been placed in a position where it cannot earn money. It is not the management that makes the difference; it is that the line is in such a district that there is no traffic for it.

19,453. Supposing you take the case of a parish where to commence with there is no railway, and a railway comes and occupies a quantity of land in that parish, which might otherwise be available, we will say, for building or some other purpose; if that railway is badly managed, and is a losing concern, and it should happen to turn out that the valuation of the railway, treated as a losing concern, is less than the value of the land they occupy would have been if it had been utilized for some other purpose, is not that a hardship upon the remaining ratepayers of the parish?—Yes; but it shows that you have constructed and spent a large sum of money that is useless, the same as you might build a house that will not let or a factory that will not let.

19,454. Do you think it would be at all a fair suggestion that if the railway company occupies land in the parish that you should take the value of the land plus the expenditure that they have incurred upon it, and then take a certain rate of interest upon that as representing the rateable value of the undertaking in that parish?—If that was the general way of rating railways it would be a very good thing for the railway companies and a very bad thing for the parishes.

19,455. Do you think it is unfair as between one set of ratepayers in a parish and another that a company comes in and occupies some land which is producing to them some rateable value, and the company not only pay upon that rateable value, but in addition they pay upon the capital they have expended upon it; is there anything unfair to the rest of the ratepayers in that?—I think it would be very hard upon the company, when they had created a railway that did not earn anything, that they should be rated upon it.

19,456. But is it not equally hard upon the others?—That they should be rated for the land, I admit. They have occupied the land, and they should be rated for the land. In acting for a railway company, I never refuse to pay for the rateable value of the land on what it is worth.

19,457. Take the case of a corporation waterworks; we will say a reservoir, for instance, which supplies the waterworks, is rated at far more than the value of the land oftentimes?—I have had a great deal to do with water companies. A reservoir is rated at what the land is worth for any purpose with the cost of the structure—the cost of the reservoir—added to it.

19,458. That is exactly the point; when you have arrived at the capital cost of the undertaking, you then take a certain per-centage to arrive at what you call the hypothetical rent?—Yes.

19,459. And after making certain deductions you arrive at the rateable value?—Yes.

19,460. Why should you draw a distinction between the case of the waterworks and the case of the railway company?—If the water company was not paying, and you could not find a tenant to give you a rent for it, I should not charge it.

19,461. (Mr. Cripps.) Is that quite accurate? Do you not deal with the reservoir just in the same way as you do with the stations of the railway company?—Exactly.

19,462. (Mr. Clare.) But it is part of the whole undertaking?—Yes.

19,463. They take the whole undertaking and they arrive at the capital cost and then they take the reservoirs?—The value of the reservoir is deducted from the gross earnings of a water company, the same as a station is deducted from the railway earnings.

19,464. (Mr. Cripps.) It is just the same principle in both cases?—Precisely the same principle.

19,465. (Mr. Clare.) How is the 17½ per cent. for tenant's capital arrived at?—It has been my practice to take, as I said before, the 10 per cent., the 5 per cent., and the 2½ per cent.—making 17½ per cent.

19,466. The 10 per cent. for personal services?—Yes.

19,467. The 5 per cent. for interest on capital?—Yes.

19,468. And the 2½ per cent. for contingencies?—Yes.

19,469. Therefore, in the case of railways a deduction is always made in respect of the personal services which have to be rendered in order to earn the profit?—Yes, it is supposed that a man would not take the responsibility of working a large concern of the sort without getting 10 per cent. upon his capital.

19,470. You take the gross receipts, and from the gross receipts you deduct the working expenses?—Yes.

19,471. Which gives the net receipts?—Yes.

19,472. Why have the net receipts any relation to the capital that a tenant has to employ in rolling stock and machinery to work an undertaking like a railway?—It is a rough way of getting at it without putting the parishes and the railway company to the expense of making a valuation of the whole stock.

19,473. I see; it is a compromise to save expense?—It is a compromise. It has been found so often to be so near the amount that it is adopted.

19,474. But really theoretically the 17½ per cent. is based upon capital which you calculate the tenant would have to use in rolling stock and other things to work the line?—Yes.

19,475. (Mr. Dalton.) With regard to this 10 per cent. for personal services, is that for the personal services of the directors?—No; it is for the tenant who is going to work the concern; he wants 10 per cent. upon his capital for his own personal supervision and the use of that capital.

19,476. I suppose the salaries of the persons whose personal services are employed in the carrying on of the undertaking have already been deducted under the head of "expenses of working," have they not?—Yes, the salaries of the staff, which a man if he was the head of an establishment would have to pay, have been deducted.

19,477. Do you think that if the undertaking was put up to auction nobody would bid for it unless in addition to the costs and the salaries of all the persons who are employed, including the directors, they were allowed 10 per cent. upon the whole of this huge capital for personal services?—Not for personal services; it is for the use of capital, because the man has got to buy all the rolling stock and all the engines—he has got to pay for every bit of movable plant.

19,478. That 10 per cent., then, is the rate of interest on his capital?—Yes, and for the supervision.

19,479. And the supervision is accounted for, is it not, under the "expenses of working"?—There must be a head to every establishment.

19,480. Is not that expense charged too, under "salaries"?—Yes, and the services of officers.

19,481. And of directors?—Yes.

19,482. Then who else practically exercises any supervision?—If you were going in as tenant you would want the supervision.

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Railways,  
valuation  
of :  
Amount  
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17½ per  
cent.  
usually de-  
ducted for  
tenants'  
allowances.

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19,483. Yes, but the directors represent the supervision, do they not?—You would want to supervise the directors.

19,484. As a matter of fact, I suppose the shareholders supervise them, not the hypothetical tenant?—He is a hypothetical tenant, and you never even found the tenant; and I have never found a railway sold by auction.

19,485. Ten per cent. is allowed on the capital for this item of personal services and another 5 per cent. for interest, is it not—that is 15 per cent.?—Yes, there is that 15 per cent. and the 2½ per cent. for risks and casualties—accidents.

19,486. Do you think that with a well established railway company, if it was put up to auction, you could not get better terms than that?—I think not.

19,487. How many years purchase of the rateable value of a company would a railway generally fetch if another company was put forward to work it?—I am not able to answer that question at all.

19,488. You know the rateable value of your companies, I suppose?—The capital is divided into various classes of capital—there are first, second, and third, and sometimes fourth charges. It is impossible for me to arrive at anything from that.

19,489. Do you think that these deductions, amounting to 17½ per cent., should be made statutory deductions, and that any directions should be laid down in the Act with regard to them?—No, I think the matter wants fairly considering at the time. It used to be more. When I first had to do with it they used to make a larger allowance, but now in some cases it is contested that 12½ per cent. is enough. I do not think it is; I have adopted 17½ per cent. both for parishes and for companies; I think that is a fair thing.

19,490. Is 17½ per cent. the amount usual throughout the country?—Yes.

19,491. I mean, is it the practice to allow that?—I say it has been the general practice, but there are some people now raising the question and contending that it ought to be reduced.

19,492. With regard to these houses in Lancaster Gate, have you got the details?—No, I cannot give you the details.

19,493. I suppose the surveyor of taxes has had a word in the valuation of them, has he not?—The way I imagine that it arises in some cases, is that a man who is rated at a moderate sum does not take the trouble to take any notice of it at all, whether it is too high or not, but he pays upon it; and then another man who is put higher, say, feels aggrieved, and he goes before the assessment committee, but does not get any relief, so that the two are left.

19,494. Does not the surveyor of taxes look after the man who is under-assessed?—He should do so.

19,495. We have had it represented that the surveyor of taxes' services are very valuable in that direction?—He should do it you know.

19,496. He, of course, is a paid official?—Yes, and he should do it.

19,497. I rather understood you to say that these irregularities in the valuation in London were due to the fact that there was an unpaid committee?—I think they are.

19,498. But they have the paid surveyor of taxes there?—If the question is raised he may look into it.

19,499. Do you think he does not raise it of his own accord?—I should not think he had got the time. I have never found him raise it.

19,500. (Chairman.) There is one other subject on which I understand you wish to speak to the Commission, and that is as to the proposal which has been made in various quarters, both in public and before this Commission, with regard to imposing a tax upon the values of sites as distinct from the structural value of buildings; is that not so?—Yes. What I gather is that it is suggested that a site value should always be put in the valuation list dividing the whole value, into site value, and value of buildings.

19,501. That is one suggestion which has been made to us; what have you to say in regard to that?—I say that it is almost an impossibility to deal with it in that way. I will give you a case now that I cannot see my way how it is to be dealt with. A site value is fixed at 900*l.* a year—these are absolute figures I am giving you

—after the lease is granted at 900*l.* a year, a man has spent a very large sum of money upon putting up very costly buildings that will produce 26,000*l.* a year, and he immediately sells the ground rent for 3,000*l.* a year. If you are to charge the landowner with the site value it is 3,000*l.* a year, but he is only getting 900*l.*

19,502. What I thought you were rather speaking to when you first began was as to the possibility, and, if possible, the advisability, of separating the present value of any subject into the two component parts of structural value and site value. One suggestion which is made to us is to value the structure as it stands, and then to consider what remains over between that sum and the whole entry in the assessment roll as the site value; what have you to say to the possibility of getting at the separation in that way?—You could separate them in that way, but it would be very unfair to charge the landlord or the landowner with the whole of that.

19,503. Just let us go step by step; I wanted to know whether you think that, as a matter of valuation, that is or is not a practical proposal—we will deal in a moment with whether it is advisable?—It can be done, certainly.

19,504. Do you think it would or would not be a matter of difficulty?—There is no difficulty in separating the value of the structure from that of the land, but in some cases this difficulty would arise: the structure may be placed in the wrong position; for instance, you may get a large house built in a neighbourhood which is not suited for it; you would not get the fair rent for that structure, and the land would be worth more without the structure than it is with it. I do not see how you are going to make that as a general rule. Take a house that is in its proper place, you can separate then the value of the structure from that of the land—take this house, for instance.

19,505. The particular witness who made the suggestion that I endeavoured to convey to you had this very largely in his mind: he said that according to the law there was a certain maximum scale of deductions, and that some authorities in London, if not all of them, gave the maximum scale of deductions without regard to the circumstances of the individual property. He pointed out to us that if that was done in two districts, such as the City of London and Bond Street, where sites were very valuable as compared with structure, and if it was also done in places where the structure was probably of more value than the site, such as outlying places at Fulham, or places long built over, and just south of the Thames, then the giving of the maximum scale of deductions in both cases wrought injustice in the respect that the district in which there was high site value, which was not, in his opinion, entitled to deduction, got a benefit at the expense of the other district. What have you to say to that?—I say that it is very inconsistent if they do adopt that plan, and he is quite correct.

19,506. Do you know, as a matter of fact, whether it is not the case that that plan is largely adopted?—In many parishes, yes, it is.

19,507. And you would condemn it?—Yes.

19,508. What do you suggest in its place?—To deal with it fairly would be to make the deduction for repairs upon the structural value only.

19,509. For that purpose you would, of course, have to separate the one from the other?—Yes, and there is no difficulty in it.

19,510. Apart from that, do you wish to express any opinion upon the propriety or the fairness of imposing a rate upon site values, or as I suppose it may be more usually expressed, upon the ground rent?—Yes. If the division was made at a time when both the owner and the lessee are free agents, then I do not see any objection to divide it, or for the landlord to pay rates upon a certain proportion of the value of the property. But there is this difficulty, that there is no ground rent created, according to my experience, but what is of very much greater value before half the lease has run out than when it was first granted; and the tenant is getting the whole of that benefit, and the landlord gets none of that benefit. I could give you an instance in the City of London where a ground rent was granted for 99 years at 100*l.* a year, the tenant put on a building that would produce another 100*l.* a year for the structure, that is 200*l.* a year; when 40 years of that lease had run out the house was let at 600*l.* a year. In that case the landlord only got 100*l.* a year for his site

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Deductions in Metropolis: Maximum scale is largely adopted, and is not a fair system.

Site values: Objections to rating in respect of site values.

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Valuation: Inequalities in valuations in metropolis.

Site value and structural value can be valued separately, if the building is suitably situated.

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for the remaining 50 years, while the tenant was receiving the improved value of the site. Now that goes on constantly everywhere, and you will find that when a 99 years' lease has run out, that is upon ordinary property, with the generality of property, the land is worth more to clear it and to put a new building upon than it was at the beginning of the lease.

19,511. Then I put to you this question: Is your objection to the proposal on account of its unfairness, or on the ground of the difficulty of putting the burden proposed to be laid upon the proper shoulders?—I say both. The landlord invests his money at small interest upon a property that is safe and certain, and not to be dealt with in any way. He has got that certain income. The tenant besides has to invest his money, and should get a larger interest, because he has to stand all the contingencies—he has to meet them.

Building lessees entering into a contract for a long series of years take the question of rates into consideration.

19,512. Some witnesses have told us this—and I think, from your professional experience, you would be able to express an opinion upon it which would be of value to us: They have said that when an estate is either put out for building for the first time, or the leases have run out and a site is cleared for the building for the second term, intending offerers for the right of building upon it go through this calculation in their minds:—They look at the area and the situation, and the advantages, what it will cost them to build a suitable structure upon it, what they would be able to get for it as an outlay, and with the assumption that the rates will be so much in the £; they then offer to the ground landlord what they think they can fairly afford to give, and their offer would be different if they were not to be saddled with the payment of the rates. In the first instance I ask you: Do you confirm the view that that is a calculation which prudent men of business go through when they are going to enter on such a transaction?—Yes, and that is clearly shown by the fact that land in a parish where rates are low will fetch a greater price per foot than where they are high.

19,513. Do you think that those who are undertaking a building lease for a long series of years make that consideration a prominent one in their calculation?—I have no doubt they do.

19,514. Is that one, at any rate, of the reasons on account of which you have just said you think it unfair to interfere with the incidence of rates in the middle of a contract?—Yes. You will find in every case that a man takes a piece of ground undertaking to pay all the charges that may be put upon it, and the moment he has made his expenditure he could create a much larger ground rent than he is paying.

19,515. I do not quite follow that?—A man takes a piece of ground, as I have shown you by this instance just now, at 900*l.* a year from the freeholder. The moment he has purchased that 900*l.* a year, and has put up his building, he creates a ground rent for a lease of 99 years, and he sells that ground rent at 3,000*l.* a year. The landlord only gets the 900*l.*, while the tenant who has created the improved ground rent, and pays the 900*l.* a year, sells it for 3,000*l.* a year.

19,516. Some people have urged that, notwithstanding what has been said against it, that it is fair to impose a rate upon ground values for this reason, that if the leaseholders chose to combine they could dispose of the property in a better way than they do by maintaining the old buildings; have you any comment to make upon that?—That the leaseholders could?

19,517. That all having an interest in the land could, whether the first or the second leaseholder or the ground landlord?—Probably if they were to combine they could, but you have got to get them to combine. Another difficulty is that the ground rent may be in the hands of trustees where no combination can be made. Most of our ground rents are in the hands of trusts in some way or other, who could not make any combination.

19,518. I suppose you would agree that the determination of a person holding one leasehold interest in a large area standing out and not being removed would operate in one or two ways—either he would prevent a combination of the others, or he would by standing out force a larger price to be paid to him than the intrinsic worth of his interest?—He might do so. I do not see how you are to deal with it.

19,519. (Mr. Daltor.) Every scheme for rating site values must involve an alteration of existing contracts, must it not?—Yes.

19,520. And it will have a most serious effect upon recent contracts, I presume?—It will be very serious indeed for the ground rents to be charged with a tax, I was going to say, but if there is no fixed ground rent—if both parties are free—then if you like to fix a tax upon the ground rent, I do not see any objection to it.

19,521. I understand the proposal to rate site values is that the rating is to be universal over an area, and that it is not to be confined to cases where the owners and occupiers are free to enter into their own contracts?—Yes, I gather so.

19,522. What would be the result of upsetting a contract for a building lease that was entered into a couple of years ago, where all the rates were taken into account—you say that they invariably do take them into account?—Yes.

19,523. In London the average rates are about 6*s.* 8*d.* in the £, are they not?—Yes.

19,524. That would be about 33 per cent.?—Yes.

19,525. It would be equivalent to putting that additional charge upon the man who has just entered into the contract, would it not?—Upon the owner, yes.

19,526. It would be making a present of that to the tenant?—Yes.

19,527. Who, you say, generally makes the most out of these bargains?—He is sure to get a profit out of the landlord; the landlord never gets the full ground rent.

19,528. If you go further back a long way, it would not be so serious; if you have got a building lease 80 years old, and the owner is coming into his reversion shortly, he would have an additional rate put upon him for a limited period—for the remaining 19 years of the lease?—Yes, but the site value would, in all probability, be about three or four times as much as the ground rent he was receiving, so you take the whole of his rent away from him.

19,529. I do not think that any of the proposals that have been made to us have been that he should pay the whole of the site value; they have been that he should pay a proportion of it, that is to say, the proportion that his ground rent bore to the site value?—I think it would be a very great pity that we should introduce such an element into the value of property. It would create quite a revolution.

19,530. I am asking these questions to draw attention to the fact that it is the owners who have entered into recent contracts who would suffer the most. The owner who had entered into a recent contract would suffer far more than the owner who entered into a contract 80 or 90 years ago, and would only pay it for a short period?—He would pay it for a short period under that lease, but he would continue to pay it, as it would always be a charge upon his property when it came into his possession when the leases were out.

19,531. When the leases were out, it would not matter to him whether you called it site value or not?—I say make them free agents, and then I do not mind if you put a tax on it; but all the while there is an existing lease I think it is a great hardship, and it would be a most serious thing for charitable institutions and educational institutions, where all their money is invested in ground rents, or nearly all.

19,532. What would be the cost, do you imagine, of separating site value from structural value as compared with the present cost?—You see you would be obliged to have somebody who is able to value the building and the structure, to tell you what it would cost to build the structure.

19,533. That is for every property?—Every house.

19,534. Would you require a skilled valuer?—Yes, certainly.

19,535. The cost, I suppose, in London, would be very great?—Yes.

19,536. And there would be a great number of disputed cases, I suppose?—Yes, I should think so.

19,537. And a great deal of litigation?—A great deal of litigation, I should think.

19,538. You cannot form any estimate at all what it would cost?—No.

19,539. (Mr. Clare.) You gave a case where a piece of land was sold by an owner at a ground rent of 900*l.* a year?—Yes.

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Site values: Rating in respect of site values, though not objectionable, if the parties to a bargain were free, would involve an alteration in existing contracts in the fixing of which the question of rates has been taken into account. It would be making a present to the tenant, who in any case usually makes a better bargain.

Site value and structural value: Separate valuation in metropolis would cost a considerable sum and lead to litigation.

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Site values, rating in respect of: If owner of site value sells a site for a capital sum instead of taking a ground rent, he escapes taxation.

19,540. That 900*l.* a year would be based on the fact that the purchaser for the 99 years, we will say, had calculated that he would have to pay all rates and outgoings on the buildings that he contemplated erecting?—Yes.

19,541. And that after calculating what those buildings would produce, and what all those undertakings would come to, he would come to the conclusion that he could afford to pay 900*l.* a year to the landowner for the land?—Yes.

19,542. I will just assume, for the sake of argument, that the 900*l.* a year was the rent arrived at on the basis of a capital of about 22,000*l.*; if site values are to be separated from the value of the site and buildings altogether, and the rates on the site values are to be divided between the persons who have a direct interest in the site, then the original vendor of the property for 900*l.* a year would have to pay his share of the rates, would he not, on the 900*l.* a year?—Yes, if that is understood.

19,543. If that is so?—I understood the suggestion was, that it was not to be the ground rent or the rent that was paid or received by anybody, it is the site value at the time that the assessment is made.

19,544. In either case it will answer my purpose. In this particular case the original vendor would have at any rate to pay some rates, either based upon the proportion of 900*l.* a year, as compared to the annual value of the total site value, or he would have to pay the whole of the rates on the site value. But supposing that vendor gave an undertaking—instead of the undertaking which he practically did give—not to ask the purchaser for his purchase money at all for the 99 years on the condition that the purchaser agreed to pay him an annuity of 4 per cent. upon the capital sum, and gave him the whole property back again at the end of 99 years; or supposing that instead of that, the original vendor had received his 22,000*l.* down, he would pocket that money, and he would escape all liability to rates on the basis of rating site value?—Yes.

19,545. So that if one man chooses to agree with the purchaser never to ask him to pay his purchase money, but to say I will accept a ground rent for 99 years instead of you giving me any capital sum, he is to be taxed; but if he says to the purchaser, "No, I will not accept the ground rent, but I will have your purchase money down," he escapes altogether?—Yes.

19,546. And that you think is equitable?—No, I do not think it is equitable.

19,547. (Mr. Arthur O'Connor.) I gather that you in matters of fact have very full information, and that your judgment has been matured by long experience?—Yes.

19,548. Would you kindly tell me what you think to be the true fundamental principle which ought to be kept in view in rating?—In rating house property?

19,549. In rating generally—in making local rates?—I think that you cannot do better than rely upon what a tenant would pay for a property.

19,550. Then it is property that is to be rated?—Yes.

19,551. And only property?—And only property.

19,552. When you say that property should be rated, what do you understand by "property"?—The property that produces an income, either represented by a tenant going in, or by self-occupation—personal occupation.

19,553. Would you include a labourer's tools which produce his income as property?—No; they are chattels.

19,554. Then by property you mean real property?—Yes, I mean real property.

19,555. Should you include in real property, houses as well as land?—Yes.

19,556. Can you tell me any distinction in principle between a house, which is an artificial thing, and the tools of a man's trade, which are equally artificial?—The only difference is that the house is more permanent.

19,557. Is immovable?—Yes, but tools are here to day and broken before the day is out and good for nothing; they are chattels that are worth nothing then.

19,558. Even a house deteriorates in time, and has to be repaired?—Yes.

19,559. Whereas in the instances that you gave us just now, in spite of the deterioration of a house, the total

value went up because the site value increased?—Yes. The materials in most places, if they are in a fair position, do not alter in value at all; if there is any alteration it is a slight decrease as they get older. The difference of the value of property all falls upon the site.

19,560. While the site value will increase, I will not say automatically, but by reason of exterior circumstances, the house has to be kept up by constant and steady expenditure at its original value?—Yes.

19,561. There is therefore a difference between the site and the house?—Yes.

19,562. Do you think that the present system of rating is perfect?—No.

19,563. There is room for alteration?—There is room for improvement in most things.

19,564. The improvement involves alteration. Now, can you conceive any alteration which shall not alter the incidence in some respect or other of the burden of rating, so that some persons now burdened should be relieved, and other persons less burdened at present should be more burdened?—Not fairly.

19,565. Any alteration must involve relief to some and further burdens to others?—No; I say that if the thing is properly rated, in many cases it would increase the rateable value of the property, and not decrease it. I say that there is a great deal of property in London which is not rated at its full value.

19,566. Then those who own that property would be further burdened as compared with what they now are?—Yes, exactly; and should be.

19,567. That is what I was putting to you—any ideal system of rating would involve some change which would relieve some persons and burden others?—No; for instance, it would not relieve the owner of the ground to increase the rateable value of the tenants' interest, because the landlord must remain.

19,568. Would any improvement in rating, or in the system of rating, relieve anybody?—Yes, because there are some who are rated too high.

19,569. Would any improvement or alteration of the existing system, so as to make it ideally perfect, impose any more burden than now falls upon anybody?—Yes; those who are rated at too small a sum would be rated at a larger sum, and those who are rated too high would be reduced.

19,570. Precisely; then an ideal system of rating would involve the relief of some and the further burdening of others?—Yes.

19,571. You have been asked about existing contracts; would you, by reason of the existence of the multiplicity of present contracts, say that you cannot proceed to any alteration of rating because thereby you might be interfering with existing contracts?—I think you should not.

19,572. Now with regard to the site value: you told us that land let for 900*l.* to one who expends capital and labour upon it, is afterwards, or may be afterwards, let by him at an improved ground rent of 3,000*l.*?—Yes.

19,573. What is it that he lets?—He simply creates a ground rent upon the site; a ground rent secured by having a large expenditure upon buildings.

19,574. What is it he lets?—He lets land and buildings together for 99 years at 3,000*l.* a year.

19,575. What did he lease?—He leased the land alone for 900*l.* a year.

19,576. Then he does not let the same as he takes in lease?—No.

19,577. He lets something more?—He lets the same piece of ground secured by the building that he has put upon it, but he takes the whole income of the land and buildings for the 99 years, subject to the 3,000*l.* a year rent.

19,578. I only want to get your assent, or dissent, to that proposition—that the man who pays 900*l.* a year for the land, and having built a house, and then raises a rent of 3,000*l.*, is letting the land plus the house; whereas he leased from the original lessor only the land?—Yes, one was an unsecured ground rent and the other is a secured ground rent.

19,579. Apart from the security, what the man is letting in the one case is something more than he himself has taken under lease in the first instance?—

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Site values: Their values increase owing to increase in population and trade.

Valuation: Principles to be observed in making valuations.

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Yes; as I say, one is secured and the other is unsecured.

19,580. What is it that causes this increase in ground rents in 40 years after the 100*l.* lease was made?—Increase of population; change in the value of property in the district.

19,581. By reason of increase of population?—Chiefly; and then expansion of trade absorbs more of the land.

19,582. By population you mean the community in and around the site the value of which is so enhanced?—Yes.

19,583. Not the action of the landlord exclusively or the action of the tenant exclusively?—No.

19,584. The community, therefore, may be looked upon as having caused or originated or developed that increased value?—Yes.

19,585. Then, there would be no injustice in point of principle in saying that the community ought to have an interest in that value which they have so caused or created?—I do not think I can go so far as that.

19,586. Let us take this case of the property which has cost 26,000*l.* to build on land let at 900*l.* a year, and which is now relet in its entirety at 3,000*l.* a year, and valued at what shall we say?—It is worth 30 years' purchase.

19,587. I mean valued for rating purposes; what would you say would be the rateable value of this property which is now let, site and building, for 3,000*l.* a year?—I have not made out that calculation, because it is subject to rates and taxes; the tenants pay all the rates and taxes.

19,588. But the property as it stands, what would you say it should fairly be valued at for rating purposes when it is let at this improved ground rent of 3,000*l.* a year? I ask you because you have technical knowledge and I have none; I am only seeking information?—Do you mean what should be the proportion of the ground rateable and of the building.

19,589. No, I am taking the whole concern which is rented at 3,000*l.* a year; at what do you think it should be rated?—It is the piece of ground only that is let at 3,000*l.* a year.

19,590. With the building on it?—Yes, but then there is a building rent besides to be rated. The building itself fetches something over 12,000*l.* a year in rents.

19,591. I only want to get some figures, it does not matter to me what they are?—I cannot say without going carefully into the valuation, because you have got to make deductions for keeping up the property, and you have got to make deductions for rates and taxes.

19,592. There is no very great difficulty about it I suppose?—I should not like you to publish figures as mine unless I had done them carefully.

19,593. I only ask for approximative figures or suggestive figures?—I should think very probably the rateable value of the whole thing is something like 10,000*l.* a year, but still I cannot give you that as an absolute figure—it is a rough guess.

19,594. Make it 8,000*l.* or anything you like, it does not matter to me what it is, I only want to get the principle, not the particular case. Now this being rated at 10,000*l.* a year, we will say the original ground landlord gets only 900*l.* a year?—Yes.

19,595. The interest in the land or the property which you say ought to be rated, and is presumably rated fairly at 10,000*l.* a year, is divided between the original ground landlord, the recipient of the 900*l.*, and other persons?—Yes.

19,596. Would there be any inequity in causing the burden of rating to fall upon him and those other persons in proportion to their several interests?—Yes, because when the rent was fixed at 900*l.* it was assumed that the lessee would pay the whole rates and taxes.

19,597. Would there be an agreement to that effect in the lease?—Yes, that clause is in the lease.

19,598. Very well; then the landlord is protected by that clause in his lease?—Yes, he is now.

19,599. The rates are to be paid by the persons who are interested in the property, whether they be ground landlords originally or owners of improved ground rent or lessees of the buildings or sub-lessees; between them somehow or other the community, or the local

authorities, have a right to expect the rates upon a fair valuation?—Yes, but there is no right to charge the landlord, the owner of the ground, with any of it.

19,600. The burden is distributed among those who are interested in the property?—Yes.

19,601. We will come to details afterwards. As between the persons who are so interested the particular point where the burden of rating should rest can be a matter of agreement and contract between them, can it not?—It is now.

19,602. Then it can be?—Yes, if they are all free agents.

19,603. Certainly. Where, then, is the difficulty about rating property, if those who are interested agree among themselves as to the incidence of the burden?—I say there is no difficulty if they are all free agents.

19,604. The site value must come into the valuation?—Yes.

19,605. The owner of a beneficial lease is in reality enjoying part of the ownership of the land?—Yes.

19,606. The landlord may have the thin milk at the bottom, but the cream goes to the person at any rate who is the beneficial leaseholder?—Yes, he has to run the risk. The property may increase in value or decrease, but he has to run that risk, and therefore he deals with a property where there is a greater risk about it.

19,607. The tenant has got it if he has got a long lease?—The tenant has got it.

19,608. Is there any reason that you can see why an existing tenant of a beneficial lease, and really enjoying for the time at any rate the increased value of the site, should not be rated in respect of that?—No, I say that he should be, and I have said so.

19,609. Now, for purposes of deduction on account of repairs and other things, you hold that the deduction should be made in respect only of the buildings?—Certainly, the land cannot require any repairing.

19,610. Clearly; and you tell us that there can be no practical difficulty in ascertaining the value of the structure for purposes of estimating the deductions?—No difficulty.

19,611. (*Mr. Cripps.*) Of course you do not suggest for a moment that any class of property, whether we call it site value or not, should escape its proper incidence of taxation?—No, certainly not.

19,612. What you have been dealing with is the question of fairness between the contracting parties and the question of convenience as regards ascertaining value?—Yes.

19,613. Just one question I want to ask you, first of all, as regards the illustration you gave. You gave the illustration of land let for which the ground rent to the landlord who let it in the first instance was 900*l.* a year?—Yes.

19,614. You then said very expensive buildings were erected, and I think as much as 26,000*l.* spent on them?—Yes.

19,615. After you have spent that sum on a site you can get a larger ground rent?—Yes.

19,616. It is not a question after you have constructed your buildings of letting the buildings and site at a larger value, but, as a fact, you have created an actually larger ground rent than was created in the first instance by the landlord?—Yes.

19,617. In each case you are dealing with precisely the same property, namely, the rental of a piece of land in the one instance fixed at 900*l.* a year, and subsequently fixed at 3,000*l.* a year?—Yes; and the reason is that the 3,000*l.* a year is secured by the buildings put upon it.

19,618. May I put it to you that it is one of the commonest methods of developing property in towns, that a man should get, we will say, property and pay 100*l.* a year ground rent—I will take it in that way—put buildings upon it so as to create an enhanced ground rent which he can sell or let, leaving a sum of money in his own hands as between the new ground rent and his obligations to the ground landlord?—Yes, it is frequently dealt with in that way. Another way in which it is frequently dealt with is this. It is an important question in dealing with ground rents. I can give you an instance in the City where a man is a freeholder carrying on a very large business; he builds

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Building lessees for a series of years take the question of rates into consideration.

Values of sites and structures can be separated.

A site value secured by buildings upon it is more valuable than one without buildings.

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his own warehouse and factory on his own freehold; after he has built this place he says, "Now I will grant a 90 years' lease, to somebody at a ground rent, and I will take that 90 years' lease and I will sell the ground rent at 30 years' purchase." He can realise a very much larger ground rent after a building is put up than he could when it was vacant ground, because he lets in trustees who will come and deal for it, but who could not deal with an unsecured rent.

19,619. Of course to a business man who wants his money for business purposes that is a very convenient method of proceeding very often?—Yes. He sells the ground rent to pay 3 per cent., or 3½ per cent., and he can get the money in his business to earn 10 or 15 or 20 per cent. if he is fortunate. It is constantly done in the City of London.

19,620. Now I want to go to another point. You said you thought there would be no difficulty in separating the value of a structure from the value of the land?—Yes.

19,621. First of all let me put this to you—I think it was put by Mr. Dalton, but I want to put it again to lead up to another question—that would mean a double valuation as regards each property?—Yes.

19,622. Then take the case of Bond Street that has been referred to; as we know, where you have shops in a street the principle of rating is that you neither go into the value of the land nor into the value of the structure, but you take the rental from the adjoining properties?—Yes.

19,623. As a matter of convenience, and in the way of the saving of expense, that is of enormous importance?—It is an enormous saving to the parishes.

19,624. Directly you come to the question of the valuation of structure or the valuation of site you introduce a complicated problem instead of a very easy one?—Yes. I looked at it that the question was put to me was—Was there any practical difficulty in doing it? You can do it easily, but it is not at all advisable that it should be done.

19,625. You would know from your experience that directly you get to a structural value or a valuation of land as apart from taking the rental of adjoining properties, then you get the difficulty, and it is in those cases you get contest?—Yes.

19,626. Now it was suggested to you as regards the matter of difficulty, that there might be a reason for rating site values apart from building values because the deductions to be made, we will say, in Bond Street, ought not to be the same as the deductions in Fulham?—Clearly.

19,627. There can be no question, I think, about that?—No question, I think.

19,628. Suppose you had one rating authority dealing with, we will say, Fulham and Bond Street, and which had a knowledge of rating subjects, would there be the slightest difficulty in adjusting the deductions to the conditions of the two cases?—I think not.

19,629. If you had a sufficiently large area in order to adjust the deductions in that way, would there be the slightest unfairness?—No, I think it would be a very fair way of dealing with it.

19,630. I would just like to ask you one other question as regards the ground rent point. You say that if people were free agents so far as the relationship between owner and occupier is concerned it would not make any difference if they knew what the principle was?—No, certainly not.

19,631. But where there is an existing contractual relationship as between the two parties, that is between the owner and the occupier, you think it would be unfair to upset that by altering the principle of rating? I think it would be very unfair, and I think it would be impolitic. I think it would be a great mistake to damage a valuable security that is dealt with now at the very highest possible price because it is so secure.

19,632. I do not think anyone would question that if two people were contracting in the first instance they would contract in reference to their liabilities?—Certainly they would.

19,633. You say it is unnecessary and unfair to upset the relationship of contract between owner and occupier; do you think that the rating authority would get any benefit from it?—No, they would rather suffer, I think, because they might be put to a greater expense.

19,634. In your view would they get a larger property on which to place the rating if they separated site value from building value?—I think not. You have only got land and the materials.

19,635. In your view at the present time do they get, under existing systems, if the principle is properly applied, the full value by combining what is called site value with building value?—Yes, certainly.

19,636. Have you considered the question of the rating of vacant land?—Yes.

19,637. What is your view on that?—I do not think it would be wise to rate vacant land as building land. I have heard it suggested that that is one idea. A house has got a large area of land for instance, and the difficulty is in giving that house only a small part of the land upon which it stands as its value, and then valuing the other as building land. You destroy the house directly.

19,638. Questions were asked you about the adjustment of burdens, and taking the burden off one man and putting it on to another; would the right principle in your view be to equalise the burden so as to get as nearly as possible an absolute equality?—You see the owner and the lessee —

19,639. Not between the owner and the lessee, I am taking the point generally?—Generally over the country?

19,640. Yes?—Certainly.

19,641. That would be the principle at which, I think, you would aim, would it not?—Yes, I will tell you where I think there is one thing that is very unfair. My experience leads me to deal with both East End property and West End property. You will find if you examine it as I have done that in the East End a property is very highly assessed by the assessment committees, which tends to reduce the poundage; and going further west you will find there is a marked difference, and that you will get very moderate assessments compared with the East End assessments—which increases the poundage and makes the two look a little more equal. I think if that was done by one mind fairly, the East End would get relief and the West End would suffer for it—where they should.

19,642. That comes to what you have expressed before—that by getting a larger area you are more likely to get real equality?—Yes, it is so.

19,643. (Mr. Smith.) I think the effect of your evidence is, first, that you must respect existing contracts?—Yes.

19,644. You suggest, I think, that the proper time to rate a ground landlord is when the lease falls in?—Yes.

19,645. And that principle would apply to all subordinate interests?—Yes.

19,646. Just one word as to vacant land. We have had a suggestion made to us that the proper way to rate vacant land is to let the owner put his own price upon it, rate him at 4 per cent. on the price he puts upon it, subject to the condition that the local authority can always take to it at that price. What do you say to that proposition?—I do not think that is a good proposition at all. What I gather, in my mind, is this, that the reason for wishing to rate this vacant land is that they should get a bigger rate upon a man's meadows and gardens nearly into towns

19,647. And growing into value?—And growing into value; that is what I think is intended. Directly you begin to value the land as having any building value in it, you must destroy the house, as you could not have the house and the land existing at the same time. So that what they gain in one way they would lose in another. There is another great advantage I see. It is a lung of the country where a man will go to that expense and see his land unoccupied for the benefit of everybody.

19,648. You have taken rather a favourable instance; might you not take the case of a man leaving a quarter of an acre of land a desert in the middle of a town, hoping to get a better price?—Yes, but I do not know how you are going to deal with a man who is so inconsistent. It is a sort of dog-in-the-manger business. You must legislate for him specially.

19,649. You find people of that class in all towns, do you not, in your experience?—I do not know of one now in London.

Vacant land, objections to rating in respect of.

Areas for valuation purposes should be large in Metropolitan, to secure greater equalities in assessments.

Site values, rating in respect of: Existing contracts should be respected.

Vacant land, rating in respect of: Objections to such a system. People do not hold vacant land in London until a rise in value.

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Site and structural value: A separate valuation is not advisable, as it would involve a double valuation. The present system is the most economical.

Relative values of sites and buildings vary in different parts of Metropolitan. A valuation authority over a sufficiently large area could adjust the deductions.

Site values, rating in respect of would be unfair to owners in case of existing contracts; it also would be impolitic to damage a valuable security, and rating authorities would not benefit on account of the expense.

*Mr. R. Vigers.*

19,650. (*Mr. Elliott.*) You have made some very serious statements with regard to the inequalities of assessment in London?—Yes.

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19,651. You are, of course, familiar with the safeguards against inequalities provided by the Valuation (Metropolis) Act?—Yes.

Metro-  
polis, valuation in:  
Existing inequalities in assessment. Desirable for assessment committees to more frequently employ professional valuers.

19,652. Is it your view that the inequalities to which you have referred arise from the deficient administration of the Act, or do they arise from inherent deficiencies in the Act?—I think if the Act was set in motion properly that they would be met. I think there are plenty of means of meeting them, but if a man is rated at a small sum he keeps quiet.

19,653. Do you think that any amendment of the law as set out in the Valuation (Metropolis) Act is necessary to prevent these inequalities?—The valuation, I say, instead of being made by gentlemen who sit round a table at the assessment committees or by the overseers, should be made by men whose business it is to go and see how the houses are rated and whether they are properly rated.

19,654. Then you suggest that a substantial change of the law is necessary to prevent these inequalities?—No; they have means of doing it—they have means of sending men there now.

19,655. I want to get quite clearly from you whether you think an alteration in the law as embodied in the Valuation (Metropolis) Act is necessary; or whether the inequalities could be redressed, the law standing exactly as it is?—I think the law standing as it is would be sufficient, if, instead of trying to make these valuations themselves, they were to get somebody who understood it to do the work for them.

19,656. Would you suggest that the existing assessment committees should more frequently employ a professional valuer?—Yes, for instance, houses; if that had been done when the first buildings were put up, instead of leaving it to chance to say what the sum should be, it would have been done for ever; it does not want to be done every year, or every quinquennial assessment.

19,657. I want to get from you, quite explicitly and clearly, whether you consider that in order to prevent the occurrence of such inequalities as those to which you have referred, any alteration in the law is necessary?—I do not think it is, as far as I understand the law.

19,658. You are aware, of course, that the surveyors of taxes—the Imperial officers—have very extensive powers under that Act?—Yes, they generally sit with the assessment committee, but they seldom take any part in what is going on I think.

19,659. Is that within your personal knowledge?—Yes; they are satisfied with what the assessment committee do.

19,660. Are you aware that a very great deal of work is done by the surveyors of taxes in examining the returns of rent with the assessments?—I do not know; of course I have no means of knowing that.

19,661. Of course you are aware that you are making very serious charges against the surveyors of taxes?—No. I say before the assessment committee according to my experience—and I have been very often before most of the assessment committees—they take very little part in what is passing; whether they do when I am not in the room of course I cannot tell.

19,662. You are aware that for every pound by which property is under-valued the Imperial Exchequer loses 8d. in the pound income tax, and a certain amount in the pound house duty?—Yes.

19,663. Therefore the inaction of the surveyors to which you refer results, and must result, if you are correct, in a very substantial loss to the Exchequer?—As I say, while I am in the room I do not see that they take very much part in it; of course it may be done while I am not there.

Areas for valuation in Metro-  
polis:  
One valuation authority desirable.

19,664. Then you mentioned the East End and the West End, and you also mentioned the case of Fulham and Bond Street, and I think some of your replies to the questions that have been put to you may leave it to be inferred that you are in favour of one valuation authority for the whole of London?—I should think if you could have one valuation authority for the whole of London it would make it more equitable, and would be a very great advantage.

19,665. What would you suggest should be the constitution of that valuation authority?—I said I should not like to suggest what that should be.

19,666. Do you think it should be the London County Council?—I should think they have got enough to do without having that. It should be an independent authority, something after the Railway Commission.

19,667. Do you think if you had a valuation authority for the whole of the county of London you would really get sufficient local knowledge and information to enable all the assessments to be properly made?—Yes.

19,668-9. With regard to the evidence that you have given as to the taxation of what you call site value or ground value, have you ever considered a proposal that there should be a duty paid on the determination of a beneficial lease?—A duty paid by the owner.

19,670. By the owner?—When the leases have expired, yes. I do not see any objection to his paying if you let him have the land free to do as he likes with it and relet it. He may take a part of the burden himself or he may take the whole burden himself.

19,671. When a lease falls in, say, of an important London property the owner of the land does then come into possession of a substantial increase of income, does he not?—He comes into what is mostly the value of his own land at that particular time when he comes into it, and which the lessee has enjoyed for the greater part of the 99 years.

19,672. He finds himself in a very favourable position as compared with his position before the determination of the lease?—Yes. When he granted the lease he granted it at the time's price, and as it increased the lessee enjoyed the benefit of the increased value of land for the whole of the term.

19,673. Do you not think that would be a very good time for the community to step in and claim some contribution towards public purposes?—If they like to put a tax then upon the ground rents that the man creates there is no objection to it.

19,674. They might put a tax on the new lease, might they not?—Yes, when the man grants the new lease they might say that he is to pay so much—a tax upon the value of the ground; then he will know how to fix the ground rent to the tenant.

19,675. It might be a lump sum down—a stamp duty on the new lease, might it not?—I do not think that would answer at all, because it would be very hard indeed upon some men; they would not have the money, and they would be obliged to sell the land to pay the duty.

19,676. But they are coming into a very substantial increase in the value of their property, are they not?—Yes, but many of those men who come in for it have not much money in their pockets, and they would have to sell the land to pay the duty.

19,677. You suggested in reply to a question that you thought, if I understood you rightly, that the whole burden of local public expenditure should fall upon the owners of property or upon the owners and occupiers of property?—Upon the persons who are enjoying the benefit of the property, yes.

19,678. Is that really a sound principle upon which to base a theory of local taxation?—I think so.

19,679. At the present moment are you aware that a substantial contribution is made out of the beer and spirit duties to the purposes of local taxation?—I do not see how.

19,680. You have never thought of the possibility of consumers contributing to local taxation as they do in France?—No.

19,681. (*Mr. Dalton.*) I think you spoke of the high rateable value of the East End as compared with that of the West End; is not that mainly due to these deductions to arrive at the rateable value that are made in respect of the site value in the West End, the site value in the East End being not so great?—No; I am dealing with the figures before the deductions are made.

19,682. With the gross values?—Yes.

19,683. How does that come about? Surely the gross value is to a great extent the actual rent paid, is it not?—No, it is so in a very few cases really.

19,684. It approximates to it does it not?—It is more often something more.

*Mr. R. Vigers.*

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Site values, taxation in respect of: Policy of making an owner pay a duty when a lease falls in, or on re-letting discussed.

Local Taxation: Who should be assessed?

Metro-  
polis, valuation in: In East End the gross value is often in excess of actual rent. This is not the case in West End.

Mr. R. Vigers.  
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19,685. (Chairman.) You do not mean that what is paid is more than the gross value?—No, but the gross value is more than the rent paid very often indeed. You see leases are obtained sometimes by paying down a premium, and it would not be right to be always guided by the rent; you want to know what the property really is.

19,686. (Mr. Dalton.) I quite agree that it is so in exceptional cases?—In a great many cases.

19,687. I was speaking generally of the property in the East End; do you consider that the gross value is in excess of the actual rent?—Yes, in many cases.

19,688. And in the West End it is not?—I do not know any such case at the West End.

19,689. Are you in favour of the scale of deductions which is laid down by the Valuation (Metropolis) Act?—No.

19,690. Do you approve of it?—No, I think it is very inconsistent in some cases; I think it gives a larger deduction than fairly could be claimed.

The witness withdrew.

Mr. HENRY GEORGE HILLS called and examined.

19,698. (Chairman.) You are clerk to the Board of Works for the Wandsworth District?—Yes.

19,699. You can easily understand that we have had a considerable amount of evidence from various authorities in the metropolis, including clerks of vestries, and from the London County Council and other bodies; I do not therefore propose to take you over the whole of the subject. In the course of our inquiry, Mr. James Stuart pointed out to us that while we had had evidence from those who were interested in parishes which formed a union by themselves, we had not been made aware of all the difficulties which are felt by those whose union is not comprised in one parish, and Mr. Stuart suggested that you should be called. I understand that you have been clerk to the Board of Works for 18 years?—Yes.

19,700. And that your district comprises the parishes of Clapham, Putney, Streatham, Tooting Graveney, and Wandsworth?—Yes.

19,701. The area of the district is about 14½ square miles, its rateable value is 1,311,416l., and the population, which at the census of 1896 was 187,264, is now estimated to be at least 200,000?—That is so.

19,702. Your district forms part of the Wandsworth and Clapham Union?—That is so. Perhaps I might say here that the parish of Battersea—that is, the other parish which, added to ourselves, forms the union—formerly formed part of the district of the board, but was disconnected from the board in 1888.

19,703. Your board, as I understand, is really formed for sanitary purposes rather than for other purposes?—Yes, but it is the highway, lighting, and sewer authority also; that is to say, we discharge the same duties as the vestry in such a parish as Islington discharges, with the exception that we have nothing to do with the rating.

19,704. As far as expenditure is concerned, it is charged to the respective parishes in which the works are executed, with the exception of what is called the establishment expenditure and the school board precepts?—That is so.

19,705. Of course of those two things the school board precepts are by far the larger in amount and in importance?—Yes, by far; they form between one-third and one-fourth of the sum raised by the district board—for the general rate, that is.

19,706. The money which is required is raised by the orders made by the board upon the overseers of the parishes in your district?—Yes.

19,707. You add a table to your memorandum which shows the amount per pound of the rates in the different parishes in the district for a series of years past?—Yes. That shows, of course, that the rates differ in the respective parishes. That is why I mentioned the fact that we charge the expenditure for each parish to that particular parish. In some of the districts in London that is not the case, and I believe they apportion the expenditure in accordance with the rateable value; but in our district each parish bears its own burdens,

19,691. It is a scale of maximum deductions?—Yes.

19,692. But it is usually adopted as the actual scale of deduction?—It is mostly adopted. Sometimes you do not get it.

19,693. Should you say that, on the whole, it has done more harm than good?—I am not able to say that.

19,694. Then you have no opinion to express as to whether, in the rest of the country there should be such a scale or not?—It is a very difficult scale to manage—very difficult. The last part of the scale is, that public companies should be dealt with according to the circumstances of the case.

19,695. It does not deal with those except in that general way?—That is so.

19,696. Have you got any criticism as to the different per-centages it allows in those cases with which it does deal?—It takes off a per-centage on land where there cannot be any loss, and I think that ought not to be.

19,697. You think it should be amended?—I think it should be.

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Deductions in Metropolis: Deductions in case of site values should not be made.

Mr. H. G. Hills.

Mr. H. G. Hills.

bears the burden of its own expenditure, and it is not apportioned according to rateable value.

Wandsworth District Board of Works: Area and duties of Board described.

Collection of rates should be made by one collector under one Authority.

Wandsworth District: Statistics showing rates in the pound in the different parishes. Each parish



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19,717. And you would appoint the assessment committee by the district board?—I think the district board should appoint the assessment committee; that is done in the larger parishes in London, such as Islington.

19,718. Is that only done in the parishes in which the union is conterminous with the parish?—It is only done in those parishes where it is conterminous, I should say.

19,719. Would it not, then, be a retrograde step to make a new authority for the appointment of the overseers and the assessment committees, which is not necessarily larger than the union?—There is that objection, I must say; but the point appears to me that the guardians are only there to administer the poor law, and that they have nothing to do with the ordinary municipal laws.

19,720. But they are an important body as an expending body, and ought they not to have the responsibility of collecting the rates too?—They are not so important, I think, in that respect as the district board. They raise a large sum, but a very large part of that consists of precepts from the county council and the Metropolitan Asylums Board.

19,721. I do not mind indicating to you that I think it would be desirable that the collection of the rates should be in the hands of the largest possible authority which extends over the largest possible district?—Yes, I think there is a very considerable force in that opinion too, but I think if the area of the union under the guardians is conterminous with the area of the ordinary municipal authority, then the municipal authority should appoint the rate collectors, and should have the management of the collection of rates. That is not so in the Wandsworth district at present, it is true.

19,722. I understand that your main point, apart from the question as between municipal authority and board of guardians, is this, that a considerable saving could be effected if there were more conjunction of the collection of rates in one hand?—Yes, quite so.

19,723. Would you like the London County Council to control or supervise existing authorities in the metropolis for the appointment of local officers?—No.

19,724. Have you made any estimate of the saving which you think could be effected by having only one collector instead of the two which you have mentioned?—No, I have not.

19,725. Upon the other point, at which I partially stopped you, if I understand paragraphs 12 and 13 of your memorandum correctly, you raise some objection to the operation of the Equalisation of Rates Act?—Yes. At present the Equalisation of Rates Act does not have the effect in some cases of equalising the rates; it has an exactly contrary effect.

19,726. I should like to have that made clear; I do not quite follow that?—For instance, in the year 1896-7, in Islington, the whole of the rates amounted to 5s. 6½d. in the pound; Islington had received from the Equalisation of Rates Act, 3¼d., so that had they received nothing their rates would have been 5s. 9¼d. The rates in St. Giles' in the same year amounted to 6s. 6d.; St. Giles' had paid to the fund under the Equalisation of Rates Act about 1½d. in the pound, so that their rates would have been, without the operation of the Equalisation of Rates Fund, 6s. 4½d. Therefore, by the operation of the Act the rates of Islington were reduced from 5s. 9¼d. to 5s. 6½d. and those of St. Giles' were increased from 6s. 4½d. to 6s. 6d.

19,727. What was the reason of that?—Because of the population—the population in Islington being much greater in proportion to the rateable value than was the case in St. Giles's. It does not appear to be justice that a parish where the rates are 6s. 4½d. should help a parish where the rates are only 5s. 9¼d.

19,728. Do you know any other instances in which the Act has worked in the same way?—Yes, there are some other cases. In St. Olave, Southwark, the rates in 1896-7 were, in one parish, 6s. 5d., and in the other parishes, 6s. 0½d. and those parishes had to pay about 3¼d. in the pound to the equalisation fund.

19,729. The same principle of calculating it, partly according to population, obtains in your district as well, I suppose?—Yes, exactly.

19,730. If that question of population was eliminated, would your district get more than it does at the present

time?—I have not considered that question. Of course it is the question of population only upon which the fund is distributed at present; it is raised according to the rateable value and distributed according to the population. What I think is that there should be some other element taken into account.

19,731. How does that operate unjustly in the case of the parishes of Islington and St. Giles's?—Because the population is smaller in the one case in proportion to the rateable value than in the other. A 6d. rate is raised for the year upon the rateable value, and the money thus raised is distributed according to population; therefore, the places where the rateable value is high and the population low have to contribute towards the parishes where it is the reverse.

19,732. I do not object to that, do you?—It does not act fairly. I would not object to it if it acted fairly but it seems to me in some cases not to act fairly.

19,733. I may not be able to grasp it, but I do not see how the operation of that principle which you have just put forward raises the rate in a parish?—It does indeed. In the case I mentioned, in St. Giles's, the actual rate was 6s. 6d., but that included 1½d. which they had had to pay towards the Equalisation of Rates Fund.

19,734. (Mr. Arthur O'Connor.) Is that St. Giles's in the East?—No, it is St. Giles's, Bloomsbury. What I think is that some other element should be taken into consideration besides population.

19,735. (Chairman.) What element should you suggest?—I think the amount of rates should be taken into consideration.

19,736. Would that not be a direct premium upon extravagance?—To some extent. A parish would rather spend 1,000l. in its own improvements than contribute 100l. towards other parishes in London, no doubt; but if it were only taken to a slight amount I think it would have a beneficial effect—at all events it seems to me that there are cases of injustice such as that I have mentioned which ought to be met in some way. I do not complain on the part of my own district, because our rates are not exceptionally heavy, though we are above the average, and we do receive from the fund. But in looking at the operation of the Act I notice these points, and they appear to me to be unjust. There is one other point in connexion with the Act which I might mention, which the Wandsworth District Board called the attention of Parliament to in a petition at the time the Equalisation of Rates Act was under consideration, and before it was passed: that is, that the fund is distributed to such a district as ours—to Wandsworth—not to each parish separately, but the parishes are merged in one district in distributing the fund, and it would have acted in this way in that particular year. Our district consists of five parishes, Capham, Putney, Streatham, Tooting, and Wandsworth. If each of those parishes had been treated separately, and if they had not formed part of a district, Clapham would have received under the fund 1,697l.; Putney would have paid to the fund 657l.; Streatham would have paid to the fund 131l.; Tooting would have received from the fund 437l., and the parish of Wandsworth would have received 2,093l.; that is, three of the parishes would have received and two of them would have paid. But in dealing with the fund in accordance with the provisions of the Act, the county council subtract from the total of those three sums the parishes should receive, that is 4,227l., the total of the sums which would have been paid by the two parishes, that is, 788l.; and pay the board the difference; that is, the board receives 3,439l. What the district board suggested at the time was that these parishes should be treated separately; in other words, that there should be paid to the board 4,227l., which would have been credited to those three parishes, and that the county council should have required from the two parishes of Putney and Streatham the sums of 657l. and 131l.; as a matter of fact, instead of Putney paying 657l., it received 389l.

19,737. Of course if every parish in your district was to be treated separately, every parish would have to be treated separately in the Metropolis?—Yes, no doubt.

19,738. Have you upon that basis made any calculation whether your parishes would have gained or lost?—It would have had the same result, because the other districts would have been treated in the same way.

Equalisation  
of Rates  
Act:  
Effect  
upon rates  
in certain  
parishes.  
Suggested  
alterations  
in Act.

Mr. H. G.  
Hills.

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Mr. H. G.  
Hills.

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19,739. How do you know it would have been the same—because the calculation might have been different for other districts?—If each parish were treated separately the result would be the same. Each parish is treated separately in making the calculation, but in paying the money the sums which would be paid by two of the parishes if they were separate is deducted from the gross amount paid to our board.

19,740. (*Mr. Arthur O'Connor.*) What is the date of that paper to which you have been referring?—This is a copy of the petition presented by the board to Parliament for an alteration of the Equalisation of Rates Act.

19,741. The date, please?—It is 1894.

19,742. Four years ago?—Yes.

19,743. Those figures would not apply now?—No, but the same principle exactly would apply now.

19,744. (*Chairman.*) Have you any objection in practice to the operation of the Valuation (Metropolis) Act?—No, I think not.

19,745. What do you say about the incorporation in it of a maximum scale of deduction?—I have had no actual experience either in valuing or of being a member or an officer of the assessment committee, and I am afraid my opinion would not be of very much value.

19,746. (*Mr. Elliott.*) With regard to the appointment of assessment committees, your suggestion is that there should be an assessment committee for the five parishes included in the Wandsworth District and a second assessment committee for the remaining parish, I think, Battersea?—Of course that could not be carried out unless there was some re-arrangement of districts beforehand. I could not suggest it as the union now stands. Why I mentioned it also is this, that there is now a proposal under consideration for the parish of Battersea being separated from the Wandsworth and Clapham Union.

19,747. At present there is one assessment committee, is there not, for the Wandsworth and Clapham Union, which comprises six parishes?—Yes, that is so.

19,748. Do you think that is a good arrangement?—I think so far as the district is concerned it is not a bad arrangement, certainly.

19,749. Do you think you would gain anything by the appointment of more assessment committees in your union?—I think not.

19,750. I do not quite understand, then, why you made the suggestion in paragraph 9 of your memorandum?—Only because I think as a principle the assessment committee should be appointed by the municipal body, and not by the board of guardians. It would make it uniform then for the whole of London.

19,751. Then you would have as many assessment committees as you have municipal bodies?—Yes, quite so.

19,752. Would you propose to go further in the opposite direction; would you propose to have an assessment committee for more than one municipal body?—I think municipal bodies might possibly be combined for that purpose.

19,753. Would you think it desirable to have one assessment authority for the whole of London?—No, I think not.

19,754. On what grounds?—I think it would be much too large a district. I think you would not then get that local knowledge which is now given with so much benefit to the assessment committees in valuation.

19,755. Would you say that the area for which an assessment authority should be appointed should be neither too large nor too small?—Yes, it should be certainly not nearly so large as London.

19,756. And not nearly so small as a single parish?—With a large parish, such as Islington, I think that an assessment committee might fairly work.

19,757. Of course, you are within the limits of the metropolis, are you not?—Yes.

19,758. Then the surveyor of taxes plays an important part in regard to the assessment?—Yes, he attends the meetings of the committee, I believe; I do not attend them, as I am not an officer of the assessment committee.

19,759. In your capacity as clerk to the district board of works, has any complaint reached you, or are

you aware of any complaints of the assessments in your district?—No.

19,760. Do you think that the system, as at present worked, is really an equitable system of assessment?—Yes, I think fairly so. I have no doubt that, owing to the conferences which have taken place between the assessment authorities of late, there is a greater uniformity of assessment than was the case even a few years ago.

19,761. You do not regard it, then, as necessary for the purpose of securing equality that there should be an assessment authority for the whole of London?—No, I do not.

19,762. (*Mr. Smith.*) Do you attribute to any extent the improvement in the assessment to the supervisory powers that the London County Council have exercised of late?—I attribute it to the conference, rather, which the county council called.

19,763. Those powers, I believe, have no legal operation; but have they had an effect, do you think, in bringing about uniformity?—I think they probably have had a beneficial effect.

19,764. I see you express, in paragraph 9 of your memorandum, a strong opinion that assessment committees should be appointed by the local authorities, and not by boards of guardians; could you tell me at all what are the respective amounts of the rates levied by the different bodies? What do your district board rates amount to all told in the pound?—Our rates are the general and sewers and the lighting.

19,765. Never mind that, I want the amount in the pound altogether?—It would be about 3s. 0d. or 3s. 2d.

19,766. And the union rates?—Much about the same—perhaps rather more.

19,767. Then there is not much difference on that ground?—No, I think not.

19,768. I suppose the origin of the union area being taken as the area for valuation purposes was that it was at that time the body levying the major amount of rates in the district?—Certainly; the poor rate was at that time the rate, as it were. Under the Railway Clauses Act, for instance, the poor rate only is mentioned as the rate that a railway company has to pay when taking property temporarily out of rating.

19,769. There is no necessary analogy, in your opinion is there, between the levying of a rate, not the poor rate, and the making of a valuation list?—Certainly not.

19,770. You incline to the opinion that the municipal authority is the better authority for the purposes of valuation?—Certainly.

19,771. I presume, looking to the progressive rate at which these charges are increasing, that you will soon be levying the major amount of the rates?—There can be no doubt of that, I think.

19,772. (*Mr. Arthur O'Connor.*) Will you kindly look at the tables accompanying your memorandum\*? Following upon the questions which Mr. Smith has just put to you, am I right in assuming that the office of the guardians in raising a large portion of the poor rate is purely ministerial?—Quite so. It includes the London County Council and the Metropolitan Common Poor Fund.

19,773. And the school board?—No, the school board is included in our rate—the general rate.

19,774. Take the case of Clapham, where in 1897 the poor rate was 3s. 7d.; what was the poor rate proper?—I am afraid I cannot answer that question.

19,775. Generally for your district, can you say what is the proportion of precept to charge included in the poor rate?—With regard to the poor rate I have no actual experience; but I have before me a demand note for the parish of Wandsworth for the rates for six months from the 29th September 1897 to the 25th March 1898.

19,776. The total rate there was what?—The total rate was 1s. 10d. in the £.

19,777. That is for the half year?—Yes.

19,778. That would be 3s. 8d. would it not?—Yes, that is so. It says that the expenditure over which the guardians have control is 7,708£; and the expenditure over which the guardians have no control is 15,551£.—

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Metropolis, valuation in: Conferences promoted by London County Council have been beneficial.

Assessment Committees should be appointed by Local Authorities, and not by Boards of Guardians.

Clapham, Streatham, and Wandsworth: Rates in.

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so there is twice as much expenditure outside their control as under their control.

19,779. That is to say, that 3s. 8d. in the year includes two-thirds of the amount which is raised by precept?—That is so.

19,780. And the poor rate proper is only one-third?—Yes.

19,781. Or about 1s. 2d. or 1s. 2½d.?—That is so.

19,782. I suppose any other authority could, for the purpose of raising the money, discharge the ministerial duties just as well as the guardians?—Certainly.

19,783. Then we shall have to transfer from the 3s. 8d., 2s. 4d. or 2s. 5d. to the other side of the account?—Yes.

19,784. And from the 6s. 6d. (the total) we deduct 1s. 2½d., which is very little more than a sixth part of the total charge on account of poor rate proper?—Yes, that is so. I may state that until the county council was formed under the Local Government Act, ten years ago, the precepts of the Metropolitan Board of Works were always issued to us, but under that Act it was held that they must be issued to the guardians.

19,785. Now then, from another point of view, you have, I see, five parishes in your district?—Yes.

19,786. And you have served in your present office, or one cognate to it, for over 20 years?—Yes.

19,787. Do you remember Streatham 30 years ago?—No, I do not remember it more than 20 years.

19,788. Am I right in saying that in 20 years Streatham has been very extensively built over and developed?—Quite so. It has changed from a country place to a town.

19,789. The value of land in Streatham for building and other purposes has gone up very much during the last 20 years?—It must have increased enormously.

19,790. The value of land in Clapham has not advanced at the same rate?—Not at the same rate.

19,791. I notice that in Clapham your total rate for 1897 was 6s. 6d.?—Yes, that is so.

19,792. In Streatham they were a little more?—Yes.

19,793. Your sewers and lighting rates are higher in Streatham than they are in Clapham?—There is not a very great deal of difference.

19,794. But they are higher?—Yes.

19,795. They are twice as high as regards the sewers rate, 3d. against 1½d.?—Yes. Perhaps I might explain that that is caused by the fact that we have not quite paid off the loans in Streatham which were raised 30 years ago. When the Wandsworth District was first formed there were no sewers whatever in the district, and we raised a large amount, 70,000l. or 80,000l., and we have been paying that off. We have paid that off in Clapham, and Streatham is just paying the last off.

19,796. The Streatham people have had to pay that?—Yes.

19,797. And that has been raised from the occupiers?—Yes.

19,798. The value of land in Streatham has been going up very much?—Very much indeed.

19,799. The freeholders interest therefore has been developed in Streatham during the last 20 or 30 years?—Yes.

19,800. At the expense of the occupiers?—In that way, no doubt. With regard to the value of land, I should think the value of land in Clapham has also increased, but not to the same extent.

19,801. Take Streatham then, which is the simpler instance; the fact is that the value of land in Streatham has during the last generation gone up immensely?—Yes.

19,802. And chiefly at the expense of the occupier?—The rates have been paid by the occupiers, of course.

19,803. And they pay the rents too, presumably, do they not?—Yes, no doubt.

19,804. I suppose that the occupiers are not the parents of the increased population?—No, they are mostly persons who come into the suburbs.

19,805. It is the increasing population which has developed the value of the land at Streatham as an area?—No doubt.

Land in  
Streatham  
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19,806. Would you have any difficulty in Streatham, do you think, for the purpose of rating, in distinguishing between the value or the structural cost of buildings and the value of the land as enhanced?—I must say that I have never been able to see my way to do that. I am not engaged in the valuation of property.

19,807. I will not carry it further after that answer. Now with regard to another matter. You have given us figures with regard to Islington and St. Giles's, especially with reference to the Equalisation of Rates Act; do you think that that Equalisation of Rates Act was based upon a sound principle or assumption?—I do not think it was entirely, but I must say that it has worked fairly satisfactorily.

19,808. Have you ever heard it suggested that the valuations in the East End of London are very much higher, having regard to the true value of the property, than the valuations in the West End of London, having regard to the true value of the property there?—I have heard it suggested, but I do not know that it is the fact.

19,809. Would you be prepared to deny it?—I cannot say that; the fact is, I do not know.

19,810. Assuming that the valuations in the East End of London are, as compared with the true value of the property, very high, as compared with the valuations in the West End of London, which are comparatively low, having regard to the true value of the property there, would you not say that by reason of such over or comparative over valuation in the East End the Equalisation of Rates Act is worked out upon false premises?—Unfair, certainly; it would act unfairly if that were so.

19,811. Assuming the facts to be as I have stated them?—Assuming the facts to be so.

19,812. The object of the Act is missed then?—Yes, to some extent.

19,813. In Streatham would you say that your valuation is high or low as compared with the true value of the property?—So far as I know, it is valued fairly.

19,814. Would you say the same of all the parishes of your district?—Yes, certainly.

19,815. Comparing with the valuation in your district, the valuation in Islington and St. Giles's, do you think that the same standard of value is used for valuation purposes?—I cannot say.

19,816. And you could not say either with regard to the East End?—No.

19,817. But your own valuation, at any rate, is not too high?—I believe it is done fairly well, as well as it can be done by the overseers and the assessment committee.

19,818. (Mr. Clare.) I understand, if I have followed your evidence correctly, that you say that the valuations of the parishes in your district are fair, and that there is nothing to complain about?—So far as I know.

19,819. Those valuations have been made by the assessment committees appointed by the boards of guardians since 1862, have they not?—Yes.

19,820. Why is there any necessity, then, to transfer the business of the present assessment committees, who, as I understand you to say, do their work well, and have been in power since 1862, to the Wandsworth District Board?—It is only because I think the Wandsworth District Board is the municipal authority. The guardians have nothing to do except to administer the poor law; the district board, on the other hand, has numerous laws to administer.

19,821. Taking the poor rate as representing, roughly speaking, about half of the total rates —?—Not as administered; the poor rate includes so many precepts from the county council and other bodies. The poor rate over which the guardians themselves have control, is but a small part of it.

19,822. I will put it in another way. Taking the rates collected by the Wandsworth Board of Guardians as representing slightly more than one-half of the total rates levied in the area, why would you transfer the whole of the powers of the assessment committee, which you admit have been well carried out, to the Wandsworth District Board without giving the board of guardians and these other rating authorities some representation on that assessment committee?—I should have no objection to the board of guardians having a

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Equalisa-  
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representation, but it seems to me that the municipal authority is the proper authority to have the management of the rating.

19,823. Supposing I put it in another way: do you see any objection to the assessment committee being formed partly of representatives of the board of guardians, partly of representatives of the urban district council?—Not at all.

19,824. Do you think that would be a satisfactory solution of the difficulty?—I do not think any difficulty exists now; in fact, my suggestion is to make it uniform throughout London. There are many large parishes in London where the municipal authority appoints the assessment committee, and it appears to me that that is the proper authority, and that if it is to be uniform, they should be the authority to appoint them all.

19,825. Do you see any practical objection, or any theoretical objection, to a body being formed for the purpose of making the assessments, composed partly of representatives of the board of guardians and partly of representatives of the district board?—None whatever.

19,826. In your district is all the expenditure made with respect to particular parishes?—Yes; that is in so far as my district board is concerned.

19,827. Is there any general expenditure incurred by the district board which is levied equally over the whole of the parishes in their district?—Only the establishment charges, which amount to about 5,000*l.* a year.

19,828. Is that all?—Yes.

19,829. As I understand, the whole of your district gets a substantial benefit from the Equalisation of Rates Act of 1894?—Yes.

19,830. But have you calculated that if the money which is distributed under that Act was distributed in some other way, you would get the larger benefit?—The district itself, as a whole, would not, but three of the parishes would get a benefit, and the two others would lose.

19,831. Why should your council suggest that three should get a larger benefit, and the other two should

The witness withdrew.

lose something?—Because that would be the way in which they would be treated if they were separate parishes. The district board has always acted upon the principle that each parish should bear its own burden.

19,832. I presume the three that would benefit have the largest number of representatives on the board?—No.

19,833. Is that not so?—No, but they have the largest population.

19,834. (*Chairman.*) Is there anything further that you wish to bring before us?—I should like to mention with regard to the Agricultural Rates Act—it did not occur to me at the time I sent in my memorandum—that the district board rather object to the working of the Agricultural Rates Act of 1896 in their district. The Agricultural Rates Act provides that agricultural land shall be charged at only half the rate, and then a grant is received from the Treasury by the spending authority. The general rate includes the school board rate, and the other part of the rate is for the expenses of the district board. The school board is within the meaning of the Act a spending authority, but the district board is not a spending authority within the meaning of the Act. The consequence is that the school board get from the Government a grant in respect of the loss which is sustained owing to the reduced receipts from their part of the general rate, but the district board gets nothing.

19,835. To what extent are the district board a spending authority?—They spend the whole of the general rate with the exception of that part which is paid to the school board.

19,836. Assuming your contention to be correct, to put it into figures, what does it mean to your district?—About 300*l.* a year.

19,837. What would that mean per *£*?—A very small amount. We wrote to the Local Government Board, but they came to the conclusion that we were not a spending authority within the meaning of the Act, and though the board regretted their decision, we did not think it was worth while to take further steps in the matter.

Mr. W. ARTHUR DARBISHIRE called and examined.

19,838. (*Chairman.*) I think you have communicated to your member of Parliament, Mr. Bryn Roberts, your desire to appear before this Commission?—I have.

19,839. And he communicated with me?—Yes, I understand so.

19,840. You are managing director of a slate quarry in the county of Carnarvon?—I am.

19,841. It is as to the mode of assessing slate quarries for rating purposes that you wish to speak to us to-day, I believe?—If you please.

19,842. I understand that you complain of the system as erroneous in respect that the rating authorities settle a royalty per ton for each quarry, and take that as the rateable value for the year?—They do.

19,843. You consider that incorrect?—I do, because the persons who assess this rate are people who are ignorant of the technicalities of a slate quarry. They go upon the principle of screwing up in good times and thus making an income tax upon our profits, so to speak.

19,844. Is it not what the hypothetical tenant will give for the property one year with another?—If that principle were adhered to a very different result would come out.

19,845. Is it not adhered to?—No. Slate quarries are taken on lease for a term of years at a payment which is agreed upon between the person who takes the quarry and the person who lets it as what would be a fair division of the result of working a quarry during 21 years. If in bad times there is no result, or nothing whatever comes out of the quarry, except what is sufficient to maintain it in a lettable position, it does not seem fair that that rent which is actually paid, and which one cannot get out of it, should be put down as the rent which anybody coming to the property afresh would pay.

19,846. It is quite clear in such a case as you put that the rent will cease to be paid at the end of a term

of years?—I am referring to the period of the lease. I take the rateable value to be assessed upon what a prospective tenant coming to the place would be willing to give for it as it stood.

19,847. If a rating authority has the actual bargain between two sane and responsible persons, the one to give so much to the other for a certain subject, do you think it is possible that any principle will be laid down which will go behind that arrangement?—Yes, because nothing whatever is allowed off that for the maintenance of the property in its lettable value.

19,848. By your lease you are bound to maintain in addition to paying rent, are you not?—You are bound to maintain it in a certain condition, yes; but the rating authority goes beyond that and says, if you make a better profit out of it one year, the letting value is greater than what you have agreed to pay.

19,849. Is your complaint this, that if more would be paid than the rent, you are rated upon the higher sum, whereas if you do not make the rent you are still rated upon the rent?—My complaint is, that when times are good we are rated at the price of the day. I am giving my own example here. My extreme royalty is 2*s.* 6*d.* a ton, but because the time is good I am rated this last year at 2*s.* 8*d.*, and I am going to be rated at 3*s.* next year.

19,850. In other words, in good times the tenant will give more for the subject than in bad times?—Very well; but in bad times he ought to be rated on what he will give then.

19,851. Is he not?—No, that is just the point.

19,852. Let me understand the point. If the royalty falls below the dead rent, that is the fixed rent, then are you rated on the fixed rent?—Yes.

19,853. Is your complaint this, then, that the royalty of the year, if it is taken in one year, ought to be taken in every year, or else the fixed rent should be taken

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23 June '98

Agricultural Rates Act, 1896: Objections to Act.

Mr. W. A. Darbishire

23 June '98

Slate quarries: Suggested system of valuation.

*Mr. W. A. Darbishire*  
23 June '98

every year?—My complaint is this, that the principle of the rating is entirely lost sight of. I am giving my own example in my own quarry. For 16 years the expense of keeping the property in lettable order was so great that there was actually no return whatever, and yet there was no deduction for any expense of keeping the property in lettable order, which I maintain ought to be allowed off the rent which has been fixed. Worse than that, having paid the 16 years when there was no result, now that times are good my rateable value is fixed higher than the rent that I am actually paying per ton. In fact, they go upon a sort of income tax upon my returns.

19,854. Have you appealed or made any objection?—No, I have not yet.

19,855. Upon your showing I am bound to say it seems to me a case for consideration on the merits as an individual case rather than a case for breaking down any principle?—I may be quite wrong, but I thought possibly this Commission would lay down a few broad lines for rating authorities to adopt.

19,856. I will take you on that. Assume that we are beginning with a clean slate, and going to have a reform, what is the principle upon which, in your opinion, slate quarries ought to be rated?—They ought to be rated upon such a rent as will be what the tenant would give after having had to keep his property in reasonably good order, and that, further, a very considerable portion of what he pays as royalty or dead rent should be taken as the rateable value of the owner's property instead of the tenant's property.

19,857. It does not much matter for the purpose which we are discussing, does it, whether the owner or occupier pays, because if the bargain is that the occupier has to pay the rates he gives the owner a less rent than he would if the owner paid the rate?—Yes, that is so.

19,858. As a matter of fact, I do not see that your principle which you suggested just now in reply to my question materially differs from what is the present state of the law, with this exception—that the rating authority presumes that you and your landlord have agreed upon what is the fair value of the quarry one year with another, and have taken that as the sum on which to rate you?—My idea is that a great part of what is paid as royalty or dead rent is a payment for raw material which the landlord sells to the tenant.

19,859. I understand that point, and I think it has been put to us by the owners of coal mines; it is that it is unfair to rate upon the royalty on the ground that to get the royalty you are actually consuming the property. Is that your point?—Yes, that is the point that I have raised here too. We have agreed to pay, say, 2s. a ton to the landlord for the use of any of his consumable property that we can get hold of. It is a purchase money.

19,860. Do you think that if the rating authority find that two people have made a bargain over a period of years, the one to pay the other, we will say, 500l. for the use of a subject, that they can go behind that fact and rate upon some other principle?—No. You say it is for the use of this property, but we pay for more than that—we pay for the purchase of this property. Part of my point is that we pay in the royalty a purchase money for the raw material, besides a sum for the use of the property which is there indicated.

19,861. In so far as you are paying for the corpus—for the subject itself—allowance ought to be made for that in the rent. Is that your point?—That is my point.

19,862. I understand from another passage in a communication that you have made to us, that you object to the method by which the result is arrived at—in other words, that you object to the employment of a professional valuer, and his being paid as a fee a per-centage on the amount of the assessment which he realises?—That is so.

19,863. Is that common in your district?—Yes, it is the usual system now with respect to slate quarries, but not with respect to anything else.

19,864. Is there any other point that I have not touched upon that you would like to speak about?—I do not think there is, but I wish to enforce that idea that the slate quarry material—the raw rock—is a purchased material by the lessee from the lessor. There is a very considerable portion of the rent which

is paid as purchase money for raw material which belongs to the lessor.

19,865. (*Mr. Dalton.*) After a time your slate quarry will be exhausted, I presume?—In about 200 years, yes.

19,866. Whenever that time comes, the rest of the ratepayers of the parish will lose any contribution whatever from that property?—They will when there is no more raw material to use up.

19,867. You are in the same position as any other ratepayer who has exhausted a property in the parish?—Certainly.

19,868. You will be striking it ultimately with sterility?—Yes.

19,869. Do you not think the other ratepayers have a right during the period that you are using up that property to have a contribution in respect of all that is taken away?—Yes, but not from the lessee.

19,870. That is another matter. I want first of all to get at the point whether you consider that the other ratepayers are entitled, whilst that property is being exhausted to rate it on its annual value. It has an increased annual value, because at the end of a certain number of years the property will vanish. Do you consider, therefore, that the other ratepayers have a right to charge on its full annual value—I am leaving out of account the question as between the lessor and lessee for the moment?—If there were a million tons of slate to be got out for a certain number of years, the ratepayers have a right to be paid upon that, but they have not a right to be paid upon the full actual value. They have a right to be paid upon what it would be worth after there had been money spent upon it to get the slate out.

19,871. That is another point?—I mean on the value to a manufacturer.

19,872. As regards the exhaustion of the property you do not think it is unfair that they should receive on the whole of the value less the cost of getting it out, do you?—No, I do not.

19,873. The next point that arises is whether the rate should be borne by the lessor or by the lessee; that, I suppose, is taken into account when they make their bargain together, is it not?—Yes, the lessee pays all the rates.

19,874. I suppose if he did not pay all the rates he would have to pay a higher royalty?—Yes, certainly.

19,875. You do not stand in that respect, as an owner of a slate quarry, in any other position than that of an owner of a house. It may be very fair to divide the rates between owner and occupier, but there is no stronger reason for doing it in the one case than for doing it in the other, is there?—I do not quite follow you there.

19,876. Why should an owner pay the rates in the case of a slate quarry and the occupier pay the rates in the case of other property?—The rates are at present being paid on the profits of manufacture—on an industry. They are not paid upon the actual value of the staff, the raw material of slate at all. They are paid upon the industry of turning the slate into a saleable article.

19,877. I do not quite understand what your proposal is as regards the rating of this property in the future. What is your practical recommendation?—My recommendation is that the dead rent should be taken as the rateable value.

19,878. What is the dead rent?—That is the minimum rent which has been agreed upon between the tenant and the landlord.

19,879. It is not the actual rent; it is the minimum rent?—Yes, it is the minimum rent.

19,880. You take that as the rateable value?—I do; that is what I believe to be correct.

19,881. And nothing else?—Nothing else, except taking out of that what the landlord would set aside as his sinking fund and adding to it the machinery, the use of which is given to the lessee.

19,882. Would that on the whole give you more than the dead rent or less than the dead rent?—It may give you a little more or a little less, but it is a different principle altogether.

19,883. You propose to rate it on a totally different principle to that principle on which you would rate any other property?—No; I maintain that would be the same principle as far as I understand.

*Mr. W. A. Darbishire*

23 June '98

Slate quarries: The money paid to lessor as rent is said to be partly purchase money for part of the owner's property, and as such should not be a subject for assessment. This point discussed.

Slate quarries: The money paid to lessor as rent is said to be partly purchase money for part of the owner's property, and as such should not be a subject for assessment.

Professional valuers should not be paid a fee dependent upon amount of assessment.

Slate quarries: Suggested system of valuation. The minimum rent should be taken as the basis.

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19,884. You do not have a minimum rent and a maximum rent in the case of other properties?—You do not have a rent varying according to the profits. If you take a house you do not vary the rent according to the profit; it is a fixed rent. Is that not so?

19,885. You would rate the quarries at the minimum rent. Is that it?—Yes, that is so.

19,886. (Mr. Clare.) The ordinary terms upon which a quarry or a coal mine is let by an owner to a lessee is that the lessee undertakes to pay a certain nominal or fixed rent, and, in addition, a certain royalty per ton on either the coal or the stone raised?—Yes, that is so.

19,887. And if the royalties exceed the dead rent, then he pays the royalties, but he does not pay the dead rent?—Yes, quite so.

19,888. That is the actual method by which almost all rents are paid in respect of the use of quarries or coal mines?—In respect of slate quarries, yes; I do not know anything about coal mines.

19,889. If an assessment committee is trying to find out what rent a hypothetical tenant would pay for a quarry, do you think they are very far wrong in adopting the principle that is universally adopted in practice between owners and lessees?—No, they are not.

19,890. Having ascertained in that method the rent which a hypothetical tenant would pay, then all they have to do is to make the statutory deductions which are required by the law in order to arrive at the rateable value?—I do not think so. The rating varies from year to year almost.

19,891. They do take it?—No.

19,892. Pardon me; the rent that you will pay as lessee to your landlord depends upon the number of tons of slate that you take out of your quarry and you pay according to a fixed royalty?—Yes.

19,893. If you take out 100,000 tons in any one year you pay more rent than if you take out 50,000 tons?—Yes.

19,894. If it is the universal practice between owners and lessees to adopt that method for ascertaining the rent which the lessee should pay, why should it not be the right method for an assessment committee to adopt in endeavouring to arrive at what, in their opinion, a hypothetical tenant would pay for the same quarry in any particular year?—Because one bargain is made for 21 years at the minimum, or at least for a large number of years, and the other is made for one year only.

19,895. I am not assuming that the assessment committee adopt the same royalty per ton, but that they simply adopt the same principle—namely, that they have to ascertain what royalty a tenant would pay, we

will say, this year for the purpose of occupying your quarry and getting all the stone he can out of it?—The case seems to me quite different. The assessment committee fix every year what they consider a fair rent that anybody would give for it during that year, but the bargain between the lessor and the lessee is how much he would pay for the 21 years, and he divides it in instalments over the 21 years. His annual payment is an instalment of the rent.

19,896. In ascertaining what rent you would be willing to pay, we will say this year, for the quarry that you occupy, are the assessment committee right in principle in making their calculation on the basis that you would be willing to pay a certain royalty for every ton of slate raised?—No, they are not; certainly not.

19,897. Then why did you adopt it in the bargain which you made with your owner?—Because I pay it in instalments extending over 21 years. If I am going to pay 1,000*l.* a year rent, that means 21,000*l.* to be paid for the property I am going to get hold of, and I am going to pay him in instalments over the 21 years; but if the assessment committee comes to me and says you ought to pay 2,000*l.* instead of 1,000*l.*, that is quite wrong. If they found that I would not have paid 100*l.* in a particular year, they ought to assess me at the 100*l.*

19,898. Supposing they come to the conclusion that you are paying 500*l.*, and that you ought only to pay 400*l.* you would not object to it; or supposing they come to the conclusion that you ought to pay 500*l.* to your landlord, and you only pay 400*l.*, you would not object to that also?—No, certainly not; they should do nothing of the kind. For 16 years nobody would have paid 500*l.* for my quarry.

19,899. (Mr. Smith.) May I ask in what union your quarry is situated?—It is in Liandwrog Parish, I think, in the Carnarvon Union.

19,900. And the assessment committee would be the assessment committee of that union?—They would be the guardians of the Carnarvon Union.

19,901. They would form the assessment committee?—Yes.

19,902. Why have you not made an objection?—Of course I shall do so, there is no doubt.

19,903. It would have strengthened your case if you had made it first?—Do you think so.

19,904. We should know then what they had done?—I want to know your opinion as being an authoritative opinion to settle these things in a friendly manner.

19,905. The law has pointed out to you the remedy, and you have not taken it apparently?—Yes, that is so.

19,906. (Chairman.) Have we missed anything you would like to say?—No, I think not.

Witness withdrew.

Adjourned till to-morrow at 11.30.

## FORTY-SEVENTH DAY.

Friday, 24th June 1898.

At St. Stephen's House, Victoria Embankment, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH (Chairman).

SIR E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.  
C. N. DALTON, Esq., C.B.  
H. E. CLARE, Esq.

T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.  
JAMES STUART, Esq., M.P.

ARTHUR WILSON FOX, Esq., Secretary.  
T. LLEWELYN DAVIES, Esq., Assistant Secretary.

Mr. B. F. C. COSTELLOE, called and examined.

Mr.  
B. F. C.  
Costelloe.  
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19,907. (Chairman.) I understand that you appear on behalf of the London County Council in regard to certain resolutions which the County Council has passed bearing upon the subject of our inquiry?—I do; but I should first of all mention, for the sake of exactness,

a small difficulty which has arisen (I think only a small one), and that is that the final resolutions which are mentioned in the memorandum\* I have handed in,

Mr. W. A.  
Darbishire  
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Resolutions passed by the London County Council with reference to local taxation to be submitted to the Commission.

concerning the relation of London to Imperial contributions, were not reached at the last meeting of the County Council, and remain, therefore, blocked for the moment. I have no reason to suppose that there is any serious adverse comment upon them, but if the Commission will kindly take anything I say as regards that matter, subject to what the Council may ultimately resolve, I think no practical inconvenience will arise.

19,908. Those are the resolutions, are they, which are printed on page 308 and onwards of your memorandum?—No; the resolutions from page 308 onwards are long since passed by the Council, but the Commission will observe that one of the original resolutions (k) was referred back for further consideration as to the exact form in which we ought to state to this Commission our desire as regards the ultimate relations of London to Imperial contributions.

19,909. I have just at this moment had put into my hand a letter, which is in the following terms. I will ask you whether it bears upon the point you are now referring to:—"Sir,—Referring to my letter of the 11th instant, forwarding proof of evidence to be given on behalf of the Council before the Royal Commission on Local Taxation by Mr. Costelloe, I have to inform you that the Council at its meeting on Tuesday last, the 21st instant, postponed the consideration of the following recommendations which the Local Government and Taxation Committee advised should be substituted for their original recommendation (k).—(i.) That it is desirable that taxation arising from local sources should be devoted to local purposes, and that the inhabited house duty is one of those taxes which should be transferred accordingly to the counties. (ii.) That certain services now administered and paid for locally are so far of national concern that the burden ought to be borne by the nation. I am, sir, your obedient servant, Charles John Stewart"—That is so. I was not aware that the Clerk to the Council had given formal notice; and, therefore, I desired to set myself right in the commencement of what I had to say. I may say that I have reason to suppose that no serious contest will arise, but it so happens that the report bringing up these final recommendations of the Local Government and Taxation Committee was not reached until after seven o'clock; and, therefore, it stood blocked for consideration at some future time.

19,910. Then we may take the points in your memorandum in the first instance, and deal with these resolutions afterwards?—If you please.

19,911. The resolutions, which are the important part of this memorandum, are those which are to be found, I think, in paragraph 25, are they not?—That is the chain of resolutions which my committee originally brought up, and which, with the exception just mentioned, were passed by the Council as the basis of the evidence I was to give on their behalf. The suspended resolutions you will see in paragraph 27.

19,912. They are those which have just been read?—Yes.

19,913. The point of the first three resolutions is that a new source of revenue for local purposes should be obtained by means of some direct charge upon owners of site values; that it be termed the owners' tax; and that all persons deriving a revenue, or use equivalent to revenue from the value of a site, be liable to pay such charge?—That is so.

19,914. Does that amount to more than this; that all who are owners of site values, whoever they may be, are to pay?—The object underlying those three resolutions is the object which I have set out more at length in another part of the memorandum that I handed in; namely, that there should be a transference of what I may call the immediate incidence (to avoid unnecessary argument) of a certain part of local taxation from the occupier to the owner—meaning by the owner, the owner of site values, and meaning by site values any rent or use equivalent to a rent arising out of the value of the site, as distinguished from all buildings or structures that may have been put upon it by the direct employment of capital.

19,915. There are two points underlying that; first that there should be a transfer, and then the person to whom it should be transferred?—That is so.

19,916. What are the grounds which make you think that the transfer is a fair one?—They are shortly these; that in the view of the Council it is expedient that the

entire cost of such expenditure for administration and improvement as is borne locally, ought no longer to be taken out of the pockets of the occupying ratepayers as at present, and that at least a considerable proportion of it ought to be borne directly by the owners of site values, because in our opinion the system of taking it all directly out of the pocket of the occupying ratepayer does, in fact, bear unjustly and very onerously upon him, and because it produces a very great resistance on the part of the occupying ratepayers to every form of progress or improvement, however desirable for the community at large that improvement or reform may be.

19,917. Just let us take that in detail. In the first place you assume that the charges existing come out of the occupier's pocket; let us be quite clear what we mean by occupier, because, of course, it is the leaseholder rather, is it not?—I should not say so. I am quite aware—and it is necessary at some point of the argument to discuss it—that the complex leasehold tenure in London raises great difficulties in the argument and in practice, but for the present purpose of clear statement, I should like to keep distinct the conception of the occupier and the owner, as we understand them.

19,918. Would you, in order that we may put it on the notes, so that there may be no after dispute about it, define for me the meaning that you attach first to the word "occupier," and then to the word "owner"?—I am much obliged to you for putting it in that form, because it enables me to clear up my meaning. The previous question, which was interrupted by my remark, was, in what sense does the present rate come out of the occupier's pocket? I should prefer, for the momentary purpose, to define "occupier" as the person out of whose pocket it comes according to the existing law, that is to say, the person from whom, in fact, it is collected. He is at the present time in the ordinary case the tenant who pays the rack rent subject to the well-known exception in the case of houses let in rooms or flats, or other structures of special kinds.

19,919. Do not let us complicate it with that for the moment; let us, for the purpose of definition, take the simplest case of the man who rents a whole house for either residential or business purposes?—That is what I should prefer to do for the clearness of the argument. In that case the immediate occupier, the person who actually does rent and occupy, is the person from whom the rate is at present collected. Defining the occupier in that way, the next question is to define the owner. In London, by reason of the leasehold tenure, the "owner" is a very complicated personality. There are often, in London, by reason of leasehold transactions, three or four layers of persons, who among them, from our point of view, make up the owner. It is by no means true to suppose that the owner of the ultimate freehold is, for the purposes of this argument, the owner. In many cases a large part of the beneficial advantage or profit of the site values may be in the hands of intermediate persons: but we do not, for the present purpose, need to discuss exactly how the site values in any particular case may be held. The Council did not desire to put to this Commission anything further upon that point than the resolution (c), namely, that all persons deriving a revenue or use equivalent to revenue from the value of a site, shall be considered to be the "owner" for this purpose.

19,920. Very well, we will take it at that for the moment—I have some questions to put about that by and by, but taking it that way is that the transfer which you advocate?—That is the transfer.

19,921. The question I want to ask before we go further is, what are the grounds which make you think that to be a fair transfer?—In the first place, that the present system bears unjustly upon the occupier as a matter of financial equity between contributaries, or possible contributaries, to the public charge. That is, if you please, partly an economic proposition. In the second place, that the present system makes against the good government of the community, and the execution of improvements which may be extremely necessary for the interest of the whole community, because it produces an extreme opposition to any expenditure of money whatever, however good.

19,922. In other words, the man who has contracted with the superior upon the basis of the rates being 2s. 6d. in the £, objects very strongly when they become 3s. or 3s. 6d.?—I do not know that I should accept the proposition that he has contracted on the

Mr.  
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Costelloe.

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Owner and occupier: Definition of these words.

Site values: Persons deriving revenues from site values should be assessed in respect of their several interests in them to local rates. Reasons for this suggestion.

Site values: Owners of site values, that is, all persons deriving revenues from site values, should be assessed in respect of them to local rates. Expenses of administration and cost of improvements should not fall principally upon occupiers.

Mr.  
B. F. C.  
Costelloe.

1 June '98

Rates in London : Lessees in London cannot make any precise calculation when making a bargain as to what the rates are or will be. They therefore made a blind bargain.

The State in deciding upon whom the burden of taxation should fall could rightfully ignore existing contracts as to payment of rates without giving compensation.

basis of their being 2s. 6d. in the £. I have always, myself, thought—and here, of course, in details I must speak for myself, because I cannot profess to have the authority of the council for every detail of the argument, but I think I substantially represent the view of the majority—I have always, myself, thought that the contracts of tenancy in London are not, in fact, made upon any clear or definite view of what the rates are, or are likely to be, because, in the circumstances of London rating, I think it is nearly impossible for everybody—certainly impossible for anybody, except a very skilled land agent—to find out what the rates of a given house are, or are going to be.

19,923. Certainly, what they are going to be is undoubtedly more difficult?—I mean it in this sense: that, as a matter of fact, even if you had the means of ascertaining what the aggregate rate in a particular area was last year, the rates vary from year to year, apart from their general tendency to increase, in such an extraordinary way that it is very fallacious to assume any exact figure as the rating of any house.

19,924. Quite so, but as between the two parties to the bargain, the bargain which the one man takes upon his shoulders, rightly or wrongly, but which, as a fact, he does take, is that he is to pay the rates?—Certainly, and part of my argument on the subject is that that is a blind bargain.

19,925. In entering into that bargain he is aware that rates are more likely to rise than they are to fall?—No doubt, but, as I say, part of my argument, and part of our view is, that he is entering on a blind bargain, and even that the tenant does not always see exactly how far it is a blind bargain. In the result, the tenant almost always finds that he has not foreseen even the inevitable rises of rate, and therefore he, assuming, whatever the economists may think, that these rises of the rate do come out of his pocket, and out of his living, constantly resists, and constantly, in all our experience, has resisted even the most necessary and important elements of public charge, such elementary expenditure as, for instance, that of public health.

19,926. I understand that, I think, as an argument for preventing such a bargain in future contracts—but I am not quite sure that I appreciate it as an argument for interfering with contracts which are already running their course?—I am obliged for the suggestion, because, of course, that element of the argument will also require to be dealt with at some point of the discussion. But, if I may say so, the difficulty of the discussion is that different classes of considerations are constantly interlacing in any discussion about the incidence of London rates. We have in the council always held—there is nothing about it in these expressed resolutions, but I am speaking from knowledge of the previous discussions on the subject—we have always held that the question of contracts, past or future, resolves itself into this—that it is the right, unquestionably, and we believe also, unquestionably, the duty of Parliament to say, when it imposes any public charge, upon whom, and, upon what interest, it desires that charge to fall; and that when it has so decided, it is nugatory for the subject to attempt to violently change the incidence of that charge by contract, as in the case of the income tax, and that the State can provide, and rightly does provide, for the nullity of any contract affecting to create such a transfer.

19,927. Without compensation?—Without compensation. In the case of the income tax, it was distinctly agreed—and this is the common basis on which we all proceed—that any contract affecting the charge and incidence of Schedule A. of the income tax is void. All we have proposed to do is to suggest that, if in the wisdom of Parliament a transfer of local charges should now take place, contracts ought not to be allowed to interfere with that.

19,928. Even in the case of a public body, either the London County Council, or the Birmingham Town Council, or the Liverpool Town Council, which, having cleared a site and let it out for building six months ago, upon the basis of existing charges amounting to so much in the pound, would that not annul that bargain, and transfer a part of the charge to the person with whom it has made its bargain?—I think I may clear a difficulty which lies behind that question, because, so far as our proposals are concerned, I do not think anything we are proposing here is at all practically likely to cut away any large proportion of the charges which

people contemplated in, for example, the great bulk of existing leasehold contracts.

19,929. Do not let us be dragged away by the great bulk of leasehold contracts, because, if I understand your resolutions aright, and we will take them in detail by and by, their object is to transfer a burden, commencing at the rate of 6d. per £ per annum, at once?—6d. per £ on the site values.

19,930. And to put it upon the owners of the site value?—I may at once make that clear, and I think it will help the Commission if I do. The effect of such a charge upon the owners of site values as 6d. in the £ on site values, would certainly not be to lessen to any great extent the burden falling upon the ordinary occupier. What it would do, would be to prevent that burden from increasing. My own immediate and most urgent object, speaking for myself, is not so much to cut away existing established burdens, although I think there is a case for relieving them, as to prevent them from constantly increasing. It is the constant increment of burdens on the occupier that is the real difficulty.

19,931. *Pro tanto*, an initial burden of 6d. in the £ would, by the gross amount raised from it, diminish the burden upon the shoulders of those who are at present contracting to carry it?—May I put it in this way? It would diminish what would otherwise be a burden, but the difficulty is that the burden upon the occupiers is a constantly increasing burden, and the object of the policy which I have in my mind is to stop that constantly increasing burden, which, I think, is inequitable, and which, in so far as it touches contract, arises from a blind contract.

19,932. Would you give the owners of site values votes?—I think it has not been the general policy of Parliament in modern times to set up a property vote of that kind, but I regard it as a very immaterial question. The effect would be very small, and I should have no particular objection to it myself.

19,933. In other words, you would be providing for yourselves a means of taxing a body of persons who would have no opportunity of resisting?—I think, as a matter of fact, the owners at present do vote, and that there are very few owners who would pay this tax who are not at present voters for the County Council, and, as a matter of fact, very influential voters. However, I do not desire myself to put forward anything here; our Council has not resolved upon that, and, therefore, do not desire to put forward any strong opinion either way.

19,934. You do not propose to stop at the 6d. in the £?—No, but I say frankly to the Commission, as I have always said in the Council, that I do not regard it as possible or desirable to make a revolution in the occupier's charge. If I had the power to take off 3s. of the 6s. the occupier at present bears—if I had the power to do that next year, I should not do it, because I think the ultimate effect would not be to the advantage of the occupier, and I think it would produce such dislocation, including an enormous dislocation in rent, as would be highly to the detriment of the community.

19,935. Do you not think that, having once placed this weapon in the hands of the spending authority, there would be a very great temptation to its constituents to be always transferring a constantly increasing share of the burden which, apparently, must rest upon the shoulders of one or other of them?—It is for exactly that reason that the resolution which deals with quantity, that is (*f*), which was the subject of close consideration, both in the committee and in the council, has put in, explicitly, a reference to Parliament, to determine the nature and extent of any rise that might be allowed if such a scheme were started. It is not in the contemplation of the council that a scheme should be suggested which would commence at 6d., and would promptly rise to an amount sufficient to pay the whole, or half, of the total local expenditure of London. It is of the essence of this scheme, I think, that it is a moderate scheme, and I present it to the Commission as a scheme which really would do no harm to anybody. It would lay a small charge upon the owners of the site values, mainly for the purpose of providing against new expenditure and it would place that charge upon them in respect of expenditure from which they derive an actual pecuniary profit, for which at present they pay nothing. To that extent it would alter their position; but I am confident, myself, that if this Commission were to report in favour of such a scheme, and if Parliament were to give effect to it, the

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Site values: Rating owners in respect of site values at the rate of 6d. in the £ would relieve occupiers from an increase in their present burdens which they contracted to pay by a blind bargain.

Site values, rating in respect of: Owners should be assessed commencing at the rate of 6d. in the £ and Parliament should fix a limit. The present maximum might perhaps be fixed at 2s. in the £. Question of interfering with contracts discussed. Distinction might be drawn between present and future contracts.



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owners of site values in London would certainly not discover that any important change had taken place in their situation. Nothing would have happened more serious than this, that in future they would be obliged to contribute directly to certain elements of public expenditure which would go to their own direct advantage.

19,936. At the same time, they would have no guarantee against the rapid increase of this burden?—The words of the resolution to which I have just referred, (f), were that the Commission “be asked to recommend that such owners’ tax commence at the rate of 6d. in the £ per annum”—that is upon the valuation of the site values, of course, and not upon the present rateable value—“and rise gradually to such sum as Parliament may determine.”

19,937. I noticed those words, and I want to know whether for each increase of  $\frac{1}{2}$ d. you are going back to Parliament?—No; the idea was this—of course, now again, the Commission will understand that in many of these points I am obliged to state my own view which, perhaps, travels in detail beyond what I have direct authority for.

19,938. We understand that perfectly?—Saving that, I may say the idea was this—that, commencing with a strictly moderate amount like 6d. upon the site values valuation, it is our desire, if possible, to obtain power from Parliament to increase that owners’ tax, from time to time, especially as new expenditure for the benefit of owners may have to be incurred—such, for example, as the new bridges or the Strand improvement; but we should be quite willing to have it put upon us that it should not be increased by a larger amount than so much in each year, and we invite the determination by Parliament of a maximum to which, without further Acts of Parliament, it should not go.

19,939. Will you give me your idea of the maximum and the period over which it might be spread?—I have not authority to speak on that. I can only say that the sum which has been discussed as the present maximum, so to speak, has been some such sum as 2s. in the £ on site values. Of course, I do not suggest that as an ultimate maximum, by any means, but if this were an experimental scheme, and if, by a gradual progress, an owner’s tax had mounted up to 1s. 6d. or 2s. in the £, and no trouble had arisen thereby, then, no doubt, we would suppose that the wisdom of some future Parliament might give some further latitude.

19,940. Quite so; I am not going to ask you whether you would go up to the whole length of 20s. in the £, unless you wish to express an opinion upon it; but some of my Scottish friends have told the Commission, quite frankly, that they would take 20s. in the £ in the course of a few years?—I am much more moderate than that; I am quite willing to leave it to the wisdom of future generations to say whether they will municipalize the site values of London. There are theoretic arguments concerning it which do not seem to me to touch immediate politics. I do not myself propose anything like a tax going up to 20s. in the £.

19,941. Would you agree with me that if the thin end of the wedge to the extent of 2s. in the £ was once inserted, it would be a comparatively easy thing to do, and very difficult to resist driving home the wedge to the full extent of 20s. in the £?—Respectfully, I should certainly not agree with that proposition. My own experience of these things, short as it is, leads me to see that the power of resistance possessed by people like the owners of site values, as a whole, is amply sufficient to protect them from anything very excessive; not merely now, but even in all periods of English history that I can force, I do not think they run any risk whatever. I think this is an equitable charge, and I think it is quite possible that Parliament, within some reasonable limit of time, may adopt such a principle; but I think that whenever it is adopted it will be adopted gradually, and it will be adopted as a very moderate measure, and I myself, if I were a large owner of site values, should not be in the least afraid of its exceeding that moderate measure—in fact, I think I should welcome it.

19,942. At the same time, you would not be surprised to hear that the owners of site values are, as a matter of fact, a good deal afraid of it?—Of course, I do not wish to mention names, but I only know that some very important members of that class who have discussed it with myself have told me, frankly, that they consider it is very foolish to take that line, because they consider it makes for their own safety rather than against them,

and I, myself, think it does. I think the chance of anything like a dangerous agitation for the municipalization of site values would be immensely decreased by the creation of a reasonable tax for municipal purposes upon them.

19,943. I want a clear answer to this question: Do you, or do you not, make any difference between interfering with freedom to make contracts in the future and interfering with contracts which are now running their course?—I admit a difference, but I bear in mind that even Mr. Goschen did not draw a hard and fast line. He himself proposed to interfere, to a certain extent, with contracts running their course—in 1869 I think it was—when the matter arose in a very embryonic stage in Parliament. I quite appreciate that there is a difference between what you may allow in future contracts and what you may do with reference to present contracts. I do not think, so far as concerns any moderate scheme such as this which is here proposed, that there is any cause for raising the question of the present contracts. But if I had to draw a Bill I should be quite willing to consider whether there could be any difference made as between existing and future contracts, because I admit the principle is different. I think that Parliament may say, and ought to say in the most absolute way, that when it has determined that a charge shall fall, say, on the owner of site values, any future contract which professes to alter that incidence shall be absolutely void, just as it has done, as I have said, with regard to the income tax. But as regards the bearing of such a charge upon running contracts, and whether any exemption or compensation was to be given to persons who might be supposed to be damaged under running contracts, that is another matter and is a mere question of practical expediency. I think it is not a matter for a clause in the Bill so much as for adjustment in the burden. As regards that, all I say is that I do not think this scheme gives cause for any such adjustment of the burden in the practical equities of the system.

19,944. Has the question of making a difference between future and present contracts been discussed by the London County Council?—Many times.

19,945. What has been the result?—I think, practically, I may say that what I have just said is the upshot of the general view.

19,946. That ends the questions I want to put to you as to the expediency of the transfer. I now turn rather to the next point, as to upon whose shoulders the transfer is to be made. I observe that the expression in your resolution is “some direct charge upon owners of site values”?—Yes.

19,947. And that is explained—so far as it is explained—by the words, “All persons deriving a revenue” or use equivalent to revenue from the value of a “site”?—That is so.

19,948. Do you suggest to us that a machinery can be devised which will throw the charge upon the right persons with anything like substantial accuracy?—I do. When you put to me the words “substantial accuracy,” of course, I guard myself against suggesting that anything like mathematical minuteness can be obtained in matters of taxation of this kind. The State does not obtain it in the Death Duties or in the income tax, or in anything else; but with substantial accuracy in the practical sense, that is to say, that the great bulk of the persons who ought to bear such a charge can be made to bear it, and that they can be made to bear it with rough justice in the proper proportions is, I think, perfectly practicable.

19,949. This is one of the points, I understand, upon which the advocates of this new burden have been themselves—and I think are still—considerably divided?—It is perfectly true that they have been divided upon it, because we have, at Spring Gardens, all of us, been thinking out and threshing out this question for many years, and it is our habit there frankly to state our different views. There is nothing in the nature of party allegiance of a very strict character in these matters. We all state our different views, both in private and in the Council, and thresh them out. Consequently, it has been publicly notorious that there have been differences between some of us and between some who take a leading part in the discussions as to exactly how such a thing could be done.

19,950. And you will understand that probably the same or similar differences of opinion are not unlikely to be reflected amongst us who are sitting around this

Mr.  
B. F. C.  
Costelloe.  
—  
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Site values :  
Taxation in respect of is quite practicable to carry out in detail.

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Costelloe.

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table; therefore, the questions that I am putting to you are questions, not for my own individual information, but for the use of the whole Commission when we come to discuss what we shall and what we shall not be able to recommend?—I am much obliged. I was going to complete my answer by saying that I do think that the differences of view which prevailed at an earlier time have largely been solved, and, I think, that amongst those who form opinion on this matter among the majority of the Council, there is now not any very great difference as to how they would propose in detail to work this scheme if the scheme were started at all.

19,951. I do not understand that in the resolutions which are put before us as resolutions of the Council any scheme is foreshadowed?—No, that was deliberately excluded after consideration, partly because we thought that it was travelling beyond the province of the Council to attempt anything like drafting a Bill, inasmuch as what we desired was to raise the discussion of the principle in a broad form of policy, and we regarded it as, of course, the right and the duty of this Commission to report to Her Majesty an opinion on policy which would be independent of questions of detail.

19,952. Quite so; but I think we shall be expected to go a little further, and that, probably, if we make a recommendation as a matter of general policy that a thing shall be done, we shall be expected at any rate to consider, and possibly to indicate in what way the thing can be carried out as a practical measure; at least I should go this length, that I do not think we should be quite doing our duty unless we made an effort in that direction. Therefore, I am anxious to get from you an indication either of the views which you yourself hold on the subject, or which you know are held by those who think with you on the main question?—I am entirely at the service of the Commission as regards any such matter; only, as you have kindly reminded me at the outset, the Council has reserved itself from making any recommendations, or from instructing me to make any suggestions on its behalf as to a detailed scheme.

19,953. I call your attention to paragraph 23 of your memorandum, in which you say: "I do not think it is necessary for me to trouble the Commission with the later proceedings, as they are recorded on the minutes of the Council." Of course, we can hardly regard the minutes of the London County Council as before us unless we get them stated upon our notes; and, therefore, I ask you whether that paragraph refers, or includes in its reference, the discussion upon the report of the resolutions which were passed in November 1892?—I have not the minutes before me, but I have no doubt it does include that amongst other discussions upon this subject.

19,954. I have what I think is a correct copy of a minute; perhaps you will look at it, and if so, we will have it read and put upon the notes (*handing document to witness*)?—The copy handed to me appears to be an extract from the Minutes of the London County Council of the 29th November 1892. At page 1124, dealing with a report of the Local Government and Taxation Committee, dated November 16th, 1892, the extract is as follows:—"Recommendation (A.) 'That it is imperative that the relief of the occupying ratepayers of London from the increase of charge should be secured in the next Session by the provision of some new source of revenue, such as, by way of illustration, a municipal death duty, rent duty, or special rate on ground values.' On the motion to adopt the above recommendation—'Amendment moved by Mr. Stuart, seconded by the Vice-Chairman of the Council, That it is imperative that the relief of the occupying ratepayers of London from the increase of charge should be secured in the next Session by the provision of some new source of revenue; that in the opinion of the Council the most equitable method of securing this relief is by the taxation of the ground values of London, and subject to the ultimate settlement of this question, some immediate relief might be obtained by an interim special rate on ground values, rent duty, or municipal death duty.' I perfectly recollect the discussion to which you call my attention by that extract, and I am quite willing, if it is desired, to explain the matter in any way.

19,955. If you wish to make any explanation about it, I should like to hear it?—The explanation is

very simple. The amendment which was moved by Mr. Stuart and seconded by the then Vice-Chairman of the Council was what I may call a friendly amendment to remove certain difficulties which some members of the majority had in accepting the precise words of the Local Government and Taxation Committee's recommendation at the time. I do not think if the members of the Commission look at the two recommendations they will find any material difference between them. The second one was merely intended to avoid committing people at that time to matters beyond what was the amount of agreement among us.

19,956. In this Commission we have had various suggestions put before us, and, as I understand it, there are two methods by which the general object is sought to be obtained—one by a taxation of the ground rent as it is received year by year, and the other by a taxation of what is called site value. I thought, perhaps erroneously, that the division of opinion between the supporters of the motion and of the amendment was really a division of opinion upon those lines?—I think not. If I remember it accurately, in both of these forms of words three possible methods of arriving at a taxation of site values were meant to be indicated. They are indicated with slightly different degrees of emphasis in the two forms of words, but they appear textually in both. One is called a municipal death duty, another is called a rent duty, and the third is called a special rate on ground values. It would perhaps be useful to the Commission if I were to state what the difference was, broadly speaking, between these three conceptions.

19,957. I think we may leave out for the moment, if you please, the municipal death duty. I think that would complicate our present point, but I will take it if you wish afterwards. The point I am on just now is the difference between the two others you have just mentioned?—As you please, but I think I should prefer, if you will allow me, to say a word about the municipal death duties also.

19,958. Before your evidence closes you may do so, but I would rather not have it mixed up at this moment with the others, because it is really quite a different question?—I will follow that intimation, but it had a certain connexion at this time with the movement here, and, without complicating the evidence, I think I should like to give you what the connexion was. I will commence with the rent duty and the special rate on ground values. What the rent duty meant was a scheme which was avowedly a rough and ready scheme which the council annexed to its Strand Improvement Bill in a previous session. In the Strand Improvement Bill of 1893, the Council proposed to Parliament that it should be allowed to obtain funds for that improvement from the owners of site values, on the ground that that was the kind of improvement which largely went to benefit the owners of site values generally. I do not mean that one particular improvement benefited all site values, but that such improvements, taken in the gross, did benefit site values, and therefore there was an equitable reason for raising an Improvements Fund by that kind of contribution. But at that time, in order to provide the most simple and obvious means of raising such a revenue we, my Committee and the Parliamentary Committee, went and negotiated with Somerset House, and by the leave of the Chancellor of the Exchequer, Somerset House agreed with us for the carrying out of a practical scheme if Parliament should give authority to raise the tax. That scheme was this: that an owner's improvement charge (as I think it was broadly called) should be raised in London from all persons who paid the Schedule A income tax; that it should be treated for all purposes as if it was an addition to the Schedule A income tax; that it should be raised by the Somerset House collectors upon the same demand notes, and in every way under the same sanctions as if it was an Imperial tax, but that they should raise that second portion as collectors for the London authority and should, subject to the cost of collection, hand over a quarterly cheque to the Council.

19,959. Was that your scheme?—That was our scheme; largely that was my own scheme.

19,960. That was your own scheme, which was embodied in a report, was it not?—It obtained the approval of the council, not exactly as an ultimate, but as a rough and ready and a practical way of doing this thing, and we put it into a Bill which was introduced on the authority of the council into Parliament.

Site values, taxation in respect of: Scheme of London County Council that an owner's improvement charge should be raised from all persons who pay income tax (Schedule A.) by Somerset House collectors.

Site values, taxation in respect of: Scheme of London County Council that an owner's improvement charge should be raised from all persons who pay income tax (Schedule A.) by Somerset House collectors.

Mr. B. F. C. Costelloe. 19,961. Just give me the date so that I may know when it was?—I have a bad memory for dates: I think it was the Bill of 1893.

24 June '97 (Mr. Stuart.) It was introduced in March 1893; I have got it before me, and it was sanctioned by the Council in November 1892.

(Witness.) Yes, that is this very time we are speaking of, as November 16, 1892, is the date of the extract from the committee's report put to me by the Chairman. It was at that very time that the form of the Bill was under discussion for the purpose of the November notices. As a matter of fact the Bill was brought in, and the history of the Bill was this; that it was ultimately stopped on Standing Orders in the House of Commons by the ruling of the then Speaker that a Bill of this kind, proposing a change of financial incidence of such importance in London, was a matter which could only be proceeded with by public Bill; and therefore the Bill, which was in the form of a private Bill, was ruled out of order and could proceed no further, with the result that the particular Strand Improvement for that year dropped for defect of funds.

19,962. (Chairman.) Would you describe that as a scheme for taxing site values?—I should, certainly; but, for the purpose of distinction, that is described in these resolutions which you put to me as rent duty. That formula is merely used there for the purpose of distinguishing that method of raising the money from other possible methods.

19,963. They are two distinct lines of action, are they not—the raising of revenue from a rent duty, and the raising of revenue from a site value?—Yes, theoretically they are distinct.

19,964. Practically the machinery required for putting them into practice would be a very different thing, according to whichever of the two systems was ultimately adopted by the County Council or by Parliament?—No doubt the machinery is distinct. When I said that this was not the ultimate method, but was a rough and practical method, what I meant was this, as was in all our minds at the time: that this, which I may call, for shortness, rent duty, does not exclude from the burden certain elements of rent which belong to the building value; that is to say, this rent duty calls for an even poundage contribution from every receiver of rent right back to the owner of the freehold, and thereby it does strike building value as well as site value. That is the defect of the scheme; but its merit is that it gives a perfectly simple and tight machinery, and as we proved could, with the assent of Somerset House, be worked out in practice without the smallest alteration of the existing machinery of collection beyond the printing of a few extra words on a demand note.

19,965. I will just put one more question upon it. What I want to know is this: Is it the terms of that Bill which the County Council recommend to us, or is it some scheme of taxing site value that you are here to support?—I am here to support a scheme for taxing site value, and I do not propose any rent duty as being the same thing as a site value tax, because, as I have just stated, clearly it is not economically in its incidence the same thing; but I would infinitely sooner, and I think the Council would infinitely sooner, have that than nothing at all.

19,966. I fully expected you to say that. But I want to know which of the two it is you would recommend—whether you would still recommend a rent duty as a rough and ready and temporary measure, with a view of afterwards coming to site value taxation, or whether you would wish us to leave out of sight the rent duty, and to fix our attention upon the site value scheme?—I certainly am recommending the site value scheme, in the proper sense of the word; but I should say, to be exact, that I by no means, myself, leave out of account, even now, the rent duty as a rough and ready measure for immediate purposes. I would much sooner get a rent duty as a means of obtaining revenue for immediate purposes out of a pocket other than the occupier's pocket, than get nothing, and I think the Council would.

19,967. You yourself did not think a tax upon rent values so satisfactory as the scheme which is described as site values?—Quite so.

19,968. Would you put before the Commission your idea of how a site value tax could be worked, as a matter of practice?—I think the machinery is not so very different from that which I have been suggesting;

in fact, I myself think the machinery of the income tax could be adopted even for that. Practically, it amounts to this: you would, first of all, require to have an assessment of the sites values—

19,969. I want to make it quite clear; it is really only for the purpose of elucidation. When you use the term site value, at the moment you are contemplating a tax upon the value of a site, whether it is covered by buildings, or whether it has been cleared and is going to be covered by buildings?—Certainly, as I was on the point of going on to explain.

19,970. I can understand more easily the machinery in the case when the site is vacant and going to be covered with buildings; but I want you to explain it to me in your own words, please, first one and then the other, or both together, as suits you best?—If you please. I mentioned in the memorandum I handed in, and I hope I may refer to it for completeness—

19,971. Certainly, I want you to do so?—That at a very early stage—the earliest stage, in fact, of these discussions in the Council—the late Mr. William Saunders and others, who took strong views about the land question, procured the appointment of a special committee on the valuation of land. It was appointed in virtue of a notice of motion on the 14th February 1889, which was in the following terms:—“That a committee be appointed to consider the best method of ascertaining the value of land throughout the metropolitan area, irrespective of the value of buildings and of improvements made by the owners.” On the 18th June 1889 this land valuation committee reported, and circulated copies of their report and of the evidence to the members of the Council, and it was considered at various times. I think copies of it have been supplied to the members of the Commission as an historical document. To put it shortly, the effect of that report, which has been confirmed by much subsequent consideration of the subject, was to convince us that there was really no material difficulty in ascertaining the site value, as distinct from the building value, whether the site was built upon or not. In consequence of that report, and the subsequent discussions, I have always, myself, been accustomed in the local government committee to define site value as the “cleared value” of a site. If the structures had happened to be burnt down, and the site were now to be sold in that condition at Tokenhouse Yard, the price it would fetch is what I mean by the site value.

19,972. But, then, if the building is not burnt down, the site value may, so to speak, be dormant, may it not?—Nothing may be being got from it because the buildings upon it, at the moment, may not be capable of utilising it as a matter of annual revenue to its full capacity?—They may not be capable of utilising the site value to its full capacity at the moment; sometimes that is undoubtedly so.

19,973. Or nearly to its full capacity?—I should hesitate to say that. Of course, the Council's valuer is much more competent to speak about that than I am in detail, and he has devoted a large consideration to this particular branch of the subject. I believe it is his opinion, and it certainly has always been the opinion of the local government committee, that there would be no material injustice in putting into a site values column a series of values, ascertained on the basis I have suggested, against every tenement in London, and that the owner in the composite sense I described (that is to say the owners of all the interests defined in recommendation (c))—that the owner, in that sense, does obtain, broadly speaking, the benefit of a value represented by that figure. There are marginal cases where he does not, but, taking the broad case, I believe he does or could receive that benefit.

19,974. Who do you mean by the owner in that context?—I mean the aggregate of the persons deriving a revenue, or use equivalent to a revenue, from the value of that site.

19,975. (Mr. Arthur O'Connor.) The ownership, however represented, of the entire interest?—Yes, precisely.

19,976. (Chairman.) Mr. Murray suggests what position would the mortgagee hold?—I do not take the mortgagee into account, and I do not know that Parliament has ever taken him into account in questions of taxation.

19,977. I take that from you, for the moment?—I do not know what would happen if you took the mortgagee in.

Mr. B. F. C. Costelloe.

24 June '98

Site values and owners of site values, definition of.

Rent duty and special rate on ground values: Distinction between.

Site values: Taxation in respect of is preferable to rent duty.

Mr.  
B. F. C.  
Costelloe.

24 June '98

Site and  
structural  
value :  
Method of  
separating  
values.

Site value,  
taxation in  
respect of :  
Possible  
hardship  
to owner  
at end of a  
lease of  
buildings  
that are  
old.

19,978. As to the question of the possibility of separating the structural from the site value, we have had evidence that, by the use of experts, it could probably be done, so far as the existing structure and existing site are concerned; and the valuer of your county council told us that the way in which he would do it would be to value the structure, but subtract the value of the structure from the total valuation, making the balance the value of the site?—I have not the evidence given here by the Council's valuer before me, but I cannot say that that was what I understood to be the valuer's view.

19,979. I think I have repeated it with substantial accuracy; but that is really not material, because the point that I want to put to you is this: Is it not possible that towards the end of a lease, when the buildings are very old, they do not, to any real extent, utilise the value of the site; that if you are going to estimate the site value for purposes of taxation in the way that you suggest, you may possibly be putting a burden upon the individual whom you describe as the owner greater than the amount he is annually drawing from the property?—In a marginal case, I quite concede it may be so. I do not suggest, as I said, that in this, or in any matter of taxation, can you get more than a rough equity; but in the case supposed, if there was any such very great disproportion between the immediate revenue and the possible revenue to be obtained by putting the site to its highest utility, it would obviously be to the interest of the freeholder to buy out the small balance of his lease and any syndicate, for example, dealing with the property would certainly do so.

19,980. But would that not put the power into any one occupant of a considerable block to put the owner in this dilemma—either that he must buy him out at a very large price, an unduly large price, or that the negotiations must fail?—That is what happens at present. When he wants to utilise the site, of course, the fact that the site value may be very high in comparison with the present rent, whether you tax the site values or not, gives the holders of existing leasehold interests a certain pull. But I do not think the question of putting a tax on site values would make any material difference to that situation. If the disproportion is very great it would pay the freeholder to clear out the interests, and, as I say, any syndicate dealing with the property in the syndicate fashion would certainly do so, and they are now doing so, I suppose, in London every day.

Site values,  
taxation in  
respect of :  
Scheme for  
distributing  
charge  
amongst  
owners of  
the various  
interests.

19,981. Now, I want to ask you a question as to how you are going to distribute the tax on site values in the case of sites which are built over when the value is in different hands?—Always saving the proposition that the Council does not propose at this stage to commit itself to a scheme for that purpose, I would suggest this as my personal view—that it is possible to obtain, and even easy to obtain, the true site value in the sense which I have defined. Any competent valuer can tell you what the site of this house would fetch at Tokenhouse Yard, within a very moderate margin, if this particular structure were burnt down. I believe I am perfectly safe in saying that. I believe, as a matter of fact, the valuers of London, as a whole, know with extraordinary exactness—it surprises me that they do know it with such extraordinary exactness—what the sites in London, as such, would fetch in that way.

19,982. You would not be surprised to hear, that when they give evidence as experts, they differ very widely as to what the value is?—I would admit that the evidence of a gentleman, as an expert, when he is a witness in the box, might be different from his opinion when advising a client.

19,983. Bear in mind that all this must be subject to appeal, and that our friends the experts will come in in the case of an appeal being taken from one tribunal to another?—Yes, I quite bear in mind that there is that difficulty, but I only reply, if I may, that that difficulty applies just as much to the rateable value, as at present assessed, as it does to the site value. Precisely the same considerations arise, and the two matters would, no doubt, proceed together in any future valuation. But assuming that you have a statement of the site values in a column in the assessment list, I think that it is then quite possible to divide each of these up, with a very close approximation to truth, amongst the different owners of interest in the property. The method I should propose for it personally is roughly to take the value of the site in

comparison with the existing rateable value—and a system which I cannot, without much verbiage, explain to the Commission, has, in fact, been suggested by Mr. Harper and myself at an earlier stage of these proceedings to the Council—by which you could give each payer of the rent a right to deduct from the person to whom he paid his rent the owner's tax or rate upon so many pounds in each case. I ought to say that Mr. Harper at a previous stage of these proceedings—I can give the Commission the papers if necessary—did draw up a very ingenious scheme by which it was quite possible to take the site value simply as an ordinary rate from the ratepayer, and to transfer back a certain number of pence in the £, somewhat after the manner in which the Schedule A. (Income Tax) is now transferred back, and to grade that in such a way as practically to reach each person who had the benefit of site values in his hand. Practically, to put it shortly, the method is to collect the owner's rate from the occupier, and to give him and each superior payer of rent a right to deduct that number of pence in the £ upon such and such a proportion of his rent from the person above him. The method I speak of was set out in a report of Mr. Harper to the Local Government Committee, of which I was at that time Chairman, dated the 11th December 1893.

19,984. Can I have that report?—Certainly.\* If the Chairman desires me to go into it at length, I would rather, if I might, do that when I have had a further opportunity of refreshing my memory, because I have not refreshed my memory for this purpose as to the exact details of this or any other detailed scheme, as the Council did not propose that I should give evidence of that nature on its behalf.

19,985. I would not think of asking you to go through that report at once, but I think it would be a valuable thing for us to have handed in. I want to ask you a question upon what you have just said. Of course in some cases the site values, as you propose to define them and to deal with them, would be potential, or, perhaps, capital value rather than annual revenue?—Undoubtedly.

19,986. If Mr. Harper is right in saying that it would be so in 30 per cent. of the cases in London—it would come to a considerable number in the aggregate, would it not?—I did not understand that that was the interpretation of Mr. Harper's opinion, that it would be capital value in the case of 30 per cent. Mr. Harper's 30 per cent., as I understand, refers to cases in which, deducting the value of the buildings from the present rateable value, you would come to a figure which would not be the true site value; in a large proportion of those 30 per cent. the site value would really be a value realised by revenue or use in one form or another—or at least a value realisable immediately.

19,987. I am quite content to take it in Mr. Harper's own words. In the third paragraph of his report, which you have just handed to me, I find these words: "When it is considered that in London there are vast numbers of buildings which do not utilise their sites in the best way or to the full extent (many being quite incompatible with, and encumbered upon, the sites they occupy) the practical impossibility of dividing rateable value accurately into two independent factors, one of which shall represent an assessment of the building, will be more completely realised. These considerations induced me to abandon the attempt to proceed by making a separate estimate of the building value?"—That exactly explains what we were just considering a moment ago. That is Mr. Harper's statement of the impossibility of taking the rateable value as a total, and then dividing that sum into two factors, one to represent land and the other to represent buildings. It is his argument for saying that you must leave the rateable value where it is, and go and have a separate valuation of the site, and then you must establish some equation between these two figures by an independent assessment for the purposes of deduction or transfer as between one interest in the land and another.

19,988. I will not ask you to commit yourself to the proportion of 70 and 30 per cent. respectively; but

\* The witness handed in the Report on the Rules for Deduction of the Value of the London County Council to the Local Government and Taxation Committee of the Council, dated 11th December 1893, also a report by the Local Government and Taxation Committee of the London County Council on the subject of the Rating of Land Values dated 29th November 1893 (No. 127).

Mr.  
B. F. C.  
Costelloe.

24 June '98

Site values,  
taxation in  
respect of :  
How the  
elements  
of capital  
value and  
income  
value  
should be  
dealt with  
discussed.

Mr.  
B. F. C.  
Costelloe.

24 June '98

you will agree with me I gather that whenever it is the case that the value of a cleared site exceeds the proportion of the annual revenue from it, which the owner, as we now describe him, gets, your scheme would not work fairly?—No, I do not admit that. In those conditions I quite fall in with the phrase you put to me a moment ago, that it would in that case have relation to a capital value rather than to an income value; but I should not in the least, myself, say that for that reason it did not work fairly. I see no reason myself why there should be a rigid exclusion of capital values from taxation, and that, indeed, is one reason why I have always myself kept a municipal death duty in view as one method of carrying out this policy.

19,989. How would you deal with those cases in which the value as ascertained, if it were a cleared site, does exceed the amount which the conjoint owners of the ground rent are getting?—I think that in those cases it would be perfectly fair to put a moderate charge, which is all it will be, upon them in relation to the true site value. If that puts a little extra pressure on some owners, to utilise the property for its highest economic utility, I think that would be a public advantage. I do not think it is at all desirable that so many sites in London should be at a low economic utility as the case is at present. That is largely the fault of the extremely complicated leasehold tenure, which makes it very difficult for anybody to utilise an old site. But I think a little extra pressure in that direction would do no harm, and that that is all it would do. Perhaps, before you pass from that, if you will permit me to do so, I may hand you, along with the reports, a paper which I find here in the same bundle, which is the Bill to authorise the improvement rent or charge which I referred to a moment ago.\*

London  
Owners  
Improvement  
Rate  
Bill, 1893.

19,990. Is this the Bill which was prepared in 1893?—Yes.

19,991. (Mr. Stuart.) That is, it was presented to Parliament in 1893?—Yes.

19,992. (Chairman.) Mr. Stuart has shown it to me more than once, but I should like to have a copy?—As I put Mr. Harper's report in for its historical interest, I should like to put that in also.

Site values,  
taxation in  
respect of:  
Rating in  
respect of  
capital  
value and  
income  
value.  
Owners  
should be  
made to  
contribute  
in respect  
of in-  
creased  
capital  
value,  
which is  
largely due  
to public  
expendi-  
ture,  
through a  
municipal  
death duty.

19,993. Before I pass from the first five resolutions, I will ask you whether there is anything more you wish to say upon them?—May I by your leave just say a word or two personally about the municipal death duty? At the time of this discussion in November 1892, and throughout the whole of these proceedings, I, and I think most members of the Council who are thinking about this matter, have been of opinion that ultimately it is necessary to bear in mind taxation upon capital values as well as taxation upon revenue, if you are really going to make a full and fair share of the public burden fall upon the owners of site values. Without desiring at the present moment—because, of course, I have no explicit mandate from the Council on the subject at this moment—to propose anything expressly, I should wish to say that the possibility of a municipal death duty cannot, in my opinion, be left out of the account as an element in an ultimate scheme; that is to say, I do not believe that you will be able to get, or even that it will be expedient, to press for so full a contribution in the way of a tax on revenue from owners of site values as would really do justice between them and the occupiers. I put it to myself in this way—that the total building estate called London rises in value, practically, with every year, and that when successions fall in, say once in every 20 years, it is demonstrable that that building estate has very largely increased in pure site value in the interval.

19,994. I want you to make it quite clear, in potential value, or in value which is going into the beneficiary's pocket?—In value which is being obtained as a profit. I think, if I may say so, it simplifies the theoretical considerations in this matter if one can consider London as one building estate—if you can think of it as a building estate owned by one millionaire, for example. In that case, when that building estate passed by succession from one generation of owners to another, I think it is demonstrable that the site value of it, apart from the buildings, would be found at every succession to have enormously increased. It appears to me quite clear that that increase of value is due, not to the owners or to any expenditure of capital

on their part, but to the labour of the community, and very largely to the actual expenditure of money upon local government and municipal improvements. I do regard that increment of value—that capital increment of value, if that is the only way we can get at it—as the natural fund from which to aid the local expenditure. I regard the whole local expenditure, and I make no exception, as expenditure which goes to create that increment of value. If you are dealing with questions of how you can raise that local expenditure equitably, I think it is quite unjust to take it all out of the occupier's pocket, as is done now. I think that the natural way of redressing that injustice is to find a means of taking some of it out of the increment of value which the expenditure itself creates. I think, myself, that you will not finally do that until you come to a municipal death duty, but that you can make an approach to it by methods of annual taxation.

19,995. One might agree to that, I think, as a general statement without its committing one to a particular scheme of how any part of that can be got for the community with fairness to individual interests?—I do not think the difficulties of machinery will be found to be any worse in this question of taxation than they are in all questions of taxation. I desire to repeat that all methods of taxation are rough and ready methods, such as the income tax.

19,996. I suggest to you on the moment that, supposing the average succession is at intervals of 30 or 25 years, and the building lease, as we know, usually lasts from 75 to 100 years, it is possible that throughout the tenure of three or four individual owners no actual increase of return to each of them may have been got from this estate, although it has passed two or three times from one hand to the other by death; what would you do in a case of that kind?—In that case, if I had to do with a scheme for a municipal death duty, I should treat the matter exactly as it stands—that is to say, the site values would be increasing in value, but that increase might belong not to the succession of the freeholder but perhaps to the succession of the beneficial leaseholder, and if it did it should be valued accordingly. The freeholder has a reversion and towards the end of the lease that reversion rises enormously in value. When that reversion does become valuable let it be so assessed. So long as the rest of the site value is going into the pockets of the leaseholder let it be assessed on his succession. Somebody succeeds to it whatever the details may be.

19,997. Do I understand that you would not assess in a municipal death duty any value which was not actually obtainable in annual revenue?—No. I should make that a strict matter of valuation of the succession, whatever it truly is.

19,998. I pass to the resolution (f.). As I understand it, it seems to imply that site values have not in the past, and do not, as a matter of fact, now bear their fair share of expenditure?—That is so; that is a proposition I should strongly press on the Commission.

19,999. I should like to know upon what ground that assumption is based?—The main ground is the ground I have just put for another purpose, namely, that the whole of local expenditure, including both expenditure on improvements and expenditure on government, seems to me to help towards the pecuniary profit of the owner of site values in the end; and, as I have explained, I distinctly hold the view that the rate now raised to defray that expenditure does onerously fall very largely upon the occupier and not upon the owner. That is my first argument.

20,000. I suppose that you would give me the same answer if I suggest to you that the interest that is to pay the rates has bargained to do it, and that that does not affect your view of the matter?—I think that it is the business of the State to lay a contribution where the State intends that contribution to fall. I think it is also the business of the State to take such reasonable precautions as may be possible to see that that intention is not defeated by contract, but if economic laws, or anything uncontrollable, ultimately does alter the incidence, then that cannot be helped. I think in this case it is possible to put the incidence in such a way that it will fall where you intend it to fall; but even if it were proved to me that that might not be so, that would not alter my view. I think it is highly against the public interest that the incidence should now appear to fall exclusively upon the occupier, partly because that raises the enormous resistance on the part of the occupier, as I said, to every sort of

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Owners of  
site values  
benefit  
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At any  
rate the  
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should not  
appear to  
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sively  
on the oc-  
cupiers, as  
it induces  
them to  
resist ex-  
penditure  
on im-  
provements.

\* The witness handed in a Bill to authorise an improvement rate or charge in the Administrative County of London, called the London Owners Improvement Rate Bill.

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improvement, even what is for the elementary public good. Since ever I have been concerned with London politics, which is a good many years now, I have never known any improvement of any kind which was not met by an immediate ratepayers' agitation. If the ratepayer does not bear the burden, why is he such a fool as to resist the improvement? Any improvement, in some sense, improves his conditions of life, undoubtedly. If that improvement is economically paid for by his landlord, why is the ratepayer of London—a very shrewd and determined person—so foolish as to resist all these expenditures?

20,001. May it not possibly be that, after all, he is the best judge of his own wishes and desires in the matter?—I think so; and that is exactly my point. I think he is the best judge, and I think the fact that he opposes these expenditures proves that, in fact, he largely bears them. The first strand of my argument, of course, is the proposition that in the existing state of things a great deal of the burden presses upon the occupier. I know that it is contended by some economists that theoretically we ought to suppose that it falls upon the owner. I have never been able to see my way to agree with that conclusion, and my main argument against it is the fact that the occupier constantly behaves as if the burden fell on him, and that every time a penny is put on any rate the occupier immediately protests, even, as I say, where the penny is put on for the purposes of public health, education, and other matters in which the occupier has an obvious immediate interest.

20,002. May it not be the case that the first incidence does fall upon the man who pays it until he has an opportunity of revising his contract, and that then in the end it falls upon the interest behind him?—If that were so, I do not think the ratepayers' opposition would be at all of the nature that it is.

20,003. Do you not think so?—I think not. Take, for example, the education rate. Certainly the ordinary London occupier has got great advantages of a sort out of the Education Acts—out of free education and other matters of that kind; nevertheless, every rise of the education rate has been met with constant and furious resistance by the ratepayers—so much so, that notoriously everybody about the School Board, and any member connected with it, is in a state of blue fear at every prospect of the rate rising even by a penny. I do not think that is a conceivable state of things if, in point of fact, the occupier does not bear the incidence.

20,004. You are not a member of the School Board?—Unfortunately I am.

20,005. Even though you are I will not be tempted into a discussion of why the ratepayer objects to the education expenditure. But I suggest to you, as a matter of fact, that the occupier—the ratepayer really—should be allowed to judge whether he would have his improvement and pay for it, or not, and that it is not a sound suggestion to put it upon a small minority who will have no power of resistance?—That raises the question, of course, of the representation of owners. As I have said, I do not desire to express any strong opinion concerning that. I would much sooner have an owner's rate conjoined with any artificial representation of owners which Parliament thought fit to impose, than I would go without an owner's rate at all. But I was not suggesting in the least that the occupier was not a proper judge of expenditure. I was only using the occupier's conduct, his unvarying conduct in London, as one of the reasons which causes me to believe that the present incidence is upon the occupier. If it is conceded that to any important extent the present incidence is upon the occupier, then it appears to me clear that it ought not to be upon him, because, as a matter of fact, the owner is the person who gets an enormous amount of the pecuniary advantage.

20,006. Are there any other matters in these following resolutions on which you wish to say anything. I do not propose to ask you any questions upon them, because so far as I have paid attention to them, they are matters which have been brought fully before us by other witnesses; and I simply take it that these are resolutions which are passed by the Council and are expressing their view. If there are any of them, except those which you have just mentioned, that you want to speak on, I shall be glad to hear you?—The subsequent resolutions in my memorandum raise, amongst other things, the enormously important question of the Exchequer contributions, as to which I should

certainly wish to say something to the Commission, subject to the difficulty I have already mentioned, that the final resolutions of the Committee have not yet been passed by the Council.

20,007. That matter has been gone into so very fully in Mr. Gomme's examination, that I hesitate to ask you any questions except this: that if there is any particular point on which you want to lay emphasis, I think the Commission would be glad to hear it?—I did not propose in the least to go over again the figures which Mr. Gomme put to the Commission as regards the unfairness, as we take it, of the way in which London is at present treated. I am quite content to leave that point where he left it.

20,008. That is Resolution (j.), is it not?—No, I think not. Resolution (j.) is intended to be read with the two resolutions in paragraph 27, which happen to be at the present moment suspended. These three resolutions together are intended to suggest to this Commission a very much larger question. Resolution (j.) runs as follows: "That, as the present system of Exchequer contributions from the taxpayer to the ratepayer by means of the Exchequer grants appears to operate so as to withdraw from Londoners more than it returns to them, no system of Exchequer contributions distributed to the whole country upon the present basis of division ought to be accepted on behalf of London." That is an attack, not upon any question of the fairness of the existing distribution, but upon the whole system of Exchequer contributions as they stand from the point of view of London, because it is our opinion that you could not give any practicable grant from Exchequer contributions to the London ratepayer which would not arithmetically work out to the disadvantage of London for the simple reason that in our view London would always pay (say) 25s. of such contribution for every 20s. that it received. Therefore, in that respect, from the arithmetical point of view, we are disposed to attack the whole arrangement, and my committee, and I believe the Council, are very strongly of opinion that for other wider reasons also, the whole system of Exchequer contributions, as it is now arranged, is vicious and works very much to the disadvantage of the Metropolis in particular.

20,009. (Mr. Arthur O'Connor.) And of every other large city as compared with a smaller city?—And of every other large city also as compared, I should rather say, with the country districts.

20,010. (Chairman.) And I understand that, holding that opinion, Resolutions (i.) and (ii.), in paragraph 27, are outlines of the methods that you would suggest in place of them?—Yes, it is an outline of the methods.

20,011. Resolution (j.) really in great part is relative to the exhaustive calculations which Mr. Gomme put before us, is it not?—I have seen Mr. Gomme's evidence given before this Commission, and I have no doubt he touched upon this subject, but this resolution, I think, goes further. I do not know if I made myself clear just now. Mr. Gomme's evidence was mainly directed to saying that if there were to be Exchequer contributions distributed on any quota, the present quota was unjust to London. That is to say that the relief to its local taxation which London now was supposed to get out of the Exchequer contributions, assuming an Exchequer contribution to be a relief, was the wrong proportion—that country districts, for instance, got a very large relief on a certain basis of calculation, and that London got a very small one. With that I entirely associate myself. Of course, I have been through these figures *ad nauseam*, and I entirely think that that case is made out; but I did not wish to travel over that ground again before this Commission. Resolution (j.) deals with more than that.

20,012. Shall we take the first of the two resolutions in paragraph 27 now?—May I say a word on (j.) first? As I say, (j.) goes further. (j.) lays down, not only that proposition, but a more fundamental proposition; namely, that if you take out of Imperial taxation any grant which is assumed to be a grant in aid to the local taxation of London, you will fail, no matter on what practicable basis you distribute it, because in order to pay 20s. to the ratepayer of London you will have to take 25s. from the taxpayer of London. Whatever you do, practically you will fall into that dilemma. That is the suggestion.

20,013. I do not quite follow that—perhaps you will explain it to me?—I would put it, I think, in this way:

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Incidence  
of local  
taxation  
discussed.  
Suggested  
that the  
larger bur-  
den of  
rates falls  
on the  
occupier.

Exchequer  
contribu-  
tions:  
Present  
system of  
distribu-  
tion said to  
be unfair  
to London.  
Other  
methods of  
distribu-  
tion sug-  
gested.

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The conception of grants-in-aid was that you can from some external fund relieve the payer of local rates. I suppose that, undoubtedly, it started from the persons interested in rural rates who desired to relieve a pressure assumed to act upon agriculture. It was supposed that you had some external fund from which you could relieve them, and I think in their case it was in a sense true; but the external fund there was the urban taxpayer. When you come to London and suggest that you are going to relieve the London occupier by such a grant, you will inevitably by the force of the situation relieve him out of his own pocket, because there is no other fund—the fund does not come out of the sky; it comes out of the pockets of the contributories.

20,014. I beg your pardon, but Imperial taxation is not, even assuming your premises, drawn only from urban pockets?—No. The question in substance is with whom, with what other citizens I am to share a certain public burden. That is what it always comes to. If you propose to relieve me as a ratepayer in Westminster, what you are really proposing to do is not to give me money out of some external source; you are in the end proposing to cause me to share my present burden with a certain number of other people. If you rid the London ratepayers as a whole of 20 per cent. of their present charges, and put them on Imperial taxation, the result of that is to put them back on the London ratepayer, or to put them back upon a class of people, the London contributories generally, who are much the same thing as the London ratepayer in the end, or who come to the same thing for the purposes of equity, with this difference: that, as a rule, London will pay more by any such contribution than it will get; that is, the London taxpayer will pay more to any fund of this kind than the London ratepayer will get out of it. Therefore, from the London point of view, the game is not worth the candle.

20,015. Of course, from that point of view we should require to have accurately defined who the London taxpayer is, and to find out whether he does pay more than his fair share?—Yes, on that head, of course, you have a vast quantity of figures from Mr. Gomme, as to which I should put it in this way, I think: If you are going to raise money in order that the Imperial Exchequer may make a grant to certain ratepayers, you will in effect raise that upon those elements of Imperial taxation which, according to our present policy, are capable of change. We do not at the present moment raise money by Customs revenue or Excise revenue, except in a very limited number of ways. We do not alter the great majority of our sources of revenue to any material extent unless it be by relieving them. Excepting in so far as we might meet excess charges out of the income tax, a burden thrown upon the Imperial Exchequer chiefly appears to me to have the effect of preventing the remission of certain forms of charge, which would otherwise be remitted—take, for instance, such things as the tobacco duty which has just been remitted, and the tea duty which a large number of people are desiring to remit.

20,016. (Mr. Arthur O'Connor.) Which is indirect taxation?—It is. Therefore, I come to this, that practically, any million that you place upon the Exchequer will be borne in the end either by the income tax payers, or by the consumers of matters such as I have mentioned, which practically are consumed chiefly by the poor.

20,017. (Chairman.) Then, of course, we are thrown back upon the consideration whether the objects to which the Imperial subventions are given are, or are not, matters of Imperial or local concern?—Partly. I was coming to that point if I may, and that is germane to the resolutions in paragraph 27; but I had not, in my own argument quite arrived at that, because the point I was desiring to direct attention to was that the proposition was in the first place, how to relieve the ratepayer. If you are going to relieve the ratepayer—the occupying householder and the occupying shop-keeper, for that is what it comes to—if you are going to relieve him of a million by raising that million from the income tax, and from the consumers of tea and tobacco, then it seems to me that so far from effecting any relief, you are effecting an extra injustice; you are putting taxation which may be badly borne at present upon a class of people who are still less proper to bear it.

20,018. Obviously, I let you make that statement, but I am not going to argue it in the form of question

and answer?—I am much obliged to you for allowing me to make the statement. Of course, I am quite aware that it is a contentious statement, and I put it strongly, because I think it is the general view of my Committee, and indeed of the Council, that that is a statement which we desire to press on the Commission.

20,019. But obviously it is rather a matter of argument, and one to be dealt with, if we deal with it at all, in a report rather than in question and answer with a witness across the table?—If you please.

20,020. Now we will take the first two resolutions?—The first of those two resolutions which at the present moment have not got the final sanction of the Council, is: "That it is desirable that taxation arising from local sources should be devoted to local purposes, and that the inhabited house duty is one of those taxes which should be transferred accordingly to the counties." The policy or purpose lying behind that resolution I take to be this: If there be a radical vice in the present system of Exchequer grants, naturally no one would propose to remedy that by abolishing Exchequer grants, and putting the whole of these millions back at once upon the occupying ratepayer. That obviously would not suit any of the purposes or policy that we have in view, because one of our great objects is to relieve the occupying ratepayer of what we think to be now a very unjust burden, and a very galling burden. The question then is what alternative is possible. Looking very carefully around the subject, it seemed to us that the only view we could suggest to this Commission was that instead of raising money from the Imperial contributories—that is to say, as we take it, from indirect taxation and income tax—instead of raising money in that way, and professing to pay it in lump sums allocated on some basis (which is almost inevitably a bad basis) to the relief of rates, we consider that it would be a much more sound policy to endeavour to distinguish between local revenue and Imperial revenue with more exactness than is done at present. At the present moment there is practically no attempt at a logical distinction between Imperial and local revenue. The whole thing has grown up haphazard. This particular tax, for instance, the inhabited house duty, which seems to us to be obviously a local tax, is at the present moment considered as part of the Imperial revenue. In our view it would be desirable to substitute for the present system of Exchequer grants a plan of discrimination between revenue which is in principle local, and revenue which is in principle Imperial. We think it would be possible to carry out a scheme upon that basis which would not damnify the occupying ratepayer, as compared with the present system which happens to have grown up, and which would be in principle and in ultimate effect very much better for every public purpose. That is the view of policy which lies behind the resolution in paragraph 27 of my memorandum.

20,021. You can hardly separate (i.) from (ii.) can you?—The two stand together: they are meant, of course, to be portions of the same policy.

20,022. I mean, if you are going to adopt the policy at all, you must really make up your mind, and we must all make up our minds, which services are local and which are of national concern?—I quite think so.

20,023. Do you not think the real controversy will come upon that point?—I do not suggest that that is at all an easy point. I am well aware that we are taking a great responsibility when we raise so large a question, but as a matter of fact we have been driven to that, not by any desire on our part to propose large changes, because these are largely outside the scope of our immediate consideration, but because of the difficulties of the present system which is put upon us.

20,024. You will take it from me, I have not a doubt without the slightest difficulty, that we have had gentlemen before us who have taken the most diverse views upon these questions, and according as their interest may lead them, they suggested that first one charge and then the other—some taking one and some another—are of Imperial rather than of local concern; there is no sort of agreement in the views which have been put before us in that matter?—Unfortunately I think in that, as in the case of land values, we suffer from the fact that those who have the conduct of affairs and of the policy of the country have devoted very little consideration to it at present. We have had the advantage in my Committee, for instance, of the assistance in the discussion of these very resolutions of Lord Welby, and Mr. Shaw Lefevre, and others who have had large

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Exchequer contributions should be abolished, and taxes, which are really in the nature of local and not Imperial revenue, should be retained by the local authorities. The burden of certain services now paid for locally should be borne by the nation, but there would have to be a clear understanding as to what are local and what are national services.

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Expenditure on certain services should be met from Imperial sources. Question of control discussed, and how far Exchequer grants for certain purposes would lead to extravagance.

experience of affairs; and I think it is the general opinion of them all that up till now there has not been any serious attempt either to discriminate local revenue from Imperial revenue, or to discriminate local services from Imperial services.

20,025. Do you think, for example, that the cost of public elementary education is a matter of Imperial or of local concern?—At the present moment it appears to be the policy of Parliament to treat it as a matter of Imperial concern. Practically Parliament is bearing the great bulk of the cost of local education.

20,026. Of course, I was not so much wanting a statement from you of what is the policy of Parliament as trying to get your view—which do you think it is?—I am inclined to think myself that public expenditure on education is a charge mainly of Imperial concern.

20,027. The support of the poor, for example—which do you put that under?—I should say myself that that is mainly an Imperial concern also.

20,028. To be administered Imperially?—I am of opinion that practically it is administered Imperially. The powers of the Local Government Board are so large that you have all the difficulties of an Imperial bureaucracy imposed upon the poor law system. Of course, when you ask me whether a thing is to be administered Imperially, that raises a new set of considerations. I think it is quite possible that the bulk of a charge may be borne Imperially, and that yet you may give considerable powers of detailed administration to localities. I myself should suggest that that is probably the soundest policy, although I do not wish to speak with confidence on these high matters. But it must not be taken that I propose, because I say a charge is to be borne imperially, that therefore every detail of the administration of that charge should be governed from Whitehall by methods of bureaucratic control without local administration.

20,029. Do you really contemplate a system of poor law relief in which the payments shall be regulated locally and found Imperially?—To a large extent I do. I do not at all see that it is impossible to devise such a system.

20,030. Where do you think your safeguard for due economy in such a system would lie?—I do not wish to answer in any discourteous form, but the answer that occurs to me is that the mischiefs to economy in the present system of Exchequer grants are to my mind incalculably greater than they would be on such a plan.

20,031. I was thinking only of the Poor Law; do you condemn any particular Exchequer grant in regard to the Poor Law?—One of the difficulties of the Exchequer grants is that they are not in regard to anything in particular—they are a lump sum.

20,032. I beg your pardon; I think that is not an accurate answer. I think they are nearly all, if not all, ear-marked?—That is not how I conceive them at all. As I understand the situation, certain grants are issued out of the Exchequer in lump sums which are supposed to have relation to previous grants-in-aid.

20,033. But is that accurate as regards the Poor Law?—I speak subject to correction, but I am nearly sure.

20,034. I am sure you have given that answer without due consideration?—I do not profess at all to be an expert, and it is possible I may be in error. As I understand the situation, the grants that are made, for instance, to the London County Council out of the Exchequer fund are not ear-marked, except in this sense, that we are bound to pay 4*l.* per head for in-door poor to the Boards of Guardians in London. That, again, is a lump sum.

20,035. Are you speaking of the Imperial grant or of the grant under the Metropolitan Common Poor Fund?—No, I was speaking of the Imperial grant. I did not understand you were putting the Metropolitan Common Poor Fund to me.

20,036. We were led into this from a general question which I put, whether the administration of the Poor Law was to be of Imperial or of local concern; surely you would not put to me that, because the Imperial Exchequer gives 4*l.* per head for in-door poor, that that is a temptation to extravagance?—I would rather illustrate what I mean with reference to the present grants by taking a different one, and one that

has been very popular, and, therefore, will not be contentious—that is the Technical Education grant. My view is, with every desire to assist technical education, that the fact of giving a large sum of money to the county councils out of the blue sky, with the general direction that they might spend it on technical education, has led to very great extravagance indeed, and to very ill-considered expenditure.

20,037. I am not sure that I disagree?—I merely suggest that as an illustration.

20,038. Is there any other matter on those two resolutions that you want to speak to?—I do not think so. Everything I desire to say in that regard is expressed in the memorandum.

20,039. (*Mr. Murray.*) Would it suit your purpose if the new owners' tax was limited to what you have described as any "increase of burden or expenditure on new services"?—I think that would be a very great improvement on the present situation. I say, frankly, that if the constant pressure to increase the burden were taken off the occupying ratepayer, and if it were possible to take off him also a certain reasonable amount of the recent increase from which he has suffered within the last few years, I myself should hardly propose to go further, for I should be practically content with such a scheme as would produce that effect.

20,040. It would relieve you, would it not, of the enormous difficulty of interfering with existing contracts?—It would.

20,041. To some extent, at any rate?—I am putting this scheme to the Commission as an extremely moderate scheme. I do not wish to put this in any confiscatory form at all. The object is to prevent a constantly increasing burden which, I think, at the present moment is working a very great hardship to certain people who can ill bear it.

20,042. I suppose you mean those words "new services" to apply both to increased burdens and to expenditure?—Yes.

20,043. You do not mean increase of burden or "expenditure for new services"?—It is intended to apply to both. But perhaps I ought to say that "new services" may convey to the minds of the Commission a narrower meaning than they do to us. We mean by "new services" new public benefits of any kind—it may be a great improvement of an existing service, such as the Fire Brigade, for instance.

20,044. Would you propose to limit the owner's tax to the tax on his beneficial interest in the site value? Suppose, for instance, that the site value was larger than his actual revenue?—I regard that really as a detail for the drafting of the Bill. I do not wish to express any hard and fast view about it. If any form of site value was considered to be so remote from practical realization, that it would be unjust to lay this burden on it, I should have no objection to see that exempted from the burden. It is really a matter which would arise when the discussion of the machinery, such as Lord Balfour put to me, came up. It would be a question whether upon the particular owner's interest, you were to put the full theoretic value of that interest in the site as a basis of contribution, or whether you were to take some lower figure, because he could not himself realize the full theoretic value.

20,045. Would it not be reasonable to limit it to his actual benefit?—I do not follow that. When you say "actual benefit," might I say that you beg the question. The real question is, I think, as the Chairman put to me, whether his benefit takes the form of an annual revenue, or whether it takes a capital form. If you were to have no tax upon site values, except a tax raised annually, then I think it would be necessary, in order to do anything like justice, to take in certain elements of value, which now are in what you may call a capital form. If I had also a capital tax like the Municipal Death Duty, or had it in prospect, my view about that would very much alter. That is exactly the reason why I said, in answer to the Chairman, that, in my own view, I do not think the scheme will be ultimately complete until you have both forms. Of course, I do not anticipate, without a considerable time elapsing, a complete scheme, but as I look at the theory of the thing in my own mind, I keep that in view, although for present purposes I am quite content to have a rough and ready scheme, which will be some instalment of substantial justice and relief.

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Site values: If owners of site values were taxed for the purpose of contributing towards increase of expenditure on new services it would be sufficient.

Site values, taxation in respect of of: Rating in respect of capital value and income value. Owners should contribute in respect of increased capital value through a municipal death duty.



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Site values,  
taxation in  
respect of:  
Scheme for distribu-  
ting charge amongst  
owners of  
the various  
interests.

Mort-  
gagees:  
Their in-  
terests can-  
not be con-  
sidered in  
questions  
of rating.

Rates in  
London:  
Lessees in  
London  
cannot  
make any  
precise calcu-  
lation as  
to what the  
rates are  
or will be.  
They  
therefore  
make a  
blind barg-  
ain.

20,046. When you speak of all persons deriving a revenue, would you include a lessor for 999 years?—Yes, certainly. I include all freehold and leasehold interests amongst persons deriving a revenue. The lessor for 999 years is the owner of a ground rent if he has leased for any substantial rent.

20,047. You see, you are proposing to value his site, after five hundred years say, at some quite different value?—Yes, but as will be seen by the report which the Chairman asked me to hand to him as to one of the methods proposed, it is not proposed to put upon the owner of the ground rent, anything seriously different from a site values tax upon the amount of his ground rent. If the lessor for 999 years was only receiving 10*l.*, then he would only pay ten sixpences, whoever else pays the rest, unless his reversion has come within such a range of time as would make that also a proper element of valuation.

20,048. Then what have you to say to the mortgagee who was mentioned before?—I confess I do not see any way to take the mortgagee into account at all in questions of taxation. I do not see how it is possible to do it.

20,049. He is rather an important element, is he not, in any question of ground rents?—As I understand it, you do not take a mortgagee into account in other questions of taxation, and you do not take him into account in rates.

20,050. Do you not take him into account in the income tax?—I am not competent to say exactly how that works out, but you certainly do not take him into account in connexion with rates.

20,051. Obviously, for a very good reason, but in the case of Schedule A. (Income Tax), of course, he is taken into account in respect of his interest?—I should be quite content, as I have said, as far as that is concerned, for rough and immediate purposes, to follow the general analogy of Schedule A. (Income Tax) so far as it will lead me.

20,052. That would include the mortgagee?—I do not wish to commit myself finally on that, because I cannot say that I have fully thought out that particular difficulty. Broadly speaking, I have always thought that the basis of Schedule A. (Income Tax) is a very convenient basis to start from, and that with few modifications it would lead one a long way.

20,053. You have mentioned a blind bargain very often. By a blind bargain, do you mean that the man who made it was blind?—I mean that the circumstances of the case do not allow the London occupier to forecast in any reasonable way what these burdens are likely to amount to.

20,054. But he knows what they are at the moment, at any rate?—Roughly. I think you would find very few people who rent a house in London who do know accurately what they are at the moment. I certainly have never done so when I rented a house.

20,055. Do you not think it is a usual practice, when people are going to rent houses, to find out what the rates are likely to be?—I am afraid that since I became Chairman of the Local Government Committee, and have inspected statistics of this matter, I do not believe much in their discovering what the rates are likely to be. The tables of rates in London vary from year to year, and from area to area, in a wildly erratic way. It is perfectly possible that you may have—I will not say in this spot, but in the houses that we are looking at across the river—the rates next year is more than the rates this year, and that the year after that they may be 4*d.* less than they are this year. It is extremely difficult to tell. There are tables which I could give the Commission, if necessary—I do not know whether Mr. Gomme has actually given them—in which we have plotted out by diagram\* the variations in rates in the various areas of London for the purpose of showing amongst other things this eccentricity. I am sure they would surprise the Commission. The difficulty is that the aggregate rating of that warehouse over the river is a matter which depends upon the expenditure, possibly, of 12 different authorities. The possibility of discovering exactly what has had to be contributed last year is difficult in itself, but supposing you arrive at that, that gives you nothing except the vaguest clue to what will be required this

year, even apart from the general tendency of rates to increase in London.

20,056. Have you thought of the practical difficulties of putting in a column of site values?—Yes, indeed; we have had to think of that very closely and minutely, because in the discussions in the Committee and in the Council these practical difficulties have constantly been pressed upon us by the opponents of the scheme, vary fairly and naturally and, I think, very usefully, because the result has been to show that it can be done.

20,057. What do you think it would cost for the first valuation?—I do not think the cost of valuation is at all a serious element. The present valuation of London ought to cost a great deal more than it does at present in order to be fairly done. We have had a large experience of that also at the Council. For instance, the valuation of public-house property in London—at any rate until lately—has been a wide departure from the intentions of the law. You must, in fact, in order to do your valuation at all decently, employ a certain amount of expert skill; and practically all valuation authorities are now coming to do so, owing to a certain tendency of late to improve these matters and to put them on a fair basis. Assuming that your valuation authority has the necessary expert assistance for its present duties, I think the extra cost of assessing the site values column may be neglected.

20,058. But surely it involves, practically, the re-valuation of every hereditament in London?—I do not think so.

20,059. Of course, there is all the difference in the world, is there not, between the present valuation for rateable purposes and the new valuation which you propose? One is based on an actual fact, which is rent, and the other is based on a pure hypothesis, which is the value of the site cleared from the buildings?—I am afraid I should not accept that statement as to the existing valuation. I know nothing more hypothetical and more difficult than a true adjustment of a rateable value of the ordinary London house under the present law. We have had immense experience of it in my Committee, because we have exercised a certain oversight over it.

20,060. Still, you have a certain basis to go upon there, and you have no basis at all in estimating the site value?—The present rent, of course, is not the correct basis to start from for rateable value; it is the fair rent—the rent which could, one year with another, be obtained for the property, which is the basis they ought to start from. Taking London properties all over, the ascertainment of that figure is not, practically, more difficult than the ascertainment of what the site would sell for at Tokenhouse Yard if the building were burned down. I should say, on the whole, it is often easier to ascertain the site value than to ascertain the rent which is supposed to be the basis of the valuation now.

20,061. Except that, in one case, you have the fact of the rent that is paid and in the other you have no basis at all?—Take the case of a board school and a public building.

20,062. (Chairman.) One moment. I think I may ask you to answer the question first, and then give your explanation?—I beg your pardon; I was intending to do so, but I was framing my sentence badly. What I should have said was that, in many cases at present you have got no rent which is paid at all, and in very many others you have a rent which is the wrong rent. There are many classes of property in which you cannot even start from any rental figure, and where you have a rent—for instance, a leasehold rent—that very often is a misleading element rather than an assistance to the valuation, as we found to our cost when we had much litigation with St. George's, Hanover Square, and Marylebone, and of course, in the case of the City. The most extraordinary difficulties arise as to what you are to do with the rent. In the case of school boards, vestry halls, and public buildings of all kinds, very great difficulties arise. I know that it is commonly supposed that the existing system of valuation is comparatively simple, and that the proposed system of site values valuation would be comparatively difficult, but I am sure that is a fallacy. As a matter of fact, assuming, as I said, that the existing valuation authorities had the expert assistance which they ought to have for the present purpose, and

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discussed.

\* See London County Council Return, London Statistics, 1892-93 (No. 129), p. 254.—P. S. King and Son, Great Smith Street, Westminster, S.W.

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were doing their present duty efficiently, I think, after the first valuation, the difficulties introduced by valuing the site would be entirely negligible.

20,063. (Mr. Murray.) When you say the site value is to be the value if let for building, for how long a lease do you mean?—"If let for building by an owner in fee" was meant, I think, to assume the ordinary building lease. I should have no objection to, say, a 99 years' lease. The object of these words was not so much to define the length of lease as to define the kind of valuation which we were supposing. As we cannot take the capital value of the site, as we cannot take the capital sum which it would fetch at Tokenhouse Yard, it is necessary to take some annual equivalent, and for that, of course, you might take so much per cent. upon the capital or you might apply various other tests. The test which we proposed to apply to it, is what it would turn into as a building ground-rent in the ordinary practice of London business.

20,064. Do you think that dividing a tax between the owner and occupier would tend to economy in expenditure or otherwise?—Do you mean in the method proposed by our proposals now?

20,065. Assuming that the occupier has not got to bear the whole burden in the first instance, at any rate, then do you think that what you propose would tend to the economical administration of the rates or otherwise?—I do not think there would be any loss of check over economy of administration by that process. I think what would happen would be that a certain amount of money would be spent on purposes that are highly to the public interest and highly remunerative to the community, which are now stopped. I do not call that stoppage economy. For instance, to neglect a necessary expenditure on public health is a kind of thing which many people might call economy, but I am afraid I should call it wastefulness.

20,066. But it would lead to increased expenditure, you think?—I think it is quite possible that it might lead to a little more expenditure in certain ways, though I doubt even that, because the pressure of public opinion, and the mere necessities of the case, are driving all public bodies to spend most of the money which they would have to spend anyhow. I think the chief way in which it would increase expenditure is that it would increase London improvements. I do not think that in things like sanitary expenditure and lighting and fire brigade, and all those other matters, it would accelerate expenditure to any appreciable extent now. I believe now the occupier is being driven to pay for these things, and is grumbling so much because he has to do it; but I think in such matters as London improvements, and, perhaps, in such matters as parks, there might be more expenditure under the new system than there is under the present one.

20,067. You do not think that grumbling exercises a restraining influence on those who hold the purse?—I am afraid I do not think it usefully does so. I am afraid that has not been my experience of it. I think the economy comes in at all the wrong points, so to speak. Where there is real wasteful expenditure, and still more where there is any tendency towards corrupt expenditure, I think that is managed in spite of the ratepayer.

20,068. (Mr. Dalton.) Since Mr. Harper gave us his evidence as to the probable cost of a site value assessment in London, we have had some evidence from a gentleman who has assured us that in each case it would be necessary to employ a professional valuer for the purpose of ascertaining the site value of each separate property; do you agree that that would be the case?—I do not know at present who gave the evidence; but I assume that he was an opponent of the taxation of site values. I think it is quite ridiculous to suggest that you would require a separate valuer's valuation for each property.

20,069. I did not mean a separate valuer's valuation but a separate valuation for each property in London?—Clearly, in one sense, there would require to be a separate valuation, because each property would have to be valued. My contemplation is that each assessing authority would have some valuer attached to it, as it ought to have for the purpose of its present duties, and that it would be the duty of that valuer, who would, I assume, be employed at a salary, to put into the primary list the site values which he put on each property in the district. Undoubtedly that would involve a certain expense at the first assessment; but I

think that a local valuer, acquainted with the values of property in the district, would find no difficulty in putting down an approximately right amount against each tenement. If it were appealed against, of course, it would follow the usual course that it takes now.

20,070. Would it not be necessary to have a survey of the site in each case, to see what the site really consisted of as regards each property?—I do not profess to speak as an expert, but I can hardly suppose that it would. I think what would happen would be that the assessment authority, the valuation authority, would have the power of entry, and that their officer would go and see what the property consisted of.

20,071. What the site was?—Yes. I do not suppose that he would arrive at exactitude. I presume that what would actually happen is that he would put a moderate value upon the site so as to be within the mark; I do not, myself, anticipate that you would get the actual true site values until several quinquennial valuations after the first one.

20,072. In certain parts of London every square foot of site is of very great value, is it not—take the City?—But those are also the parts of London in which the precise delimitation of each site is easiest got at.

20,073. Still, if you take the City of London, and take the site value of each property in that, you would agree that it would be necessary to go with a considerable amount of accuracy into the survey of the site?—I know, of course, that there are ordnance maps at the present moment, on a great scale, which give you all those sites, for example, in the City, with great exactitude, subject to such corrections as are necessary for changes in building. I should say that any of the assessment authorities in the City employing a competent city valuer would find no material difficulty in saying very fairly what the site values were. We have had occasion to go into it ourselves, because we questioned the city valuation some years ago. We employed, on behalf of the Council, three valuers of eminence in the City to advise us as to the question whether certain large ranges of contested assessments in the City were, on the present basis, right or not. Practically they had, in every case, to value the site, and I never understood that the smallest difficulty was experienced in arriving at any rate at an approximate valuation.

20,074. I am not suggesting that there is any difficulty if you spend enough money, but it is the question of cost I am on; in the City, I understand, in some parts the annual site value is worth 2*l.* or 3*l.* per square foot?—No doubt, and more than that.

20,075. I suppose you would require to have a very accurate survey of the site there?—I suggest to you that what will happen will be that the authority which gets out the primary valuation list will put down a great deal less than any possible site value, and that they will only arrive at the true site value after the process of sundry quinquennial valuations. I feel quite certain that that is what will happen in the City.

20,076. Could you give us the number of separate properties that would have to be valued for the purpose of this site duty in London?—The number is very large.

20,077. Would it come to a million?—I do not know offhand what the number is.

20,078. I have here the Statistical Abstract for 1897, prepared by the London County Council. Taking the County Council figures, I find that the total number of houses simply, inhabited and uninhabited in 1896, the latest date that I have got here, is 596,000; can you say whether that includes warehouses and properties which would not usually be regarded as houses?—I know it is very difficult to find exactly what a house in that column means; but that would include warehouses, I believe, and shops, and all other things of that kind. I should think that, upon the basis you give me now, the number of tenements to be rated is much less than a million.

20,079. Supposing it was 750,000—I rather think that the figures we had just now, brought up the total valuation as costing 50,000*l.*; that would be rather less than 2*s.* apiece for each of those properties of every description?—I think it is fallacious to take them as if there was an independent valuation of each property. Take the ordinary streets of residential houses in London, in which one house is much like another, even if there are small incidental differences. I take it that

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Division of rates between owner and occupier would probably lead to increased expenditure upon certain objects.

Site values could be ascertained without much difficulty in London notwithstanding the large number of properties to be valued.

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what would happen would be that the valuer attached to the assessment authority would, after inspecting those properties in the ordinary course of his duty, put down a gross and rateable value on the present basis, and that he would put down a moderate figure which would practically be the same for each house in the street as corresponding to what he considered to be the site value. I think that that would, as I say, hardly add to the labour necessary for making a just valuation of the gross and rateable value on the present basis.

20,080. You think the site values of those houses could be arrived at at the rate of about 2s. or 3s. apiece throughout the whole of London?—Mr. Harper is much more competent to say what the cost of the valuation would be than I am; but the proposition does not deter me.

20,081. (Mr. Arthur O'Connor.) It would, I suppose, only be a matter of area with reference to frontage?—In the case of the ordinary houses in the street, I should say that anybody who is competent to be the valuer of the local authority could run out what the site value of those houses would be in a few minutes for each ordinary street.

20,082. (Mr. Dalton.) Could you get merely a plan giving you the scale of area of each house in a street for anything like 2s. or 3s. apiece?—I do not think you would require it. The existing ordnance maps, which show the property, would be amply sufficient in all ordinary cases. Of course, I am not suggesting that that is sufficient in cases where properties of immense value, in Cornhill, for instance, dovetail in and out in the back premises. There, a somewhat further valuation would be required. Perhaps, in certain cases, it might be necessary to survey, but I very much doubt whether there is any case, even in the City, in which there is not within the reach of the valuation authority a quite easy means of putting before an expert valuer the materials for assessing a reasonable site value. I think the difficulty would be cut short, as I say, by putting a moderate value on in the first instance, and letting it settle itself in the course of time.

Site values should be assessed to some extent to local taxes, irrespective of existing contracts. The State imposes burdens by legislation irrespective of existing contracts.

20,083. With respect to the question of existing contracts, is it possible to have a tax upon site value, and yet to maintain existing contracts?—I think it is.

20,084. What would be the practical effect of that—you would begin in a small way, I suppose, then?—I would begin in a small way. May I say that, at the present moment, it seems to me that practically you have very little regard to existing contracts. A person who took a lease of any house in London in 1869 contracted to pay rates and taxes. At that time nobody understood, or supposed in any way, that the State was going to take up the enormous burden of the charge of national education. When Parliament did so, in 1870, it was then commonly supposed that the charge for national education would run to a maximum of about 3d. in the £. Since then we know that it has run to something much nearer to 1s. Nobody ever discussed the effect on existing contracts when the State embarked on these large liabilities. They were imposed without a thought upon the occupying shopkeepers, on what I take to be the perfectly fallacious argument that the tenant had contracted to pay all the rates and taxes, whatever they might be. The result is that you are putting upon that tenant a burden which he never contemplated in any way, and could not have foreseen. I think that was a much more violent dealing with the equities as between the parties to the existing contract than anything that would happen under my scheme.

Site values, taxation in respect of: Case of existing contracts discussed.

20,085. May we work out the case of the existing contracts as between the ground landlord and the other owners?—If you please.

20,086. We had a case yesterday in evidence in which the original ground landlord gets 900l. a year for his ground rent; the improved ground rent which the witness called the secured ground rent is 3,000l. a year when the house is built upon it and the rent of the house is, I think, 16,000l. a year?—It is evident from the figures that this is rather an exceptional case, but still I will endeavour to follow it.

20,087. That was the case he gave us—900l. for the original ground rent, 3,000l. for the improved ground rent, and 16,000l. for the rack rent. Having a contract of that kind, supposing it was near its termination, the man who would be coming into the biggest property and would gain most by the improvements would be the ground landlord, who at present receives 900l. a year?—Yes.

20,088. (Chairman.) Do you assent to that?—If his reversion were close upon falling in.

20,089. (Mr. Dalton.) I am taking that case of its being close upon falling in?—No doubt he has an extremely valuable property promising to come to him at once.

20,090. In a case of that kind, where the ground landlord has a small immediate interest, and is going to get a very large prospective gain, he is the man you want to reach by your legislation, is he not?—I do not want to reach him any more than I want to reach any other owner of site values, but I certainly want to reach him. I certainly want to make him contribute his fair share, if I can, in relief of the occupying ratepayer.

20,091. He is the man who has gained the greatest advantage by these improvements, and this local expenditure for the last 40 or 50 years?—He is one of the men, no doubt.

20,092. He is the man who is about now at the present time, when you put the taxation upon him, to reap the most, and he is the man whom you will hurt least by this legislation?—I do not quite perceive that inference.

20,093. If you upset existing contracts and bring in this legislation as to site value, will not the effect be that the older the contract is the less you will injure the ground landlord who entered into it?—I cannot answer that question directly, because I think it contains what I may call a hidden fallacy. You suggest that the older the contract is the less you will injure the ground landlord. My object is not to attack the ground landlord any more than any other owner of site values. One of my personal differences from some of my friends in this matter has been that I have always opposed the idea that the person to be shot at was the ground landlord exclusively. If the ground landlord was in the position—I mention the name without any invidiousness—of Lord Cadogan, whose leases have been actually falling in, and he is getting the full benefit of his reversion, then he does, broadly speaking, roughly represent site value; but that is not the usual London case. In the usual London case the ground landlord ought to contribute for some interest, in some cases for a considerable interest, in which the value of his approaching reversion should be taken into account; but the ground landlord whose reversion is postponed for a practically indefinite time to come, and who is only receiving a small sum at present, is the person who would not, in my view, contribute to a site value tax, except to a moderate amount.

20,094. (Mr. Arthur O'Connor.) It can only be *pro tanto*?—Yes.

20,095. (Mr. Dalton.) The man whose reversion is about to fall in would only contribute *pro tanto*. That is the question. If the ground landlord at this time has 5l. a year he would only pay the 6d. in the £ upon that 5l., would he?—No. I have already said that I would take the near and valuable reversion into account in assessing, the charge on such a man, if I could; but, no doubt, until his reversion falls in he will escape to a certain extent, whatever you do. When his reversion falls in, if I may again take the instance of the Cadogan estate, and he turns his reversion into a rack rental, practically then, of course, he would pay a site value tax upon the whole of that rack rental unless he is able, by some economic operation, to get rid of it.

20,096. But he would be able to calculate when this reversion falls in the present rates whatever they are—you say 6s. 8d. in the £. If it is a 99 years' lease which is just falling in, the rates in the £ when he entered into his old contract were probably under 2s.?—No doubt they were low.

20,097. Ninety-nine years ago the rates were, of course, very low?—No doubt.

20,098. Therefore, he will have a full opportunity when the existing contracts have expired; and you will not hurt him much. His lease has got three years to run, and at the end of that time he will be able to enter into a new bargain. But take the case of a man who entered into his contract two years ago. He took into account then, as I understand you to say he does, the rates for the time being payable on the premises, and he will have to pay this increased taxation on the site value for the next 96 years; he will be a man who will be most seriously hit by this arrangement of upsetting existing contracts, will he not?—I do not think

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Municipal death duty is desirable as well as taxation in respect of site values

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even he will be hit in any way that he can complain of. It may be quite true that as between him and other owners of ground rents they may be able to relieve themselves of some portions of the burdens sooner than he will—that may be so; but that assumes that the owner can put such a charge back on the rent, and that is a moot point. I do not admit that he can really do so. But if there be any disparity in the end, I only return to my proposition that no system of taxation is otherwise than roughly accurate. But it seems to me, if I may say so, that the drift of those questions is to suggest exactly what I suggested myself, namely, that no system by assessing a site values contribution exclusively upon annual value will exhaust the subject. I myself quite agree that in order to exhaust the subject and do something like economic justice you want something in the nature of a municipal death duty as well. I do not press that expressly at the present moment, partly because the Council has not resolved upon it, partly because I see myself perfectly well that we are not likely to have a new Death Duties Bill within the next few sessions of Parliament. But, upon the theoretic question, I quite agree that in order to complete the contribution of site value you want a capital charge as well as an annual value.

20,099. Apart from the question of completion, a municipal death duty has this great advantage over taxing the site value, has it not, that you would not upset a single existing contract, and you would not have any of these expensive valuations of site values?—If I saw any practical chance of persuading Parliament to bring in a municipal death duty, I should consider it in many ways the best thing to do. I, in fact, suggested that to persons responsible for Imperial taxation many years ago, but unfortunately the Chancellor of the Exchequer and Parliament have not seen their way to enter into that line at present.

20,100. (Mr. Stuart.) They wanted the money for themselves?—Precisely.

20,101. (Mr. Dalton.) Speaking generally, a man would prefer that his heir should be taxed than that he should himself be taxed?—I think that there is immense cogency in that proposition, and I have often pressed it upon my friends.

20,102. Would you not prefer, if you could get it, a municipal death duty to a taxation of site values?—Speaking as a representative of the Council, I am not empowered to say that; because the Council has not resolved upon such a scheme; but I am prepared to go so far as to say what I have already said, that, I think, for the complete settlement of the question you want both.

20,103. If you think that Parliament would not now agree to an addition to the death duties, because the owners have been so hardly hit by the death duties of late years, would not the same consideration apply to any legislation for imposing upon those owners an annual charge in respect of site values?—I think not. I do not think anybody suggests that the owners of site values in London have really been hardly hit by the death duties. I do not know that I should agree that that proposition was accurate concerning any owners; but certainly concerning London owners, whose property is constantly increasing in value at a rapid rate, I do not think they have anything grave to complain of at present.

20,104. In the way of death duties?—In the way of death duties, or anything else, I think they have the pall of the market at the present moment.

20,105. What is the particular objection to putting another death duty upon them?—If this Commission sees its way to report in favour of that to Parliament, I certainly shall by no means oppose it.

20,106. On the matter of Exchequer contributions, perhaps I may ask you a question or two. Do you agree, generally, with Mr. Gomme's evidence on that point?—Yes; I have read the chief points of his evidence, and I think I agree with it entirely.

20,107. There is one passage in your memorandum for which I have not been able to find the corresponding passage in Mr. Gomme's. You say: "As Mr. Gomme has already brought out in his evidence, we consider that London is at the present moment suffering by an inequitable apportionment upon the present grants to the extent of about 450,000*l.* a year"?—When I put that into my memorandum I had not before me the actual evidence which Mr. Gomme had given to this

Commission, but I was thinking of the reports which he had made from time to time to the Local Government Committee, in which I understood that, roughly speaking, was the figure at which he put the inequality.

20,108. Mr. Gomme put in certain papers before this Commission, and I have read his evidence, and I am now going to quote from Mr. Gomme's evidence—?—I do not profess to be competent, of course, to check these figures with the statistical ability and completeness with which Mr. Gomme has been able to deal with them; I can only say that, generally, I agree.

20,109. I should not ask you the question, except that I understand your memorandum is going into one of our appendices; therefore, I thought proper to ask upon it. Mr. Gomme made a proposition to us; his recommendation, I think, was that instead of the estate duty and the beer and spirit duties, in respect of which the London County Council consider that they are under a disadvantage, they should have transferred to them the inhabited house duty and the land tax. The result of that would be that London, in the distribution of these grants, would receive the licences which are locally collected in London, the inhabited house duty which is locally collected in London; and, I think, the figures included also the redeemed land tax, which was originally payable in London, but which is not now payable, having been redeemed. I will read you what he said. I asked him at Question 8997, "Have you worked out the effect as regards London and the rest of the country, if these suggestions of yours were adopted?"—and he said—"I have, as a matter of fact, worked out what it would be, retaining the licences, and substituting for the probate duty and the beer and spirit duties the inhabited house duty and the land tax." That would be giving to London the taxes locally collected in substitution for the present taxes, as to which they complain, I think, that they do not receive the right amount. Now, go to Question 9000: "Have you calculated to what extent?"—(A.) I have calculated that, Supposing you do that, London would, in the end, receive 160,000*l.* more a year than she does at the present moment, and the rest of the country would receive 121,000*l.* less than it does at the present moment." I rather take it from that, that the grievance of London as to the present distribution of the grant is that it gets 160,000*l.* too little?—No, I do not think so. I do not think that was Mr. Gomme's own intention in giving that evidence. The figure of "inequality" he has always given is very much larger. The Commission will observe that in giving that evidence—I do not know at what precise date it was given—but Mr. Gomme was basing that upon what was the then recommendation of my Committee, namely, the recommendation (k), which was subsequently, under criticism directed from many points of view—even contrary points of view—taken back by the Committee for reconsideration, and which has now been eliminated in favour of the two propositions which I call the suspended propositions, as to which I think the Council will agree with the recommendations of the Committee, but which do not attempt the same definiteness, let us say, as was originally attempted. The official recommendation (k) was made, I may say, largely upon Mr. Gomme's own suggestion in his report to the Committee. But the point of that original recommendation (k) which was ultimately referred back was not in reality to redress the existing financial inequality. What was to be done in the way of redressing the financial inequality as between London and the rest of the country was left unsettled by that arrangement; but what was pressed upon my Committee—in fact, very strongly and cogently by Mr. Gomme himself—was that this method of transferring the inhabited house duty and the land tax in place of certain existing grants would put the thing upon a more logical basis, and would, as a matter of fact, appear to give London a small advantage which, so far as figures are concerned, we always held to be much too small. The intention of that plan, in a word, was, not to redress financial inequality, as Mr. Dalton appears to put it to me, but to make a suggestion as to the way in which the allocation of local revenue could be, to a certain extent, carried out. The Council referred that back, and I do not myself dissent in the least from the reference back. I think the further consideration has been very useful to us. We do not now propose that scheme at all. What we do propose is the broad principle of a suggested policy, alternative to the present grants,

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Exchequer contributions: Results of present system upon Metropolitan and suggested alterations in system. Suggested that taxes now collected locally should be retained by local authorities in lieu of present Exchequer contributions.

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which I have endeavoured to put in my evidence-in-chief, by saying that we should desire to see local and Imperial revenue discriminated on better principles than at present, and local and Imperial charges discriminated also. What the precise financial result of that on London might be in the way of redressing inequality is, of course, a matter which must depend on what scheme commends itself to Parliament.

Exchequer contributions: Under present system it is suggested that Metropolitan gets too little, but present system is objected to, and there should be a new basis.

20,110. Coming to resolution (j) which has been based by the Council on the report of the Local Taxation Committee, I see we have these words:—"That as the present system of Exchequer contributions from the taxpayer to the ratepayer, by means of the Exchequer grants, appears to operate so as to withdraw from Londoners more than it returns to them, no system of Exchequer contributions distributed to the whole country upon the present basis of division ought to be accepted on behalf of London." That rather seems to imply that what would be fair would be to give London what is collected in London, and because the present system does not give London what is collected in London, you say that that is unfair. Now, Mr. Gomme's proposal was that you should give to London what was collected in London—that you should give them the licences, the inhabited house duty, and the land tax; supposing that was done, what unfairness would there be to London?—The unfairness, then, would depend upon the other horn of the difficulty, namely, the allocation of the local charge. If you discriminate what was truly local revenue from Imperial revenue, that element of the equation might be as near correctness as we can get it for London; but in order to have justice for London, you will also have to discriminate what was truly an Imperial charge, as compared with a local charge. But, if I may say so, the fallacy in such a question seems to me to lie further back. I tried to explain, in answer to the questions of the Chairman, that the two branches of our case ought to be kept entirely distinct. If you are going on with the present policy of Exchequer contributions, we say we get 400,000*l.* odd too little upon what we take to be an equitable basis as between ourselves and other areas; but we now go further, and we say we do not want you to go on the basis of Exchequer contributions at all.

20,111. What do you consider the equitable basis to go upon—population?—No; certainly not.

20,112. What is the basis? What is it that you actually wish to have done to put London on a fair footing in regard to these Exchequer contribution grants and the rest of the country?—I find it very difficult to address my mind clearly to that proposition, because of the very illogical nature of the present system, if I may be permitted to say so; but, if I can do so, I think what I should answer is this:—"That the first question you have to settle is which areas are really suffering from an excessive burden of local rating, and that, as between such areas, if Exchequer contributions are a relief, they ought to be a relief upon some proportionate basis relative to the excessive pressure in each area. My view is, that the present system relieves, to an enormous extent, the rural areas, and, so far as I have been able to see from the returns (from one return, in particular, with which Mr. Dalton's name is closely connected), and from other evidence at the Local Government Board, I do not consider that the rural areas ought to have been relieved, or now ought to be relieved at all in that respect. I do not consider that they were under any excessive pressure of rating or under any pressure of rating at all. They were actually in a condition of falling rates, whereas other areas, urban areas in particular, and London in particular, were under the pressure of a very considerable rise in rates—and severe rates too.

20,113. Do you think that that considerable pressure in various areas is due to the large population in those areas?—I do not think so. That is one element amongst many others, but I think the pressure in urban areas as contrasted with rural areas is a matter of what I am accustomed to call civilisation. It is because of the demand for better government and better services of all kinds, which we now call upon public authorities to fulfil in ways that our fathers did not consider necessary. That applies to London more keenly than it applies to any part of the country, it seems to me, because the demands upon us for arrears of public work and for various new services, in the sense which I interpreted the words just now, are endless.

20,114. If we are to go into the question of redistributing these Exchequer contribution grants, what line

do you propose that we should take?—Frankly, I consider that it is hopeless to redistribute the Exchequer grants; but if you compel me to answer as to what I should do if I were cornered, and obliged to propose such a scheme, I should say take those areas in which, at present, the pressure of local taxation can really be said to be excessive and growing, and relieve them in proportion, as far as possible, to the excess.

20,115. Are you taking the whole of the local taxation, or the local taxation which does not improve the value of the property? Are you taking, for example, the poor rate expenditure or merely the expenditure for street improvements and things of that character?—I do not see that any such distinction ought to be made. I have already said that I think all local expenditure, in the long run, improves the value of property; it may improve it in differing degrees, but I think all local expenditure does go to the improvement, in the end, of site values.

20,116. Do you say that of the Poor Law expenditure and the School Board expenditure?—I think so, distinctly. I think it is obviously true that, if you set up an extremely efficient educational system in a particular town, you will improve the rents obtainable for houses in that town.

20,117. Take St. George's, Hanover Square, which, I believe, does not have a school board; to what extent are you improving the value of property in St. George's, Hanover Square, by the education rate that you place upon it?—I respectfully suggest that St. George's, Hanover Square, has a school board, and a most efficient one.

20,118. (Mr. Stuart.) Mr. Dalton meant to put in the word school—school board school?—I mean that it has the benefit of the school board to this enormous extent, that all the difficulties which poverty and ignorance would produce in a community like London are taken away, and, *pro tanto*, the residential advantages of the best residential sites in St. George's, Hanover Square, are, I think, enormously increased. If it was merely the additional security for public safety, the advantage to rents in St. George's, Hanover Square, is immense, in my opinion. As my memorandum suggests, in the early days, when we were discussing Lord Hobhouse's memorandum, I began, like many other people, to endeavour to discriminate those elements of local taxation which went to the benefit of the occupier and those which went to the benefit of the owner, and in early days I supposed that you could, to a large extent, discriminate. But the more I have considered the question the less do I find it possible to make any such discrimination. The occupier does get specific advantages, of course, from various things, but in the end it is impossible, I think, to set your finger on any element of local taxation and say that the site values do not derive advantage from that.

20,119. (Mr. Dalton.) They derive some advantage, and the question is whether they derive advantage to the extent of the whole expenditure?—I do not suggest that they derive advantage in all cases in the same proportion.

20,120. I rather understood you to say that the whole of the local expenditure in London goes to the improvement of property in London?—More or less.

20,121. You would not say that the improvement is equivalent to the expenditure?—No.

20,122. They may have more or less improvement?—The improvement may, in particular cases, far exceed the expenditure.

20,123. And in others?—And in others it may be only a small proportion. There is no arithmetical relation between the two.

20,124. Can you make any suggestion to us as to what we should do to remove what the London County Council consider the grievance that they suffer under now as regards the Exchequer contribution grants?—My answer to that is, that the first suggestion I should make is to terminate the Agricultural Rates Act, or rather to report against its continuance. I regard that as putting the final load upon the urban ratepayer for what I consider the unjust and unnecessary relief of the rural ratepayer. As between ratepayers, it seems to me that that is one of the most grievous elements of the burden from which we suffer, or rather that it largely increases and intensifies a burden from which we suffered already; but if you ask me to go beyond and say apart from that specific question how you could

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Expenditure of rates upon all objects ultimately benefits site values to some extent.

Agricultural Rates Act, 1896, is unjust to the urban ratepayers.

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Exchequer contributions: If the present system is retained, they should be so distributed, that the areas where the pressure of local taxation is greatest should be given the greatest amount of relief.

adjust the Exchequer contributions so as to relieve London, I frankly do not believe it is possible to do it, for the reason that I mentioned in my examination-in-chief, namely, that everything that you take out of the Exchequer is taken from London to a larger extent than it is ever likely to be given to London. But saving that again—the argument is so complex that I can only put it into two or three degrees—saving that element, I should say that the method of redress would be a method which would give a much larger proportion of Exchequer relief to urban communities, and to London in particular, and I should be inclined to make it, to some extent, proportional to the existing pressure of local taxation, that is to say, a place where local taxation at the present moment was 20 per cent. of the rateable value, I should relieve in some ratio to that, and a place where it was 10 per cent. of the rateable value, I should relieve by half as much, or by not more than half, and a place where it was 30 per cent. of the rateable value, I should relieve by a proportionately greater amount.

20,125. (Chairman.) Utterly regardless of the care and economy with which the local authority has administered its trust?—I do not in the least think that the differences in the pressure of local taxation depend upon care and economy. I think that if you go into that, the average of economy is much the same all over the country. I do not in the least believe that there is any true distinction between one set of communities who are extravagant, and another set of communities who are not. In many cases high expenditure means high economy. There are many municipalities, for instance, which spend in rates more than London does. I think that is not because they are less economical; I think it is because they are better economists. They have, in many cases, set up remunerative undertakings which we would be very fortunate if we had been able to set up in London, and which would have been largely to our ultimate benefit.

20,126. I do not want to intervene, but would not the poor law expenditure in various districts directly contradict that proposition?—The poor relief expenditure is no doubt an element in which that proposition would have to be varied. I am, myself, no advocate for reckless poor law expenditure, and I should be glad to see more control than even at present exists. Wherever poor law extravagance can be alleged I should desire to modify my answer so far as that is concerned; but in matters of municipal expenditure, which is what I chiefly had in mind, I do not think there is any material difference between the economy of one district and another. I think the districts of low expenditure are, as a rule, districts of bad economy.

20,127. (Mr. Dalton.) It has been suggested to us by previous witnesses, and I think it is suggested by the London County Council, that the inhabited house duty should be transferred to the local authorities, and that pauper lunatics should be made a charge upon the Imperial Exchequer; if those two concessions were made, do you think that that would meet the grievance of London?—I cannot say that I think that it would meet it. I think in both cases it would be a desirable thing *pro tanto*, and from the point of view of London, quite a right thing.

20,128. (Mr. Clare.) I am afraid I do not quite understand what the scheme of the London County Council is. Is its object to provide a new fund for the council to spend without increasing the burden of the present ratepayers?—The first object is to provide a fund from which necessary expenditure can be defrayed without increasing the burden of the ratepayers. I suggested that I thought it would be desirable that that fund should also, to a certain extent, relieve the present burden, because the increases I am contending against have been going on for many years past.

20,129. Pardon me, the two things are somewhat distinct, I think. If the object is, as I understand, by throwing a tax upon what you may call owner as distinguished from occupier, in order to raise an additional fund to meet what I will admit is necessary expenditure on the part of the County Council, in addition to the expenditure which is now met by the ordinary ratepayers, it must follow that, in order to do that you must create, so to speak, a new property to tax?—I do not admit that.

20,130. I will give you an illustration of what I mean. I will assume that property is now assessed at 100% a year, and that produces roughly towards the local expenditure, we will say, 33% a year; that 33% a

year will still be continued to be paid by the occupier, but in addition to that you want to get out of that property something from the owner?—Subject to the fact that I should like to make the 33% a year a little less.

20,131. I will assume that you keep the present rates of the occupier stable. In addition to that 33% a year, which you want to get from the occupier, you also want to get something more—we will say 7% a year more—from the owner in respect of the same property?—That would be so.

20,132. It therefore follows that if this tax is to be levied with reference to the assessable value, that the assessable value of this property will be 100% a year to the occupier, and we will say whatever you like—50% a year to the owner?—I follow.

20,133. Therefore the effect of the scheme, as I understand it, is this, that for every property which is now assessed for 100% a year, you will put on an additional assessment—just for the sake of the figure—of 50% a year we will say, on which the owner will pay rates instead of the occupier?—I follow the statement, but I do not think it quite corresponds to the way I understand the scheme, because I think that the statement is leaving out of account the fact that what really pays is not property, but people.

20,134. But in respect of their property?—You may say in respect of it, but that is merely a basis of assessing or distributing contributions. To my mind the only fundamental or real way of looking at things like rates, is to consider that a total sum of eight or ten millions a year is taken out of some pockets or other in London; my view is that at the present moment you take it all out of the pocket of the person called the occupier, and that a considerable part of it, or of any increased sum, ought to come out of the pocket of another person called the owner.

20,135. Yes, but you can easily see there is a great distinction. You come to the conclusion that at the present time the burden of taxation is unfair upon the occupier?—Yes.

20,136. And, therefore, that burden of taxation ought to be distributed between him and the owner?—Yes.

20,137. That is a case where you leave the assessment at 100% a year, but in the case that I mentioned the 33% a year will be divided between the occupier and the owner—that is one proposition?—I quite follow now.

20,138. It is quite another proposition to leave the occupier in the position he is now, and to say in order to meet further expenditure we will create a new property on which we will tax the owner?—I quite follow, but the objection I am taking, if I may, is to the phrase "create a new property."

20,139. Create a new subject of taxation?—A new species of taxation if you like. I think that it does not, in my thinking about it, tend to clearness in my mind, to regard all these charges as charges upon some specific property or some specific assessment. That is only an arithmetical method of distributing the quotas of a total sum, and the real question to be considered is, who pays the sum? If I am right in supposing that the occupier does, out of his living, pay at any rate the increases that are now going on, then it is surely quite legitimate in me to say I think it concerns public policy that these increases should be no longer paid by the occupiers, but should be paid by somebody else—the precise machinery of assessment by which you make the other person pay is a detail.

20,140. This point is not a matter of detail that I am upon. I want to know whether the scheme is for the purpose of relieving the occupier of a burden that he now carries by partially distributing it between him and his owner, or whether it is to leave the occupier where he is and to make the owner find the increased expenditure?—In that form I can directly answer the question. The main object is to relieve the occupier from increases of charge. But the scheme in my view includes a means by which a certain amount of his present charge may be transferred. I do not think a very large amount can practically be transferred, and I prefer to put it in the form of saying that the increases of recent years might be transferred as well as the increases of future years.

20,141. Why, if you think the burden of taxation on the occupier at the present moment is unduly heavy, do you pick upon the owner of the site value as being the person who ought to relieve him of that charge?—Because if I am right the whole local expenditure does

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the occupiers, who at present pay, at any rate primarily, the whole rates in the Metropolis.

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go more or less to create a constant increment of that very site value.

20,142. That is what I wanted to understand; then your justification for your scheme is, as far as I understand it, this, that as the local expenditure which the occupier now entirely bears, has a tendency to bring about what we call an unearned increment to the site value, therefore, when you look round as to who should fairly relieve the occupier of some of his burden, you fix upon the owner of the site value as the person fairly entitled to be taxed?—I should say that is a very exact statement of what is in my mind.

Site values are said never to be diminished in value owing to local expenditure, except perhaps in exceptional cases, and this is also true as regards composition property.

20,143. Assuming that the local expenditure, which I think you will admit is at the present moment under the control of the occupier—that is to say, he elects the people who vote the money—assuming that that local expenditure has the effect of diminishing the site value, do you still consider it fair and equitable that the owner should be taxed for the relief of the occupier?—Broadly speaking, I do not admit that the local expenditure ever diminishes the site value. I have never seen it so.

20,144. I will give you an illustration, not a detailed one, but one that often occurs. Take the case of your Strand Improvement. The fact of making a broad thoroughfare for the purposes of traffic from point A to point B, where one does not now exist, or only exists to a minor degree, will have a tendency to attract traffic into that street, and divert it from other streets: you will admit that, I presume?—No, I cannot say that I do admit it. Except marginal and accidental cases of individual properties, which I leave out of account when considering a broad system of taxation, I have never known any case in which a great improvement in London did anything else than increase all the site values in London which were within reach of that improvement. If you take the aggregate improvements in London since the Metropolitan Board of Works came, including the Embankment, I am prepared to say, and I can give you the figures to show it, that the effect in the way of increasing the site values of London is enormous. Yet the owners of site values have at present paid directly nothing to those improvements.

20,145. Do you think no case can be shown where the site values of properties even in London have gone down?—I had some time ago, in connexion with the Local Government Committee, to inspect returns of, I think, all the Valuation Lists of all the London valuation areas, which are very numerous, at all the quinquennial periods reaching back to about 1840. In that table there was hardly a single instance in which the consecutive figures did not show an increase.

20,146. I admit that that may be so as regards London, but we are now dealing with the general principle as affecting the whole country. If your scheme, which involves the taxation of owners, is based upon the fact that it is fair to do it, because the owners get some increased value given to their property by reason of that local expenditure; does it in your mind equally follow that it would be equitable, assuming that that local expenditure—I only ask you to assume it—has the effect in any particular cases of diminishing the site value, that your scheme should be equally applied to that case?—I can only look at it broadly, and I cannot conceive such a case arising. If it were proved to me that it did arise, I should endeavour to consider it, but I have never seen such a case.

20,147. Let me take the case of composition property. In composition property the owners pay all the rates whether the property is occupied or not, do they not?—I am afraid in London the effect of compounding is very mischievous from my point of view. The owners do pay all the rates at present, or rather they pay all the rates less 30 per cent.

20,148. As a matter of law, and as a matter of practice, the owners of composition property pay all the rates whether the property is occupied or not?—Such rates as are levied, yes.

20,149. They are therefore really in the position of occupiers?—They are *pro tanto*.

20,150. You propose, then, in addition to the rates which the owners pay for the occupiers now, that they should also pay an additional tax upon what you call the site values of their property?—To them it would make no difference whatever, no more than it would to any of us who happened to be occupying freeholders of our own house. We should have to pay out of one pocket, or out of the other, a certain proportion of the

local expenditure of London; if we did not have to pay it as an owner's rate, then we should have to pay it as an occupier's rate; it would amount to precisely the same thing as far as that is concerned.

20,151. Do you not think in the case of composition property, which to a large extent comprises property which is gradually growing into what we may call insanitary property, that the effect of local expenditure generally is rather to diminish the value of that property than to increase it?—No, if you are thinking of site values, I think you will perceive it is the exact reverse. The buildings may become less valuable to the house-knacker if the sanitary authority does its duty, but by that very process the value of the site becomes more important to the freeholder, or to the owner of the site value, whoever he may be. Nothing better could happen to Lady Henry Somerset, for instance, who is a large owner in Somers Town, than to have an immense quantity of property in that neighbourhood absolutely condemned by the magistrate.

20,152. You are assuming, of course, that increase of value goes on wherever insanitary property is pulled down?—That is certainly our experience in London.

20,153. Now I want to ask you one question about the practical method of laying your rate. I understand you propose that there should be a rate, we will say, from 6d. up to 2s. in the pound levied upon owners of site values?—2s. is not fixed in the Council's resolution, but I was talking of it as a suggested figure.

20,154. Whatever it may be, the tenant should pay the rate in the first instance?—Yes.

20,155. He should be entitled to deduct all that he pays from his immediate landowner, that is to say, from the man to whom he pays his rack-rent?—Unless it appears that the tenant is himself the owner of the site values, which may be in a few cases so.

20,156. That the tenant should be able to deduct all the rate that he pays from his immediate landowner; that that owner should then be able to deduct a proportionate part of the rate from anybody else to whom he pays the ground rent?—Yes, precisely.

20,157. And in that way you will collect your rate?—That is exactly so; in outline that is the scheme.

20,158. Assuming that a lease is granted in the first instance on a ground rent, then there is an improved rent, and then possibly another improved rent, and then we come to the occupier—your scheme works out in that way, I think?—Yes.

20,159. Supposing, instead of having the ground rent to start with, an owner of property sells the property for a 99 years' lease for 10,000l. cash down, and grants a lease; then the original lessee sells that lease for a premium, and subject to an improved rent, of, we will say, 100l. a year for the remainder of the 99 years; and I will ask you to assume that the site value of that leasehold is worth 1,000l. a year, on which you want to get, say, 2s. in the pound from the owners as you call it, that is to say, from all persons interested in the property other than the occupier. Who are you going to get your rates of 100l. from?—The difficulty suggested appears to be that a part of the interest in the site value has been sold for cash, instead of being converted into a rent.

20,160. Yes?—I do not ignore the difficulty, but my answer is that in questions of taxation, you never can take account of sales, and you must leave that to the parties concerned. At the present moment a man may fine upon a lease if he likes, and thereby escape his income tax, Schedule A. You can only get at such operations by some form of capital tax, and the ultimate result of anything of that kind would be to drive you back on to the municipal death duties.

20,161. Whom would you tax in the shape of the reversioner expectant on the determination of the lease of 99 years. We will say, for instance, that there is 50 years still to run, that the reversioner has no interest whatever, and will never receive a penny from that property for 50 years. I will assume that the present tenant for life of the reversion will not live for 50 years; is it fair to tax for him some possible increment of rise in that property which will arise afterwards, but of which he will never enjoy a farthing?—I am perfectly prepared to admit that there are difficulties in exactly adjusting any fair method of valuation.

20,162. Pardon me; we want you to suggest a fair method of valuation?—I have put in to the Chairman, although I have not gone through them in detail.

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Site values taxation in respect of: Suggested that tenant should pay in first instance and deduct the amount from his immediate landlord and that that owner should then deduct a proportionate part of the rate from anyone else. But where part of the interest in the site value has been sold for cash instead of being converted into rent, the seller escapes assessment to local rates.

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certain suggested rules and plans which may be right or wrong, but which, at any rate, have been all carefully considered in the process of endeavouring to carry out the scheme.

20,163. I am afraid I am rather dense, but I want to try and get into what I call my mind the scheme for working this out. If the owner had originally accepted a ground rent of 500*l.* a year, this resolution, which I quite follow, says that everybody who receives a certain rent out of that property should be made to pay his fair proportion of the owners' tax, and therefore you would reach him?—Yes.

20,164. But if, instead of the original owner taking the ground rent of 500*l.* a year, he accepts 10,000*l.* down, what then?—If he accepts 10,000*l.* down, and takes a peppercorn for 99 years, I am afraid he may escape this tax, and he will escape it also if he sells his interest not for 99 years but for ever.

20,165. I will assume those two operations have occurred with regard to two properties exactly adjoining. In the case of the one property, where the ground rent of 500*l.* a year is reserved, it bears a tax upon 500*l.* a year, which the other property, where there is no ground rent reserved, does not bear at all?—If you ask me, I say frankly I do not see any means by which in these operations you can produce a precisely identical result from the taxation. That is one of those matters in which I think taxation is incompetent to do mathematical justice.

20,166. There would be a great many anomalies in carrying out the scheme?—There would be about as many anomalies as there are in the Income Tax.

Division of rates between owner and occupier. Question of interference with existing contracts discussed.

20,167. Now, as to the justice of dividing the rates between the occupier and the owner when the occupier has already covenanted to pay all the rates, whatever they may be. If you are going to interfere with existing contracts, and, by Parliamentary authority, authorise the tenant or lessee to break his contract by paying to his owner, as really in effect it is, less than he has contracted to pay, do you not think it would be equally fair to give to the owner an opportunity of saying: "If I do not like to accept that deduction I shall have the power of determining the contract 'altogether'?"—As a lawyer, I do not admit the suggestion that the payment would be less than he had contracted to pay. The original contract was, as all contracts are, subject to such provisions as Parliament may in future make. It is out of the power of the subject to say: "Parliament shall not make me pay a tax."

20,168. When you enter into a contract you do so, as a rule, with regard to existing laws?—Certainly, and you take your chance of future amendments of those laws.

20,169. Supposing I contract with you to do certain work, and to take for it a lump sum; do you think, if you lose money, it would be fair for Parliament to interfere in your favour at the end of the contract; or, if you make money, do you think it would be fair for Parliament to interfere in order to make it up to me?—In that case, of course, I should not think so; it is not fair. But I do not think that that is an analogy to the present case. A contract has been entered into to pay all future rates and taxes, but a similar contract might perfectly well have been entered into 10 years before the Income Tax was created, and no Parliamentary authority would ever have suggested that the incidence of the Income Tax should be interfered with because a person had chosen to say, 10 years before, that he was not going to pay the Income Tax, Schedule A., if it should be created. Such a contract is an incompetent contract.

20,170. A contract is entered into which, at the present time, seems to bear somewhat harshly on the occupier. Parliament says to the occupier: "We will alter that contract in your favour." Of course, in this question we have generally considered it is a question between the rich owner and the poor occupier; but let us consider the question of a rich shop-keeping occupier and of a very poor owner, whose sole means of existence is the small rent he will get from his property; why should you interfere to help the rich occupier against the poor owner, and not allow the poor owner to terminate his contract, when it would be an advantage to him to do it?—If any equity is shown which makes it necessary to interfere with existing contracts in any way in consequence of an owners' tax, I have nothing to say against it. I have no doubt that Parliament will

provide amply against any such difficulty if it arises. But I do not myself think that it will arise. Whether the owner is rich or whether the owner is poor is, to my mind, perfectly immaterial. I am not suggesting this as a question between rich and poor. I am suggesting it as a question of occupiers—of shopkeepers and householders, the bulk of whom are certainly severely pressed by the present burdens—but that is immaterial. I am suggesting that an inequitable state of things exists as between that class and the class of owners who, I suggest, got the advantage of an expenditure to which they do not contribute.

20,171. Do you not think it would be fair to say that if the existing contract seems to be, somehow or other, inequitable, you should give both sides the right of terminating it, if they choose, or of continuing under such conditions as they choose?—If I had the responsibility of bringing in a Bill, I certainly should not put such a clause into it with my present lights; but that is, of course, for Parliament to determine when the Bill comes in. In my opinion, a contract to compel an occupier to pay all future taxes and assessments in the form in which conveyancers have practically put it into all leases is a contract that everybody who has to do with it ought to know is incompetent against Parliament. It clearly is so by law.

20,172. (Chairman.) On the income tax analogy, if a company contracts to pay me my dividends, free of income tax, would you think it right to put another income tax on my dividends?—I think it would be perfectly within the right of Parliament.

20,173. Although I made that bargain in advance?—Certainly, if there were reasons of public policy why the receivers of dividends should pay an income tax out of the dividends they receive. I do not think in the case supposed it would make very much odds, because they practically pay the income tax all the same, whether the company pays it for them, or whether they pay it themselves individually. Arithmetically, it would make no difference. They divide the profits of the company, and whether income tax is paid before or after the deduction is perfectly immaterial, I think, in that particular case. But, no matter what case you put of a contract, I should confidently say, as a lawyer, if I may, that any contract to settle in advance the incidence of taxation which Parliament may impose, is an incompetent contract as against Parliament, and that the person who has made that contract has not the remotest reason to complain if Parliament alters it afterwards.

20,174. (Mr. Stuart.) In connexion with this matter of contracts, which Mr. Clare has put before you, you are aware, are you not, that Mr. Goschen in his Bill of 1870, which, I think, was the date, dealt with the question of existing contracts, and interfered with them?—I refer to it in my evidence, I think, as the Bill of 1869—no doubt, I was referring to the same matter.

20,175. I will not go into the matter, because, it can be seen that it is a little complicated. However, the matter of existing contracts was then dealt with in a Bill which proposed to halve the rates in future between owner and occupier. I think there was a question put by Mr. Murray to you, which suggested the limitation of the new rate, which you would suggest on the owners of site values to the increase of future taxation?—Yes.

20,176. I think he asked you whether that would obliterate the difficulty of existing contracts. I do not know that it would obliterate it, but it would meet part of the difficulty which Mr. Clare suggested?—Of course, if the difficulty of existing contracts is fatal, it practically ties the hands of Parliament against any change of incidence whatever. To relieve a man from future charges which under the ordinary course of his lease he would have had to pay is not any less an interference with his contract than to relieve him of charges which he is at present paying.

20,177. I want to raise the point, also raised by Mr. Clare, about an owner who had taken a large sum instead of an annual rental. You have mentioned the desirability of dealing with this question of the taxation of site values by more than one method at the same time; and you have mentioned the question of the death duties?—I think myself that it is highly important that there should be a variety in the sources of local taxation, and that they should not be all left to one method.

Mr.  
B. F. C.  
Costelloe.

24 June '98

Municipal death duty is desirable as well as taxation in respect of site values.



Mr.  
B. F. C.  
Costelloe.

24 June '98

20,178. I want to ask you whether taxation by a death duty is not one form of a wider method and that is a duty or tax imposed at the transfer; and whether that has presented itself to you as a reasonable means of dealing with the question of the difficulty which Mr. Clare has suggested?—I think there are some foreign systems of taxation in which transfer dues are used in such a way. I do not speak confidently nor have I worked out what the effect of such a plan would be. I should prefer to put it briefly, that, in my opinion, taxation on incomes derived from such dues ought, in my view, to be supplemented by taxation on capital assessments of the values.

20,179. Following out this subject—I am not quite sure whether it is in your memorandum or not—but have you had before you the question of the possibility of dealing with the death duties upon real property in a town, by giving to the town a share of the National death duty so far as it was raised in that town—I think the French call it *Centimes additionels*?—I should like to distinguish. A share of the actual death duties raised by the Imperial authority is in my mind a different thing to what we used call in the Committee *Centimes additionels*. My conception of the way in which it might practically be done is this—that after the Chancellor of the Exchequer has levied for Imperial purposes such death duties as he may think expedient, there might be power to a municipal body, a county council, or a town council, or what you like, to impose under the authority of Parliament a small additional death duty upon all successions arising within their particular area, of course, upon immovable property. Such a plan would be analogous to the system on which local and Imperial revenue is worked in many foreign countries, notably in France, and for that reason we have sometimes talked of it as the method of *Centimes additionels*. In Paris, for instance, the tax collection levied so much, say a franc per cent., as *Impôt Foncier* or the other great taxes for national purposes, and so many *centimes additionels* on the very same assessment for the Paris local budget.

Site values  
in London,  
taxation in  
respect of:  
Various  
suggestions  
made by  
London  
County  
Council.

20,180. Turning to the method of the proposals for the direct taxation of site values, we have had in the London County Council several schemes before us not necessarily voted on by the Council, but there have been several schemes before us, have there not?—There have been really only three, I think. There was the question of rent duty, which I described and as to which I have put in the Bill, which was avowedly merely a rough and ready plan for immediate purposes; there was the question of the scheme as to which Mr. Harper's report is in; and there was an alternative method of sending back the site values duty which would have made it fall far more severely upon the ultimate ground owner. These, I think, are the only alternative methods that there have been.

20,181. There was a fourth, of which I will remind you in a moment. Let me just ask you one question about each of these three schemes. What is called the rent duty scheme, and which has been mentioned to the Commission, was a means of throwing back a portion of the rates in precisely the same method and precisely to the same proportionate extent as the landlords' income tax is thrown back?—Precisely. It was intended to be a sort of *Centimes additionels* upon the landlords' income tax.

20,182. In that case it would have been a tax thrown back partly upon the building value and partly upon the site value?—Yes.

20,183. It was a tax on site value, complicated by a tax on something else?—Yes.

20,184. In the next place there was proposed the system of ascertaining what the site value was, and of putting a tax on that, and letting an occupier subtract from his landlord, and so on backwards, a share of the site value proportionate to his rent, minus that site value?—That was so.

20,185. That was a proposal made by Mr. Fletcher Moulton?—Yes. I have never myself seen that proposal very closely worked out, but I believe that was Mr. Moulton's view.

20,186. You can accept that from me for the moment, and then follow it out. The difficulty that that proposal landed those who considered it carefully in was this—that site value plus building value did not together make up rateable value?—Quite so. That is the reason why I may say I have never myself gone closely into that, because it seemed to me, as Mr. Harper said, in the words that the Chairman read, to be a false plan,

and, ultimately, an unworkable plan, to take the rateable value as a given total, and then to try and divide that total into two elements, one of which should be site and the other should be building.

20,187. The consequence was that Mr. Harper, being totally opposed to the idea that site value plus building value was together equal to rateable value, proposed a somewhat different scheme, which was this: that the rateable value should be found for each set of premises, that the site value should be found, and that the one should be subtracted from the other, and a difference got, which he denominated the balance?—Yes, that was so—that not being in fact the building value, but being a method of calculation.

20,188. Quite right. Then, that a tax being placed upon the site value for each tenement, and the occupier paying it, he and all the others beyond him towards the final ground landlord should be permitted to subtract from the rent that they paid the site value tax upon the difference between the rent they paid and that balance?—That is exactly the scheme in the paper I have handed in.

20,189. That was meant to avoid that difficulty of site value and building value not being the two constituents of rateable value?—Yes; and also to provide a perfectly simple arithmetical plan by which a roughly correct amount could be handed back.

20,190. Now there was a fourth scheme, in which, for improvements of a permanent character, the whole cost should be thrown back upon the receiver of the ultimate ground rent?—Yes, that was so.

20,191. A cruder plan, which was argued for upon the basis that the permanent improvement really benefited the permanent landlord?—That plan was argued for, if I remember rightly, chiefly upon the analogy of a charge placed in settled property upon the interest which ultimately was to obtain the benefit of the charge.

20,192. Putting aside that plan, which had a specific object, am I not right in saying that the other three plans which I have endeavoured very shortly to call your attention to are really the gradual development of an idea into greater accuracy?—Entirely. I said myself, and I think I am right in saying, that there is now very little difference among us at the county council as to what is, broadly speaking, the way to do it, if it is to be done.

20,193. Is it, then, a fair representation of that state of things to say that the supporters of the taxation of site values cannot agree among themselves?—I am not conscious at the moment of any disagreement among us—certainly of no material disagreement.

20,194. And if they could not agree amongst themselves more nearly than those three schemes, would it be extraordinary in any sense in dealing with this difficult question?—I venture to say that I think, as I have said already, that the fact that we have disagreed to some extent is an earnest of our honest desire to work out the difficulties by independent views. I think we have arrived practically at an equality.

20,195. You do not imagine, do you, that any system of taxing site values will be free from anomalies, any more than any other system of taxation?—I think that those who oppose the creation of any system of site values have very naturally directed public attention to certain anomalies as a means of defeating the general scheme; but I can only say that any tax that exists in this country or in any other could be defeated by similar arguments, and most of them could be defeated by arguments much more cogent than those.

20,196. Let us take, rapidly, one or two other points. You have spoken of the site values of London; you are aware that the London County Council's valuer has stated, for each parish and union in London, what he believes to be the site values of that parish and union?—That, I think, was upon the rough basis which we discussed earlier in the day.

20,197. It was go upon a rough basis, at any rate?—Yes.

20,198. He makes the total to be just over 15,000,000l. per annum?—We broadly go at the council, and have gone for some time, on the view that 15,000,000l. would roughly represent the site value of London. It is arrived at by various different methods of calculation, but I think most people who have tried seriously to work it out come to the conclusion that that is an approximate figure.

Mr.  
B. F. C.  
Costelloe.

24 June '98

Site values  
in Metro-  
polis:  
Their ap-  
proximate  
amount  
and total  
amount of  
local ex-  
penditure.

Mr. B. F. C. Costelloe.  
24 June '98  
Site values, taxation of: To what extent should owners be taxed discussed.

20,199. You know what the total expenditure in London is now, do you not?—Somewhere over 10,000,000l.

20,200. And you have had it suggested to you that it might be the object of those who are seeking to tax site values to raise that tax to 20s. in the £. If that tax were raised to 20s. in the £, am I right in what I have said to you that it would produce half as much again as is required for the expenditure of London?—Obviously; but I think it is preposterous really to suggest, except for the purposes of a joke, that any of us are proposing a 20s. in the £ tax.

20,201. I wished to put it in that way because it is so inconceivably improbable?—Certainly; I myself think so.

20,202. (Chairman.) Would you say how far you would go?—I have said quite frankly that we discussed, and I myself strongly favoured, in the committee and in the council, the suggestion of an immediate limit of 2s. I do not myself suppose that either we would desire to pass, or that any Parliament would allow us to pass, some limit of that kind for very many years to come, and it would only be passed at any period if it turned out in practice that the tax in question was equitable, and did not put any intolerable or unjust burden upon the owners of site values.

20,203. (Mr. Stuart.) Is it not part of your argument that the expenditure which the public are called upon to make, unless it be utterly regardless and careless, goes very largely to raise the values of sites?—In my opinion, any such tax as we propose now would never do more than countervail the increase of site values which will happen in London within the same tract of time, whether you put this tax on or not. So far from confiscating existing site values, it will be as much as ever can be done by any taxation to prevent the site values from growing larger.

20,204. In two of the three schemes which I have asked you about, it is necessary to ascertain by valuation what the site values are, is it not?—Yes.

20,205. I want to know whether you agree with this statement of the County Council valuer, put in his answer to Question 12,576 to this Commission. The question is: "In forming a valuation of the site, would you have to do anything more difficult than has to be done just now in forming the rateable value?" and the answer is: "On the contrary, I should have to do something simpler. For myself, if I had to value London, I would much prefer to value it in sites than in hereditaments. I could do it more quickly, more cheaply, and, I believe, more accurately, than is to say, I could obtain greater uniformity." Do you agree with that answer?—From my knowledge of London valuation I think that is entirely true.

20,206. Are you aware that the valuer has stated to us, in his answers to Questions 12,572 and 12,573, the method by which he would conduct the valuation?—I believe so.

20,207. You have referred to the question of Exchequer contributions. Is it not the case that what you want us to understand is this, that you have two objections to the existing state of things: the first is, that London is not adequately relieved thereby in proportion to the other parts of the country; and the second, that you think the method of Exchequer contributions in itself a bad method?—It is so. London is not adequately relieved, if you call this a relief. I seriously doubt whether, from the point of view of London, it can properly be called a relief at all.

20,208. When you propose such a thing as the handing over of the inhabited house duty to localities, you propose that for both reasons—first, because it has not the evil of the present Exchequer contributions; and, secondly, because, so far as densely inhabited places are concerned, it would tend somewhat to redress what you regard as the inequality?—It would tend in that direction. I ought to say, of course, what I did not say before, although I think it is expressed in my memorandum, that in talking of transferring the inhabited house duty, I keep in view that it would be necessary to have some machinery made for improving the methods of the inhabited house duty, which is at present a somewhat ill-constructed tax.

20,209. Then, I want to ask you another question about these Exchequer contributions: in the first place, they are largely given, I do not say entirely, but largely out of the estate duties—the death duties on real estate?—They are said to be given out of these death

duties; but I, of course, demur to the idea that they come out of any specific fund; they come out of the general taxation of the country.

20,210. Your position about that is this: that if these remissions to local taxation had not been paid out of Imperial taxes, then it would have been possible for the Chancellor of the Exchequer to have remitted certain taxes?—My own personal view is, as far as I can judge the situation, that if these Exchequer grants had not been created and developed as they have been, we should probably at this moment, all other things being equal, have had the tea duty, in great part, if not wholly remitted, and have had the income tax also reduced.

20,211. Then, what you say is, that really the relief from local taxation is coming out of the pockets of the persons who pay those taxes that you have now specified?—Precisely; I know that that is the opinion of higher financial authorities than I can pretend to be.

20,212. (Chairman.) Why is it fairer to say that it comes out of the pockets of those persons than out of the estate duty; if it comes out of the general taxation of the country, why say in the next breath that it comes out of a special form of that taxation?—I was referring to what I had said to you in an earlier answer, namely, that every additional million raised for the Exchequer comes, in fact, out of those portions of the revenue of the country which, according to our financial system, are really subject to change.

20,213. How old are the death duties as at present existing?—I think, if I may say so, that the alteration in the death duties would have happened quite independently of the exact amount of Imperial taxation.

20,214. They are subject to change, at any rate, if they were only brought in in 1894?—They are subject to change, but I think that change was a change which was due to come by reason of general financial considerations of a wider kind. I think that now, if next year the Chancellor of the Exchequer discovered that it was unnecessary to raise the total amount which now goes in Exchequer contribution grants for whatever reason, the effect of that on the taxation of the country would practically be certain to be an effect on the income tax or on the indirect taxation paid by the consumers. I may be wrong, but that is my view.

20,215. (Mr. Stuart.) I do not wish to argue it, but what you say is, that charges in London which ought to be placed upon the owners of site values are really paid by Exchequer contributions, which come out of the pockets of those who pay income tax and tea duty?—I do think that if we had not had this apparent but really fallacious relief, the pressure for the creation of some owners' rate would have been infinitely greater than it is now.

20,216. (Mr. Smith.) Of the three methods of charging owners, I think you have practically abandoned the first, namely, the suggestion of a rent duty?—I cannot say that I have abandoned it, for this reason—that it may perfectly be possible to carry through Parliament a simple method as far as collection is concerned, even if it is not theoretically exact. That may prove to be easier than to carry through a method which is more economically correct, but has more complicated machinery.

20,217. You do not put it forward as the best solution of the question?—I do not put it forward as the ultimate solution, and I do not put it forward at all at this moment, because the Council has not resolved upon it in these resolutions.

20,218. It is surely open to the grave objection that it strikes twice over so much of the value of the property as belongs to the building or the improvement?—No doubt, but my own view, if you ask me personally, is that that is rather an economic objection than a practical one, and that the mischievous effect of that would not be serious within any limits that we are talking of.

20,219. You are practically rating the building value twice over?—Undoubtedly, it contains an element of economic vice. May I say, following that out, that I would make the same comment upon the suggestion you put to me as to rating the same elements twice over that I made just now, in answer, I think, to Mr. Clare, namely, that in my mind it is not so much a question of putting a tax upon a given property, or a given element of value; it really is a question of whose pocket it comes out of.

Mr. B. F. C. Costelloe.

24 June '98

Exchequer contributions: If they had not been made, certain taxes would have been reduced or remitted.

Site values would be quite easy to value in Metropolis.

Exchequer contributions: Under present system it is suggested that Metropolis gets too little, but present system is objected to and there should be a new basis.

Owners of site values, method of taxing: Rating twice over in respect of building value.

Mr  
B. F. C.  
Costelloe.

24 June '98

Site values,  
taxation in  
respect of :  
How far  
should the  
capital  
value as  
compared  
with the  
annual  
value be  
considered.

20,220. We should all agree that persons are taxed, and not things. With regard to the second proposal, of taxing site values, you admitted, I think, that the site value might, in many cases, be enormously in excess of the present value of both land and buildings?—In some cases, which are not very many, in London.

20,221. Supposing you have got an old house with 20 years' lease to run upon it, in a good situation, it is obvious that the site value is worth a great deal more than the house and land together?—If you are referring to the annual value of the house and the land, no doubt that may be so. I was thinking of the capital value, in the answer I gave you just now.

20,222. At present our whole system of taxation is based upon annual value as opposed to capital value, is it not?—May I say that I never realized exactly why that is acknowledged as a canon; it seems to me that that is, to a large extent, a financial superstition. I am quite aware that there are objections to capital taxes on certain grounds—for instance, in America—but I have never seen that there was any fundamental reason for insisting on them.

20,223. One obvious difficulty that occurs to me is that a man may nominally own the capital, and not have the income?—He can always sell it.

20,224. He cannot always redeem the lease; he cannot always buy the lease?—If it has a capital value he can always sell that capital value at Tokenhouse Yard, and put the money into any form of investment which will give him an income, if he prefers it in that way.

20,225. You suggested this morning that the first process would be to buy up his leaseholder?—If I was in that position I should try to buy up my leaseholder, and if I could not buy up my leaseholder I should syndicate my property, which I think the London landowner generally does. He turns it into cash if it is possible to do so, and once it is turned into cash, of course he gets an income from it.

20,226. But he would only get it by selling the property. In ascertaining the real site value you propose that the site is to be assumed to be occupied with the most suitable buildings, having regard to its position theoretically?—Yes, broadly speaking.

20,227. Is there not some danger that in that process you may overestimate the demand for particular kinds of property?—I have great confidence, for example, in the valuer who serves us at the Council. I think he would be able to give you, concerning the value of this site, a perfectly fair estimate of what that value represents, taking into account, of course, amongst other elements of valuation, the possibility that if he was thinking of this as a site for a hotel there might easily be too many hotels.

20,228. I quite agree to that if he were only going to value one site, but when you have imposed upon him the duty of valuing every site in London it becomes an immense problem whether you can always allocate to the particular site a particular kind of property?—I suggest that that makes the problem easier and not more difficult, because if he were dealing with one site he would naturally have in his view, if he were valuing it for a seller, the very best utility to which it could be put, even if, as a matter of fact, that could not be duplicated all round the neighbourhood.

20,229. Would you suggest that it is more easy to dispose of all the property that London contains than of a single isolated property?—No, but I suggest that it is more easy to value it for the purposes of taxation, and it is less hard upon the owner, because the elements of difficulty would certainly be taken in to the advantage of the owner.

20,230. When you are putting hypothetical values upon property, is there not such a thing to consider as the glut of the market?—My suggestion is that it will be considered—and that it will be even over considered. My suggestion is that so far from having excessive site values put for these reasons on the owners, all these reasons will tend to depress the site value valuation, and we will not get enough.

20,231. You have confidence in your valuer?—I do not put it as confidence in any individual valuer. The practical method of valuation, as no doubt the Commission know, will be that the official who has to draw up the list will put in a primary figure. I think the whole pressure of things will lead him to put in a low primary figure, and then the owner will not appeal against that, because it is too low. If by any chance the expert valuer puts in a figure that is too high, the owner will appeal against it, and in practice, get it reduced.

20,232. In other words, if you had only one property in Bond Street to value, upon your hypothetical basis you would probably put a very much higher value than if you had the whole of Bond Street to consider?—Precisely; I quite think that is how it will work.

20,233. Just one word about the inhabited house duty. I suppose, apart from all your views as to the justice or injustice of Exchequer contributions, it does so happen that the inhabited house duty would be an enormous advantage to London, would it not, as apart from the rest of the country?—And to all other municipalities.

20,234. Is that so. Have you worked out those figures at all?—To a certain extent they have been worked out in the Committee.

20,235. Does not almost every man of great wealth and position occupy a house in London for a certain period of the year?—A considerable number do.

20,236. Does that apply to any other town in the country?—I have not got them before me, but I think that if you take the figures you will find that this is the result: that the transfer of the inhabited house duty, even levied as it is at present, would, broadly, be a large benefit to all the municipalities—of course, in somewhat varying degrees; but that what I may call a rectified inhabited house duty, an inhabited house duty as any commission of experts would probably rectify the tax now, would still more act evenly as an advantage to municipal areas as against the rural districts.

20,237. I do not quite understand what you mean by a rectified inhabited house duty; the inhabited house duty is based upon Schedule A. of the income tax, is it not?—Yes, but the system of exemptions and so on dislocates it a good deal.

20,238. Do you propose to alter that?—Yes, but I do not wish for the moment to go into it in detail.

20,239. There have been some quite recent alterations?—There have been, but I understood it was practically conceded that it still wanted a good deal of alteration.

20,240. You can conceive, can you not, that standing alone, the selection of the inhabited house duty would not be particularly favourable, say to a small manufacturing town where residence is not very desirable?—I have not figures of that kind before me, but no doubt I could refer to them. As far as that is concerned, of course, it is not the only transfer I am thinking of, but I do think that that particular transfer would have this result, that it would to a large extent rectify the balance as between urban and rural areas considered as being total blocks; and that is the rectification which seems to me most urgent at the moment.

Mr.  
B. F. C.  
Costelloe.

24 June '98

Inhabited  
house duty  
if remitted  
to municipal  
authorities  
would be  
a great  
advantage  
to them.

The witness withdrew.

Adjourned till Thursday next, at 2 o'clock.

**FORTY-EIGHTH DAY.**

Thursday, 30th June 1898.

**At St. Stephen's House, Victoria Embankment, S.W.**

PRESENT :

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. C. B. STUART-WORTLEY, Q.C., M.P.  
 Sir E. W. HAMILTON, K.C.B.  
 G. H. MURRAY, Esq., C.B.  
 C. N. DALTON, Esq., C.B.

C. A. CRIPPS, Esq., Q.C., M.P.  
 T. H. ELLIOTT, Esq., C.B.  
 ARTHUR O'CONNOR, Esq., M.P.

ARTHUR WILSON FOX, Esq., *Secretary.*

Mr. B. F. C. COSTELLOE, re-called and further examined.

Mr. B. F. C. Costelloe.  
 30 June '98  
 Resolutions passed by the London County Council, to be submitted to the Commission.

Mr. B. F. C. Costelloe.  
 30 June '98

Statistics showing alterations in amount of rates payable in Metropolis.  
 Additional revenue from new sources, namely, in respect of site values, required by London County Council for new improvements, and also some re-adjustment of existing burdens on the rate-payers.

Lessees in Metropolis cannot accurately estimate the rates payable when making a contract. They enter into a blind bargain.

20,241. (*Chairman.*) I understand that since you were here last week the resolutions on which you were questioned, which you told us had not then been accepted by the London County Council, but which were to be put before the Council in place of resolution (k) have now been by a large majority adopted by the London County Council?—Yes. Since I was here last these resolutions have been considered in the County Council, and the two substituted resolutions which I mentioned provisionally last time have been accepted by the County Council, not exactly unanimously but with, I may say, practical unanimity. I think I may say, as I said last time, that there was no material difference of opinion about them. Some dissent was expressed as regards the wording of the second one, and a division was taken in which, I think, a minority of 13 voted against the acceptance of it as it stood, but there was no serious dissent expressed other than the suggestion that it would be desirable to make the recommendation more definite than it is as to the particular services to be transferred.

20,249. You think then that on political grounds it is better that taxation should appear to be borne by the persons who actually bear it?—I do not know if I should call the ground political, but I think it is clearly desirable that it should so appear; in other words, where the apparent incidence causes a hardship to be felt by one class of persons, and the actual incidence casts a burden upon another, you double the friction and difficulty of raising revenue.

20,250. On the other hand, if I may put to you a hypothesis, which you will accept for the sake of question and answer, would there not be a danger supposing that the owners actually bore all the rates, in the occupiers, who are the spending power, knowing that that was so?—It seems to me you cannot escape the dilemma. If it is contended that at the present moment the owners effectively bear the burden, then that danger now exists; if the owners do not at present bear the burden, I think it is just that they should at any rate bear a reasonable share of it.

20,242. With that exception the position is unchanged?—Yes, except that, if I may, I should like to put in this diagram. I promised on the last occasion to produce certain statistics concerning the rapid and unexpected alterations of rating in the London parishes, which, as I suggest, make it extremely difficult for a tenant taking a tenancy to forecast the rates exactly (*handing in diagram*).\*

20,251. At the present moment is it so obvious to the occupiers that the owners bear a substantial part of the burden, as it would be under the scheme that you propound?—I suggest to you that the dilemma has arisen, whatever the economics may be, and that the only feasible answer to the occupier's demand to have the owner bear directly some portion of the charge, is the assertion that the owner bears it now. If the occupier does not believe that, the occupier will insist that the owner shall bear it; if the occupier does believe it, then the state of things which you suggest of the occupier spending the owner's money has already arisen.

20,243. (*Mr. Elliott.*) Am I right in gathering from your evidence the other day that the County Council has from the commencement found itself hampered by difficulties in raising revenue?—The County Council has always found a great difficulty in, for example, undertaking desirable arterial improvements in London from the fear of the consequences that would arise from any heavy rise of rate.

20,252. With regard to the actual and not the apparent incidence of the rates, would you say, speaking generally, that when the owner of a site leases it, the lessee takes into account the amount of the rates in fixing the rent that he pays?—I think only in an illusory sense. As I said the other day, I think he takes into account, roughly, a certain body of what he takes to be the settled rates. I think, in various typical London areas, he reckons that the rates are 5s. in the £ or 6s. in the £. As a matter of fact, in the present state of things, they always turn out to be a great deal more than he reckons for, because the amount is constantly increasing in fact, and must increase.

20,244. May I put it in this way, that you would like to find yourself in the position of a Chancellor of the Exchequer who, having additional revenue to raise, is free to choose that source of revenue which he considers most equitable?—Yes; that is most important. We desire a variety of sources of revenue instead of having to take it all out of the same pocket.

20,253. Would you say that a lessee always underestimates the amount of the rates that he is called upon to pay?—That is part of what I meant by saying, on the other occasion, that he entered into a blind bargain.

20,245. In addition to the means of raising additional revenue, I understand that you also desire to adjust what you consider to be existing inequalities of burden?—Yes, to a reasonable degree.

20,254. But still, in respect of the rates that he knows already to exist, he is guided, is he not, by the amount of those rates in estimating the rent that he will pay for the land?—I would concede that he must in some way take whatever he knows he will pay into account.

20,246. And you have deliberately selected a tax on ground values as being, in your judgment, the most equitable means of raising additional revenue and of adjusting existing inequalities?—That is so.

20,247. Does not that proposal of yours—I am sure you will agree that is so—involve an examination of the position as regards existing burdens upon owners and occupiers?—No doubt.

20,255. With regard to the increases of rates in recent years, would you not say that it is the case, that as fast as new rates come into existence, or increases of rates come into existence, new bargains are made with regard to the letting of land, which enables the lessee to take into account the rates in fixing his rent?—I have always thought that that was, if I may say so, a very fallacious argument. What happens in

20,248. And, indeed, upon all classes of the community?—No doubt, except that, as I said before and I should desire to say again, even if you convinced me that the economic incidence, from a theoretic point of view, worked out in some more equitable way, it seems to me that the apparent incidence itself is a cardinal reason for changing the present system.

\* See London County Council Return. London Statistics, 1892-93 (No. 129), p. 254. P. S. King and Son, Great Smith Street, Westminster, S.W.

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practice is this. I take a house. I may take it on a 7, 14 or 21 years' tenancy. I may take it on a three years' agreement, or I may take it on a still lesser tenure. But I take that house because it suits me to live in a particular place, and because I can, on the whole, manage to get a bargain with my landlord which I consider tolerable. Once I am there, my main object is, to stay there undisturbed. It is wholly unheard of, I think, in London, that either a resident or a shopkeeper finding that the rates have gone up upon him since he made his bargain—finding, for instance, that the School Board rate has risen from nothing, or from 2d. or 3d. to 8d. or 9d.—then goes to his landlord and says: You must reduce my rent; the rates of this place are more than I bargained for. That is not what happens in practical life.

20,256. Is that not the case as between the owner of a house and the tenant rather than the case between the owner of the land and the lessee of the land?—The case between the owner of the freehold and the owner of the various leasehold interests in the London tenure is, no doubt, a different case, but it seems to me to be, in a sense, a stronger one; that is to say, the bargain then is a bargain further back in the past, when the present state of things was still less understood or contemplated, and the profit from the present state of things as the reversion comes nearer to falling in, is more and more an unearned and undeserved profit, which goes straight into the pocket of the owner of the freehold without his paying for it.

20,257. But, still, bargains in respect of land are being constantly made, are they not?—Of course, it is a shifting boundary, like the shore of the sea.

20,258. I think you mentioned, the other day, the Cadogan Estate; you would agree, of course, that in the case of the Cadogan Estate the whole arrangements between the owner of the land and the lessees have been recently revised?—That is so, and the owner of that estate has, under the operation of the present system, obtained in cash at rack rents, practically the benefit of an immense amount of the local expenditure, which has been incurred since 1855, which he and his predecessors have not, in fact, contributed anything to at all. They did not contribute anything to it under their existing leases, because these leases were entered into long before these burdens were in contemplation. Their tenants have practically paid the cost, and they have entered into the profit. That seems to me to be a cardinal case of the injustice with which the system works when you consider the owner of the land and the existing leaseholders.

20,259. Now, in regard to those recent bargains between the owner of the Cadogan Estate and the lessees of the land, would you not say that it is clear that the lessees in estimating the amount of the rent which they can pay for the future use of the land have taken into account, perhaps, not all the possibilities of rating, but at any rate the existing rates and taxes?—The way I look at these new bargains is, that they are commencing again the same kind of vicious bargain which has worked so badly on the last leases. It is perfectly true that the tenant knows that he is entering on an inconvenient tenure, and it is perfectly true, I suppose, that he tries to drive some kind of bargain in which the rating of Chelsea comes into account in a way, but I say, whatever he may do with the money valuation, the bargain is a blind bargain, and is bound to work out badly and against the public interest.

20,260. Supposing there were no rates at all, you would admit, would you not, that the rents which the owner of the Cadogan Estate would have received would have been larger than they are?—No doubt.

20,261. I was interested in the statement you made in the course of your examination-in-chief as to the benefits derived from public expenditure, such as that of the London County Council. I think I am right in stating that you said that the whole of that expenditure went ultimately to the improvement of property?—I know no item of expenditure of the Council which does not, in my opinion, go sooner or later to the improvement of the property, not necessarily to the whole extent of the expenditure, but to a material extent.

20,262. The benefit of the public expenditure does not simply result in the improvement of the property, does it?—No, I quite agree that the occupier gets certain advantages out of it for the purpose of his life. How

far these in themselves in the long run go to increase the desirability of the site and the possibility of getting rent out of that very occupier, is another point. But I am not anxious to press that myself. I am willing to take it, as a practical man, that the occupier gets some advantage out of it, but I think that the owner, nevertheless, gets the chief advantage out of it.

20,263. In speaking of property in that connexion, do you refer simply to rateable property?—May I ask, in contradistinction to what.

20,264. In contradistinction to property which is not rated. I will take, for example, a public-house; would you say that the growth of the community, the prosperity and the well-being of that community would go simply to the improvement of the ground-value there, or that it would go to the benefit not only of the owner of the site, but also of the owner of the house, and of the publican himself?—When I say that it goes to the benefit of the owner, as I did just now, I am thinking of the distinction between immovables and movables in the full sense of the words. Whatever property is locally fixed, I consider broadly as immovable. To a certain extent that may even cover the goodwill of a business in certain exceptional cases, and, properly speaking, of course, it covers land and houses. These interests, which are immovable in that sense, and are fixed in a certain locality, seem to me, all of them, to benefit in the long run from the expenditure in question.

20,265. Yes, but the owners of that property are not the only persons benefited by the expenditure?—No, I admit that the occupier gets some benefit from it.

20,266. And the person who is not an occupier, I suppose you would say?—When I say an occupier gets some benefit, I ought to say the population gets some benefit. The inhabitants of London, the residents in London as a whole, do get a benefit from the better civilisation, and so on, which may be treated as a distinct item.

20,267. Assuming that you were in a position which the County Council would wish to find themselves in, that is, the position of a Chancellor of the Exchequer having to raise a revenue by various means of taxation, you would not propose to raise your whole local expenditure by means of the taxation of owners, would you?—No, I certainly should not, myself.

20,268. You simply say that in distributing that burden, a somewhat larger share should be borne by the owners of a site than is at present the case?—I have always myself carefully restricted any form of words that I had to do with as a declaration of policy, so as to say that the owner should in my opinion be asked to contribute his fair share. I am quite willing to leave it to the ultimate development of the questions and to the experimental development of the tax to settle what is the reasonable adjustment in the end between a direct burden on the owner, and a burden falling upon the occupier.

20,269. Are there any other directions in which, if you were in the position of a Chancellor of the Exchequer in regard to London taxation, you would propose the revision of the existing system?—The resolution (i) of which we are speaking, suggests what I think is a very material point, namely, that instead of doles, if I may say so, crudely handed out of the Exchequer, out of the national money in general, it would be much wiser to allocate certain sources of revenue, distinguishing those that are local from those that are imperial, in order (apart altogether from the question of a direct burden upon owners) to ease the situation in the very way which you indicate to me, namely, that it would give us various sources of revenue. I should, myself, hope that in the end, at all events, if not in the beginning, Parliament, in transferring a tax like the inhabited house duty, or even in transferring licence duties, would be content to allow a locality like London to have a certain limited means of altering the adjustment of its taxes.

20,270. Do you see any room for indirect taxation in a model method of raising local revenues?—I should certainly say not as regards local revenues. Indirect taxation as it works, for instance, in France and in Italy, in the shape of the octroi duties, seems to me to be the most anti-modern and the most undesirable of all possible methods of raising local revenue. I have always wondered why the very extreme reformers in Paris are so extremely slow to touch it.

20,271. Apart from the question of the benefits which property derives, you would, I suppose, agree

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Cadogan estate in Metro- polis. Owner of the site values is said to have reaped the benefit of a large amount of local expenditure. Lessees making recent contracts make blind bargains.

Owners of site values should contribute towards local taxation to some extent.

Exchequer contributions: Present system undesirable. It would be more desirable to allocate certain sources of revenue, distinguishing those which are local and those which are Imperial.

Expenditure of rates upon all objects ultimately benefits site values to some extent, though occupier gets some advantage.

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Personal  
property  
cannot be  
assessed to  
local rates.

that there is a personal benefit? You can conceive, can you not, of a person owning no property at all who, nevertheless, by the expenditure on police and in many other directions, derives a substantial benefit from local taxation?—You say owning no property, but of course everybody who is a resident in London, is either in the position of an owner or an occupier or both as regards something; he may be a dependent occupier, he may be a member of a family, and therefore not particularly the rate-paying occupier, but still, in some way or other, if he is a resident at all, he must either be an occupier or an owner, or both. Apart from that interest in the local community, a man may, of course, have business relations here, or he may have investments which in some way depend upon the locality's prosperity, that is to say, he may be interested in London in respect of his personality, so to speak, in respect of his dividend-bearing or profit-bearing personal capital. In that respect I started out myself on this discussion with an open mind as to whether it was not desirable to make personality contribute, but after a very careful investigation of the matter in our committee we were driven absolutely to the conclusion that you could not localise personality in such a sense as to make it equitable or practicable to compel it to contribute to local sources, and therefore I am obliged to desert that.

20,272. Do you think that the value of an occupation always affords an equitable test of the ability of the occupier to pay, leaving out now the question of the taxation of the owner's property?—Certainly not. I have a very strong opinion upon that subject. I consider that the adoption of that rough and ready method of dividing up the proportion of the local charge as between different ratepayers, was a very unfortunate test to select, and that it has worked out very unfortunately. There is no doubt that, considering occupiers solely, and leaving the owner's question out of account, and leaving other sources of revenue out of account, if you consider that 10 millions had to be raised in London from occupying ratepayers in certain proportions, the way in which we now apportion it, that is, in proportion to the rateable value of their houses, is a most inequitable way of dividing up that 10 millions as between man and man.

20,273. Have you any suggestions with regard to an improvement of that system?—The Council has not resolved upon that, and, therefore, I am chary of putting anything before the Commission otherwise than as a purely personal view. I do not suggest that I have at all satisfied myself, even as a matter of personal view, of what I shall ultimately say. We are only at the beginning of that consideration, although it is a very important one. To take one point only, I am inclined to think that, in the long run, the proportion to be borne by different tenements (apart altogether from the question of the direct burden on the owner) will be divided up, not according to the present rateable value so much as according to the present site values. I think you will find that it is quite a possible view that, in the end, the site values column which we propose will come to be not only the measure of the owner's rate, but also the measure of the occupier's rate. There are many other reforms to be kept in view as well, in arriving at any just apportionment as between occupier and occupier, and I do not suggest that I have got to the end of the question, by any means.

20,274. Your idea then, would be, that the value of the site does of itself constitute, not only a test of the ability of the owner to contribute, but also a test of the ability of the occupier to contribute?—No, I do not mean that; that is a respect in which I say there remain further questions to be considered, which are very difficult. As between tenement and tenement I think there would be advantages in estimating the assessable value of each tenement, not by the present measure, which is the rent it will bear from year to year, but by the site value measure, that is to say, that tenements bearing a high site value, such as tenements in the City, ought to bear, even in the shape of an occupier's rate, a higher proportion than tenements upon the outskirts, which have a practically vanishing site values estimate, but which now bear a considerable proportion of the rates, because of the building value which is put upon them. I think that the present system, as a matter of fact, tends in a certain way to discourage building on the outskirts, and in a way which is hardly fair to the various interests concerned. As to the question of a man's ability to pay towards local taxation, one cannot consider that strictly without

going into the whole question, of where the incidence of the rate falls. If the full incidence of the rate fall on the occupier, then it would be necessary probably to discriminate very widely. It would be necessary to distinguish, as the Inhabited House Duty tried, in a crude way, to do between business premises and residential premises, because, no doubt, the matter bears in an entirely different way. It would be necessary also to distinguish between premises of small value and premises of high value. It would be necessary to graduate, in fact. All these questions would arise if the Commission supposed that the whole burden of local taxation fell upon the occupier; but that raises a very wide question, and I do not at this moment propose to try to get at the bottom of it.

20,275. I think the London County Council is now committed to the proposal for the transfer of the House Duty?—In so far as that is carried in the resolution (i) which has just been approved.

20,276. I think, also, that in your own memorandum you suggest, or at any rate refer, with approval to the proposal for the transfer of the Land Tax?—I think that it would be desirable, for many reasons, to transfer it, but I see very great practical difficulties, and I do not propose to press that upon the Commission, because the Council has not explicitly resolved upon it, and by referring back, recommendation (k), it may be supposed to have expressed a doubt upon it.

20,277. I rather wanted to obtain your personal view as to whether there is any ground upon which the House Duty should be transferred, which would not equally apply to the Land Tax?—I do not think there is, except the grounds of practical ease and expediency, and the possibility that a radically revised Land Tax might some day be wanted as a means of national revenue. It would be much simpler to transfer the Inhabited House Duty than it would be to transfer the Land Tax, all things considered, but I do not suggest that the two are theoretically in any different position.

20,278. I understood your proposal for the transfer of the House Duty was based on the principle that it was essentially a local tax?—Quite so.

20,279. That would apply equally, would it not, to the Land Tax?—It may be so.

20,280. With regard to the transfer of the burden of certain public services, I gather that, as yet, the resolution of the County Council is very general on that subject?—It is.

20,281. And that the County Council have not committed themselves to any particular proposal under that head?—In the discussion on Tuesday upon that subject, I was asked what proposals I intended to put before the Commission, and I said that I did not propose to put before the Commission, as representing the Council, any specific proposals for transfer, because I did not think the time was ripe for doing so, but I suggested a thing which has been mentioned, the charge for pauper lunatics, for example. I did not gather that that met with any dissent. I fancy there are certain charges which the Council would be willing to define if the policy in general were accepted.

20,282. Would you assent to this as a general proposition, that where the benefit of any expenditure is national, the burden should be national so long as it can be nationalised consistent with due economy and care in the administration?—Yes. I think that formula very fairly represents my view. I think you have two things to consider: first of all, what is the benefit of the expenditure, or the object with which the expenditure is raised? That may be either wholly national or wholly local, or it may be mainly national or mainly local. It is a question of drawing the line. Then you have the question of the administration. In so far as national charge involves national administration, which I do not think it does completely, but in so far as it does involve it, there may be great practical difficulties in managing bureaucratically certain branches of the service.

20,283. You have spoken in rather emphatic terms of the extravagant tendency of the Exchequer grants. Do you draw any distinction between what one may call appropriated and unappropriated grants?—In the end I do not. I think all those things are mere words. If you pay a lump sum out of the Exchequer to a local authority, then so far as the local authority's economy is concerned you give them a windfall, a thing which comes to them out of the sky, and I think that does

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Inhabited  
house duty  
should be  
utilised for  
local pur-  
poses,  
being es-  
sentially a  
local tax.  
The case  
of land tax  
is similar.

Expendi-  
ture upon  
objects of  
a national  
character,  
such as  
pauper  
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Exchequer  
contribu-  
tions tend  
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travagance.

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distinctly tend towards extravagance. If you were to select a certain service and state that, subject to Imperial audit or some sort of control, the nation will pay some large proportion or even the whole of what that service costs in this locality, that is an entirely different thing.

20,284. Would you say that the grant given under the Local Government Act of 1888 of 4s. a week for the maintenance of each pauper lunatic tends to extravagance?—Yes, I think even that does. If the nation took over the charge of pauper lunatics as a whole, and controlled it by any system of audit or check, then I think such a subvention for local purposes would not tend to extravagance; but if they pay a lump sum, as I say, out of the sky to a body which thinks constantly of the question of a rise or fall of rates, then I think that practically acts as an inducement to extravagance.

20,285. I presume then that you would say generally that no safeguards can be devised which would prevent grants to local taxation out of the Exchequer from having an extravagant tendency?—I know of no such safeguards. For instance, the grant partly depends upon the number of lunatics; that obviously acts as an inducement to the receiving authority to what I may call, manufacture lunatics—that is to say, to put people into the category of lunatics who may otherwise be more conveniently treated as being members of the ordinary community. The dividing line between a lunatic and a sane person is a movable one, and I believe that, as a matter of fact, there is substantial reason for what I am saying—that cases have occurred in which it has seemed good to local authorities to have more lunatics than they need have.

20,286. I think you have more than once expressed to the Commission your view that no system of contributions from the Exchequer could be devised which would not result in more being contributed by the London taxpayer than the London ratepayer receives?—You may take it that that is the settled view of all of us in the Council after fully going into the matter.

20,287. Is not the whole fundamental principle underlying these Exchequer contributions this: that the wealthier portions of the community should relieve the poorer portion?—I never understood that that was the principle underlying the Exchequer contributions; if it was so, I am afraid I should quarrel no less strongly with the present system of distribution.

20,288. Are not these Exchequer contributions with regard to Imperial and local taxation, very much in the same category as your endeavours to make the wealthy parishes contribute to the poorer parishes by means of the Metropolitan Common Poor Fund and other funds of that description?—I certainly do not think they are, and if they were so intended they are very far from realising their object. You have to consider what is the meaning of wealth and poverty for that purpose. In London we regard it as clear that the accidental circumstance that large bodies of administration are managed locally does cause the poor districts to a large extent to have to bear their own burdens out of their own poverty; and for the purpose of remedying that we have endeavoured to what is called "equalise," which simply means to cause the general community of London to bear in common a little more of expenditure which really is for the common good. That policy if it were applied to national affairs would tend to exactly what I suggest, namely, to set apart those purposes which are national and distinguish them from those that are local.

20,289. Supposing that that policy were carried into effect, it would follow, would it not, that the large towns with wealthy communities would contribute more than they do now, whereas the poorer districts would contribute less?—No, not just that—with submission. The wealthy communities would contribute more than they do now to national purposes, but that I should have no objection to; that is, through the income tax, the death duties, and everything else worked in that way. If there was discrimination between national objects and local objects. I entirely agree that the wealthy community should contribute more towards the common objects.

20,290. (Mr. Arthur O'Connor.) With regard to the death duties, have the County Council agreed to any resolutions?—Not specifically.

20,291. Then perhaps we may regard them as not within the purview of practical politics, and drop them?—That depends upon the view that Parliament takes. I do not myself entirely rule them out; but for present purposes I do not insist upon them further.

20,292. You were asked about the interest of lessor and lessee; I suppose that it often happens that when a property is divided by lease between a lessor and a lessee sometimes one of the two parties buys up the interest of the other?—That happens.

20,293. The lessor may obtain a surrender of the lease, or the lessee may get a release?—Clearly.

20,294. In either case it is very easy for both parties to agree as to the value of the interest of the one or the other which is to be bought up?—I do not think there is any difficulty in valuing a leasehold interest in London.

20,295. It is a very common thing to have to distinguish in every day life between the interest of the ground landlord and the interest of his lessee?—We have to do it constantly in compensation cases.

20,296. I mean it is nothing new, and in every single day of the week all the year round it is being done all round?—It is. The valuation of interests in the nature of leasehold interests, or ground interests, or site values, I should venture to say was a commoner thing in the ordinary business practice of London than the valuation of the ideal rent obtainable for a tenement such as is now commonly supposed in the assessment at the quinquennial period.

20,297. I presume with regard to your evidence generally that you have been endeavouring to present to us general principles rather than to make those principles clearly apply to every possible circumstance and detail which may be suggested to you?—I strongly desire to say that I think in this matter, as in all other matters of taxation, you must not expect to arrive at more than a rough result. If the result you can arrive at will be a great deal better than the present result, that is a sufficient justification.

20,298. With regard to the cases which were suggested to you of difficulty or apparent inequity, I suppose that you would agree that it is possible to suggest cruces to any proposed scheme of taxation, local or Imperial?—I know nothing as to which you could suggest more than the income tax.

20,299. And that no possible scheme that the wit of man could devise would fail to be open to certain objections of a particular application?—No doubt.

20,300. Now, with regard to the distribution of the interests in property, real or personal, or freehold or leasehold, I suppose that that would always be controlled by the contracts entered into between the parties?—My view about contracts of that kind is that parties are perfectly free to make contracts as between themselves, but that they cannot by that means oust the competence, and, indeed, the duty of the State, to put fresh charges where it intends those charges to lie; and that if the State exercises that duty that gives no claim either to a cry of unfairness, or to a demand for compensation.

20,301. So that if the State, or for local purposes the municipality or local authority, levied a tax or a rate which was not contemplated at the time of a contract made between the two parties, there would be no reason why that tax or rate should not be levied and the parties left to adjustment as between themselves according to the terms of their contract of the incidence of the burden?—That is our view; and in so far as we can see, that is in practice what the State itself does. There may perfectly well be traders dealing in a commodity and making very close and speculative dealings upon it ahead of next year's Budget, but the Chancellor of the Exchequer never takes into account the fact that he may be deranging the agreements between those contracting persons if he puts a tax upon a particular commodity.

20,302. When the imposition of the estate duty began there was no special provision with regard to the purchases already effected of reversionary interests?—No: nor, for instance, as regards the charges in the nature of rentcharges, or anything else which might affect the property. Nor, of course, to take another historic instance, was there any consideration of mortgages when the Law of Landlord and Tenant in Ireland was radically altered, and much of the alleged difficulty

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Leasehold interests in Metropolitan are quite easy to value.

Existing contracts are not regarded by Parliament when legislating, and no claim for compensation arises.

Exchequer contributions: A system could not be devised which would secure to the London ratepayer more than they would contribute.

If expenditure on national and local objects could be distinguished, the wealthier communities would contribute more than they do now towards objects which had been nationalised.

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which has fallen on certain classes in view of that Parliamentary change was not due to the change itself, but to the fact that the mortgages and other charges remained unaltered. The State never, as I take it, takes these considerations into account because it cannot. If a man sells a property or an interest in property, he sells it as it stands, and the buyer takes his chance of what the State may within its competence do afterwards to change the nature of that interest.

Site values,  
taxation in  
respect of:  
Owners of  
the various  
interests  
should be  
assessed to  
local rates.

20,303. I do not know whether I quite appreciate the force and scope of your evidence upon the site value taxation or rating, but am I right in putting it in this way, that if the full value of the interest in land is divided among a number of parties, as original freeholder, owner of improved ground rents, sub-lessee, and puisne-lessee, the rate or tax which you would suggest ought to be levied upon that interest as a whole would be distributed among the parties who are benefited just as, we will say, the bark of a tree which is thicker on the trunk, and narrower and thinner on the branches, and thinner still on the twigs, is distributed throughout the corpus of the tree?—It would be distributed—

20,304. In proportion to the interest?—Yes, as equitably as it is possible to distribute it in proportion to the interests in the site value, endeavouring to leave out of account such interests as may have arisen out of the actual expenditure of capital which we call building value.

20,305. I was speaking only of site value, or intended to. Where assessment could not fix to each sub-division of the interest the proper apportionment, that would be a matter of adjustment as between the parties concerned under the contracts?—I think it is perfectly possible to form a practical scheme starting from the general principle of the Schedule A of the Income Tax by which a method of deduction would arrive at an equitable result as between the parties.

20,306. You were asked also, I remember, the other day about land which though valuable from the point of view of site merely was yet not so valuable as it might be by reason of the dilapidated or unsuitable premises in the way of buildings which had been put upon it?—There are such cases.

20,307. So that land badly occupied is practically depreciated in value, as where it may be necessary in order to utilise a property to its full site value to remove existing encumbrances?—Yes, but I may say that in the London case, I do not gather from the experts that the mere necessity of removing the existing encumbrances is ever very material: considering the use to which you can put building materials and other matters, the actual cost of removing a building is a trifle in comparison to any large gain in the way of obtaining the full site value.

20,308. That is only a question of degree?—Yes.

20,309. But whether the degree be high or low, is it not a matter of fact, which depends on appreciation and estimate?—If it were considered equitable to allow for that, it is perfectly possible to do it.

20,310. There is only one other point which I want to ask you about, which is in reference to an expression you made use of just now as to the house duty and the land tax. I do not know whether I was mistaken, but I gathered that you said there was no essential difference or no difference of principle, between house duty and the land tax; I suggest to you that a house duty is a duty upon something which is of human creation, as the result of industry, and that a land tax is a tax upon something which is not of human creation?—I did not in the least mean to suggest that there was no difference in the position of the two taxes. From that point of view I feel very strongly, of course, that there is. But the question that was put to me by Mr. Elliott, as I understood it, was whether, from the point of view of distributing between the local and Imperial revenue there was any difference in theory between the two, and I assented to his proposition that the reasons which caused me to say that the inhabited house duty might be considered a local revenue, might equally cause me to say that the land tax might be considered a local revenue—in principle; namely, that it was raised wholly upon localized property.

20,311. You would be prepared to say, perhaps, that, given a house duty, it would be proper to appropriate it for local purposes?—That is what I mean.

20,312. And given a land tax, it might, perhaps, be more proper to appropriate it, in the first instance, at any rate, for national purposes?—That, of course, might well be contended, but the land tax as it at present exists—the small land tax now existing—

20,313. I was not talking of the absurdity which now exists?—That was what I had in my mind.

20,314. A thing which was founded on a set of circumstances existing 200 years ago—No, we are serious; but I was talking of a land tax, a land tax which is of equal incidence throughout, that, I suppose, would be a matter first of all of Imperial charge and Imperial appropriation?—It is because I foresee that the present rather absurd land tax need not be expected to last very long that I do not make any suggestions myself about it. I think the Council rather withheld its idea of making any suggestion that the land tax should be transferred to local revenue on partly the same ground. I think that whole chapter had better be left to develop as it may.

20,315. (*Mr. Cripps.*) I see that in dealing with these site values, you were looking for what you call a new source of revenue?—That is so.

20,316. When you talk about this as a new source of revenue, do you mean that you would leave the existing charges as they are, and then add your idea of the site value tax as an additional source of revenue?—I endeavoured to make that clear, I think, when I was last before the Commission, in this way:—My first and most urgent desire is to prevent the increase of burden which now falls upon the occupier, and which, as regards these growing increments of rates, seems to me to come out of his living in most cases—that is my first and most urgent desire. Next to that, I desire to take off as far as reasonably can be managed the recent burdens of the same kind which have been put upon him. That is the reason why I talk of a new source of revenue, contemplating that what may be called the bulk of the standing rate will remain unchanged.

20,317. I want to ask you this—it is only to understand what you mean—do you want to get a new source in the sense that whereas you are now raising £x, you want to raise £x + £y, in order to carry out certain improvements?—We certainly shall have to raise £x + £y. I do not contemplate that the new source of revenue will materially increase our expenditure. I think our expenditure is increasing and has got to increase because the public demands have increased.

20,318. I do not want to argue that: if you do not mind I will assume that: I only want to get the basis of your opinion. In dealing with your new source of revenue do you mean to get what I call the £y in addition to the £x which you are now obtaining?—Yes.

20,319. You call this an owner's tax; forgive me if I duplicate a question in leading up to another, because I was not here the other day. I do not quite appreciate what you mean by the word owner there; do you mean the freeholder?—We have defined him in (c.) of the resolutions before you as including "all persons deriving a revenue, or use equivalent to revenue, from the value of a site."

20,320. I will just ask you this in order to found another question. Take the case where you have four or five different people with different assessments as regards ground rent from the same piece of land, you would call all of those owners, would you?—I do not quite follow how that would be.

20,321. You would have it in this way—we will say a freeholder lets his land at a ground rent of 5*l.* a year, the next man finds he has made a good bargain and lets it at 10*l.* a year, and I will take a third man to whom he lets it at 15*l.* a year, and so on?—Supposing no house to have been built?

20,322. Yes, even supposing no house to have been built?—I call all those people collectively the owner. The first man is the owner in respect of the 5*l.* a year, the second is the owner in respect of another 5*l.* as the differential profit, and the third man is the owner in respect of a third 5*l.* of the total site value, which you have supposed at 15*l.*

20,323. Take the first man; he is getting 5*l.* a year, in accordance with your resolution (e) would you rate him on the annual rent which at the time of the valuation might reasonably be obtained for the land as a

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Site values,  
taxation in  
respect of:  
Desirable  
in order to  
obtain a  
new source  
of revenue.  
The in-  
crease of  
burdens  
falling on  
the occu-  
pier could  
be re-  
lieved, and  
some of  
the recent  
burdens  
put upon  
him could  
be taken  
off.

Site values,  
taxation in  
respect of:  
Owners of  
the various  
interests  
should be  
assessed to  
local rates.  
Upon what  
principle  
this should  
be done,  
discussed.



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cleared site? Would you rate him on the 20*l.* a year or the 15*l.* a year, whatever it might be?—It is not contemplated that he would be an individual rated upon any such assessment. The contemplation is that the tenement would be put in the rating list as it now is against a certain rateable value, and that in a further column of the valuation list against that tenement would be put a site value.

20,324. I want to take this test case, I want to appreciate how you would work it out. Take the man who is getting 5*l.* a year, but at the time of a valuation his property might reasonably pay a rental of 20*l.* which might reasonably be obtained for the land as a cleared site; would you rate him on 20*l.*?—I would rate the property on 20*l.* and he would pay the tax only on 5*l.*

20,325. And you would adjust the rest between the other parties?—Yes. In the case supposed apparently there are four people who would be profiting to the extent of 5*l.* a-piece; there would be an occupier who had got a financial profit of the difference between 15*l.* and 20*l.*, and there would be three other persons who would be actually receiving an actual cash rent of 5*l.* each.

20,326. Do I understand that you would never rate a man on your principle of site value?—Beyond the amount that he is either actually or potentially receiving.

20,327. "Potentially," excuse me, I think is rather an awkward word. Would you ever rate him beyond the amount which he is actually receiving?—In the case we are discussing it would be a question of each person being rated on exactly what he was receiving. The reason why I used the word "potential," if you will permit me to say so, was in order to cover the words "use equivalent to revenue." Plenty of people in London are obtaining an advantage from a site which is not received in cash.

20,328. I will assume a man who has got no other interest in a site value, using your expression, except what he receives in cash?—Then his share of the burden will be determined by what he receives in cash.

20,329. And you only rate him, take an ordinary case, we will say, on the £*x* a year for the money that he is receiving?—Certainly.

20,330. I understand the basis of your opinion as regards site value is in order to get a fair adjustment between the owner and the occupier?—That is the first point.

20,331. The second point—I will ask you just a question or two about it—would be to get what you call a new source of revenue, I suppose?—Yes.

20,332. Now, let me ask you first of all as between the owner and the occupier; I will take a very simple case. Suppose a man has taken a piece of ground for 99 years, and he pays 5*l.* a year for that, but afterwards the value of the site goes up very much, and keeps on increasing during the 99 years; who gets the benefit of that during the continuance of the lease—the owner or the occupier?—To a certain extent, both. It is an arithmetical calculation not altogether difficult. The owner gets the benefit of improved site value in the sense that he will come into the reversion at a certain future period, and as the 99 years runs off the benefit of his reversion increases constantly. In the meanwhile, and saving that fraction, the leaseholder gets the benefit.

20,333. I will deal with that in a moment; assuming a fair contract between the parties has given him 5*l.* as the right sum to receive for a ground rent, and the man gets it at that rate for 99 years, if that property goes up in value, surely, during the pendency of the 99 years—I will deal with your question of when it comes to an end—the occupier is getting the constant benefit of the rise in the site value, is he not?—Not without the exception I was just endeavouring to state, because, if, for example, you take the period when the lease has run for 89 years, and when the owner's reversion is within ten years, the owner can turn the benefit of his site value into his own pocket by selling his reversion in Tokenhouse Yard.

20,334. Yes, he could in that way, and I will come to that in a moment; but during the continuance or pendency of the lease, why does not the occupier during the 99 years, that is, so long as his term runs, get the full benefit of the increased value—he does,

does he not?—I do not think he ever can be said to get the whole, except in the very earliest stages, when you may neglect an infinitesimal amount which I regard as the owner's share. I do not think the leasee ever gets the full benefit of the value; but it is practically easy to ascertain exactly, as I think Mr. O'Connor put to me, what he does get. You can suppose the leasehold interest to be sold at Tokenhouse Yard and the owner's freehold interest to be sold at Tokenhouse Yard, and the two between them, taking out the building interest, will represent exactly the site value.

20,335. I think that is not quite exactly the question I asked you, as you will see if you think for a moment. Of course, during the pendency of the lease the site value may be going up, and at the end of the lease that is a benefit to the freeholder—everyone admits that; but during the pendency of that 99 years why does not the man get the full benefit of the rise in site value for that period—of course, not for all time, but for the 99 years he gets it?—It may be that I am at cross purposes as regards words, but I am using the term "full benefit" as including not merely the income benefit but the capital benefit.

20,336. Let me go back to the capital for the moment; of course you have got to capitalise it on the leasehold table, and not on the freehold table—everyone knows that; but suppose a man has got a property, and he says, "I will let an interest in the land for 99 years," and during the period of that 99 years' interest the site value goes up; why does he not, during the 99 years, get the whole benefit? Of course there is the reversionary benefit, but that is a different thing; it is the occupier who gets the full benefit during the 99 years?—The occupier gets the benefit of a certain amount of value in this particular year, but that benefit, being a vanishing benefit, must be treated for the purposes of bearing a burden on a wholly different table or basis from that on which you treat the owner's benefit.

20,337. Let me take it on the illustration which you gave us; it is very easily done, as you say, in compensation cases. Suppose a man has got the benefit of what is sometimes called an improved ground rent for 99 years, or for some smaller term; you can perfectly well ascertain that on a given table?—Certainly.

20,338. And if it is a question of compensation, buy out the man?—Once you introduce the tables the thing really becomes simple. I am only safeguarding myself from that point of view.

20,339. The table is only an example or illustration of what I mean—that for the 99 years he is entitled to the whole benefit of any rise there may be in the site value?—If we are speaking of the whole benefit from year to year, without having regard to the fact that it is a temporary or perishing interest, no doubt he is entitled to it.

20,340. And he gets it?—He gets it.

20,341. Now, let me go to the reversionary question?—I do not, in the least, suggest that the leaseholder should get off paying his proper proportion of the site value in respect of what he gets.

20,342. Let me deal with that from the two points of view, because I want to deal with it. So far as the occupier is concerned during the pendency of his lease, you do not think that he is unfairly rated at the present time, if he is rated on what I may call the site value plus the building value, or the two combined?—I certainly do.

20,343. Why?—Because he has to pay for the whole cost of public improvements a large portion of the benefit of which go to quite different people altogether.

20,344. I think that is another point, and I will come to that in a moment; but during the pendency of his lease, if he gets the full benefit of the site value, if he is getting another 15*l.* a year, or whatever it is, because the site value is going up, surely it is right, during the pendency of the lease, that he should be taxed on that amount—you do it yourself, as I understand, distributing as you do the word "owner"?—But then I am supposing, to begin with, that we have to distinguish between the rate that is to be put on the site *qua* occupier and the share of local burdens that is to be put direct upon the owner. In so far as the occupier is the owner, as he sometimes is, no doubt a distribution will have to be made. I should suggest—

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Site values,  
taxation in  
respect of:  
The system  
would secure fair  
adjustment  
between  
owner and  
occupier  
Question  
as to how  
far the rise  
in value of  
a site  
benefits  
owner and  
occupier  
respectively  
during the  
continuance  
of a  
lease.

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Site values,  
taxation in  
respect  
of: Owners  
of site  
values  
should be  
taxed in  
respect of  
the ele-  
ment of  
realisable  
capital  
value, as  
well as the  
income  
value of  
their in-  
terests.

20,345. I do not want to argue the point. The other point I want to ask you about is this. Of course, at the end of the time, as you say, when the reversionary value falls in, there may have been an increment in the value to the owner?—There always is, practically.

20,346. You say there always is; I should not say that was always true. Of course, in some places, land may go up, or may go down in value; but that, very probably, would not be the case with London?—I think I mentioned, on the last occasion, that I once had to go through an immense list of London valuations, and there practically was no valuation list where there was not a rise.

20,347. Practically, an immediately increased value goes to the owner who is in possession, and of course then, whether as regards rating, the owner, or as regards the relation between him and the occupier, the burden would fall on him, no doubt?—I should put the burden upon him before it falls in possession, because I would insist, if I may, upon taking account of his values which are capital values, as well as of his income values.

20,348. Very well; then you anticipate, in the sense of making a man realise the value of his property, we will say, 40 or 50, or 20, or 30 years before he otherwise would?—I do not make him realise at all. If he prefers to leave it in its present state of investment he can. I only say that is an element of wealth which has gone to his use, because he can, whenever he chooses, put it into cash; and, inasmuch as it is an element of wealth, it seems to me to be one of those sources which are open to be made contributable to the public burden.

20,349. Why should you anticipate the time?—He has got it now. I demur to saying that I anticipate the time. That is exactly, if I may respectfully say so, my difficulty with the line suggested in your questions.

20,350. During the pendency of the lease, you get it from the occupier now, but at the end of the lease, you will get it from the owner together with the increment; why do you want to anticipate the time, or to alter the relationship that now exists between owner and occupier, by which you get the full value between the two, why do you want to alter that by anticipation or anything of that kind?—I may be wrong, but I respectfully think that that question does not at all represent the suggestion that we are making.

20,351. Why not?—Because we are proposing, apart from the existing occupiers, that you should raise what we call a new source of revenue. That new source of revenue will go upon a certain total element of wealth, which we call the site value, and that site value is, as a matter of fact, distributed among various hands. I say as regards this particular source of revenue that we are now talking about, that a site values tax, in whatever form you put it, ought to be distributed among the different persons who obtain the value or revenue or use equivalent to revenue, and in dealing with the case you suggest, I am suggesting that it is inaccurate to say that we anticipate, because we consider as part of the owner's interest a thing which, at present, he possesses, although he may only be able to realise it in a capital sum.

20,352. May I remind you of what you told me was your basis, when I asked you at first—that you never want to put the site value above the amount a man is actually receiving? If you go upon that, which I thought was your first principle, of course you anticipate?—No. In the case you put to me of the three 5*l.*, where the whole value of the site is at present being taken in cash and realised in income, then, of course, that simple rule will satisfy the matter perfectly.

20,353. Supposing, according to the terms which you granted to him when I asked you—I am taking a very simple case of a freeholder, and one occupier under him for a long time—supposing you never want to take from the freeholder more than the original 5*l.* a year, do you not rate him on more than the original 5*l.* that is paid to him? Surely that is quite inconsistent with your view of the value accruing during the pendency of the term to the owner? You cannot have it both ways?—The problem you were putting to me, was a case at the starting out of a site before even the house had been built. In that case, where practically all the reversions were cast into the distant future, no question of capital values would arise, but the existing interest in the site value would be perfectly fairly estimated at four 5*l.*

20,354. Surely you cannot have it both ways, you would either have to rate a man on what he is receiving that is the 5*l.* a year, I put it to you, or else you would have to rate a man who is only receiving 5*l.* a year on some very much larger sum, because in the course of years he was going to receive some reversionary value, you cannot have it both ways—which way would you put it?—I would put it in the second way, but I do not consider it is a fair way of stating it, to say that in the course of years he is going to receive a reversionary value, because I put it to you that he has the reversionary value now for what it will sell for.

20,355. We will say the rates are 5*s.* in the £—and that is not an unfair proportion to take—and that the man is getting 5*l.* a year?—The owner's rate will not be 5*s.* in the £.

20,356. But take it as things are for the moment. Take it that the rates are about 5*s.* in the £, would you want to put a rate upon this new site value? The man is getting, we will say, 5*l.* a year, but the thing has gone up, we will say, to 100*l.* a year—that is not unlikely—you would then rate him on a higher figure than his entire income—a great deal?—No.

20,357. Why not?—I do not understand that I ever would rate him on more than his income.

20,358. Surely if you once leave rating him on what he is actually receiving, you might very soon arrive at that result in a place like London?—In the first place, the value would only in an inconceivable case have risen to 100*l.* a year, except a building has been put on the ground.

20,359. No. I could give instances where it has risen that quite apart from buildings?—Of course, on the system which the Council has proposed, he would never get rated in any case on more than he was getting.

20,360. If he would never be rated on more than he was getting, what becomes of your idea of anticipating value?—He would never be made to pay on more than the 5*l.* he was getting, if it was paid by a system of deductions.

20,361. Certainly. Suppose the man is getting 5*l.* a year, and you rate him at 5*s.* in the £ upon 100*l.*, you would rate him on more than he was getting?—I do not think, with submission, that that is a conceivable case, because, apart from the machinery by which it is proposed to do it, it seems to me to frame itself in this way—if a man has parted with land for a long term of years, reserving a rent of 5*l.* a year to himself, and in the course of the term that land rises in value to 100*l.* a year, that 100*l.* will be a present value received by the leaseholder, and the 100*l.* a year will also be apparently the total measure of the site value assessment. In that case the owner's tax upon that particular tenement will be 5*s.* upon 100*l.*, that is to say, will be 20*l.*, but the great bulk of that 20*l.*, in the case supposed, would be paid by the leaseholder, probably 18*l.* or 19*l.* of it.

20,362. Then, in other words—I want to follow this—you do not propose to anticipate what I may call the reversionary value, and if you do not propose to anticipate the reversionary value, is not that inconsistent with the other branch of your argument?—No. I did not understand that I had just now admitted that I did not propose to anticipate it. I say the distribution of the total 20*l.* of owner's rate between those two interests would be in my view proportionate to what the interests really are worth; but in the case you are putting, the leaseholder's interest in the site value would be vastly more than the owner's would be even if we had taken the owner's reversion fairly into account.

20,363. I am assuming, for the moment, that there are only two parties. Supposing you are only going to rate an owner on the 5*l.*, and nothing more—I mean to say the original owner of the freehold—the question which you have raised, that towards the end of the term his interest becomes more valuable, and, therefore, you are not anticipating value, but you ought to rate him upon it, would never arise, because it would be inconsistent with the other position?—I think, perhaps, the matter could have been explained more easily if I had been able to put before you the scheme which was put in personally by me, which the County Council had framed at a previous time, for doing this thing practically, because that would remove a great many of the difficulties which seem to be arising. The point is not that the owner is rated upon any 5*l.*, or upon any sum properly speaking. What happens is that the tenement is rated on a site value of say, 100*l.*, that then

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2s. in the £ or 6d. in the £, as we propose, is taken upon that; so, if we suppose that we put it at 1s. in the £, which is all that is proposed at the present moment, that would be merely a matter of 5l. a year; but the bulk of that 5l. a year would, in the case supposed, go upon the leaseholder, and a certain equitable portion of it would go upon the owner of the ground rent. But on our scheme, as it has practically been worked out, it is quite inconceivable that, in any case, the owner of the ground rent would have to pay any serious amount in such a case, even if you take his reversion into account.

20,364. Let me ask you one other question—although I do not want to detain you unnecessarily. Apart from the vacant land point, which I admit is quite a different point, would you get any greater value, in your opinion, for rating purposes, by separating site value and building value, from what you would by combining the two, and if so, why?—I do not propose to separate them in that sense. I propose to leave the rateable value column where it is for the purposes of the occupier's rate, and I propose to add a separate column to the rate book, to be called site value, for the purposes of the owner's rate.

20,365. Apart from putting a new rate upon the owner, what you call a new source of income, you would not raise, would you, the general assessable value which you would raise the rates on merely by separating site value and building value?—No, but it must be remembered that we do not propose to divide the present rateable value into a site value and a building value, as I have already explained in answer to Mr. Stuart.

20,366. Therefore you would only separate them in order to put a rate upon the owner?—That is the whole object; that is what I mean by calling it a new source of revenue.

20,367. And you would do that quite irrespective of what you have told us of any arrangement between the owner on the one side, and the occupier on the other?—I do not myself see that there is any ground in equity to interfere with such a rate, if Parliament chose to impose it, by reason of past or future contracts.

20,368. Let me put it to you in this way—supposing it is more convenient for business purposes that the rate should be thrown upon the occupier or the non-freeholder; what benefit does the community get by upsetting that, and throwing it on the one party rather than on the other?—My answer would be the analogy, as I said previously, of the income tax.

20,369. Never mind about analogies for the moment. Supposing, as a business matter, it is more convenient as a question of contract to throw the rates on one party rather than on another, what does the community get by upsetting that arrangement?—I think the community suffers most grievously from that very arrangement at the present time. I think the community has the highest interest in upsetting that arrangement.

20,370. Why; I do not quite follow that?—Because at the present moment that produces a state of things which causes the whole local expenditure to be borne, apparently at least, by a class of people who do not get a large portion of the advantage of it, and that state of things produces a constant resistance on the part of the occupiers against even the most necessary improvements and developments in municipal service.

20,371. Is it not an admirable safeguard that a large number of people have to pay the rate themselves instead of getting the rate from a smaller number of people in which case they would be likely to be extravagant, because they have not got to put their hands into their own pockets?—As I say, I do not think the present system operates as a check upon extravagance. I think what it does is to operate as a check upon actual municipal services; it certainly operates as a severe check upon the creation of structural improvements in London, and I think it has operated in my experience of London affairs as a check upon everything, including public health.

20,372. Supposing for the moment we had had the other system of rates in England, and it had all been upon the owner?—I do not propose that.

20,373. Assuming that—I want to take the test; do you not think the tendency towards extravagance would have been very much greater than it is now, and that the real safeguard is the number of people who feel the rate because the occupiers pay it?—I do not think so in the least myself. I think that if the occupier did not feel that it was coming out of his own livelihood,

he would have every inducement to send up the expenditure.

20,374. Do you want to increase the expenditure of London?—I do not want to, but I regard it as inevitable.

20,375. And regarding it as inevitable you think there would be less friction if the owner pays than if the occupier pays?—No I think—

20,376. Is that not what you told me—less friction if the owner paid than if the occupier paid?—No. I think there would be less friction if the owner paid his share; there would be less friction, because the removal of an injustice always produces less friction; but it is not from the point of view of friction I am chiefly thinking of it. I do not want the people to die in the alleys because the occupier thinks he is paying too much rates.

20,377. No one would desire that?—No one wants that.

20,378. And I do not think it is true myself; but, however, no one, of course, would desire it. Is not the real safeguard I was going to say, I mean the only safeguard you get in these rating matters that the occupiers, that is the larger number of people, have to pay the burden if they carry out various municipal arrangements, whatever they may be, which cost money?—I think that that has never in my experience operated as a real check upon extravagance. I think it has constantly operated as a check upon very useful public work. Where you have a corrupt body which is actually extravagant and does over-pay contractors and allow officials to steal, and things of that sort, I have never found the ratepayers' check very effective there; in fact, you will generally find there is a ratepayers' association at the back of the ring.

20,379. I am not dealing with the source of extravagance like that, and I am not suggesting anything of that kind. I put it to you: Supposing, instead of your 6d. on the owner you were to put 2d. on every occupier, do you not think that that would be a far greater test of whether the people really wanted to spend the money or not?—No, I think there would be much more resistance to the spending of the money; but I do not think it would be a fair test as to whether the money ought to be spent.

20,380. No, no; but surely the people who are the proper people to decide that, as much as possible in a place like London, are the occupiers—they are just the very people?—I do not think so. If you have, for example, the question of making great arterial improvements, the occupiers who pay for them do not get the main benefit out of them. They go, to a very large extent, to improve the values of the building estate called London. You have a state of things under which the Embankment, for instance, was built out of the pockets of the occupiers, and the chief money advantage from that went to the profit of the great building estates that bordered upon it. Such a situation is, to my mind, I deliberately say, scandalous, and I should not be at all surprised if in the course of time it leads to greater friction than it has already.

20,381. (Mr. Arthur O'Connor.) I presume that where land is let on a terminal lease with an increasing site value the freeholder's interest is an increasing interest viewed from the capital standpoint, and that apart from the present improvement in the site value the leaseholder's is a diminishing interest?—That is so.

20,382. If the freeholder wants to realise his increasing interest, he has to discount his prospective profit?—That is what it comes to practically; he has to sell it, or suppose it sold.

20,383. And he discounts an interest or a property which is not otherwise in hand?—That is my conception.

20,384. From the point of view of principle, it is necessary to distinguish between a reversionary interest and an interest which is in hand?—Yes.

20,385. As I understand your position, the increasing site value is *ex hypothesi* distributed, somehow or other, in the shape of interest in hand in the one party, and the reversionary interest in another party?—That is so. I only want to arrive at an equitable assessment and an equitable distribution of the whole total sum between these two interests.

20,386. From the point of view of the taxing or rating authority, the distribution of the charge as between the parties, reversionary and in immediate

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Site values,  
taxation in  
respect of:  
Capital  
and income  
values.  
Method of  
distribu-  
tion be-  
tween the  
various  
interests  
discussed.

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possession, is a matter with which they are not concerned?—That is so.

20,387. As a rating authority they are not concerned; it is a matter for contractual distribution between the parties who divide the interest between them?—I am only concerned to put forward a scheme which so far as I see will equitably divide it between the interests. If they choose to alter these interests afterwards by any legal contract that is quite fair.

20,388. Your position is that of the County Council—a rating authority or a charging authority?—Yes.

20,389. Are you concerned as such with the details of equitable distribution as between the charges?—Of course, as we are asking for a new source of revenue, we are anxious to show that it will fall more equitably than the present one. That is the point of view from which I put it.

20,390. Are you, or are you not, anxious to interfere with the terms and the covenants of the contracts existing already between the parties between whom its improved value is distributed?—No, I do not propose to alter them at all.

20,391. So that, if, as between them jointly, the burden imposed is borne, you are content, from the point of view of the rating authority, to leave the incidence to be adjusted according to their contractual relations?—Excepting this, that I quite propose that if an owner's tax is created, and if it is part of the conception of that tax that a certain share of it, say *l.* 10s., out of a total of 20*l.*, shall go upon the freeholder, then the Act of Parliament shall be strong enough to put it upon him notwithstanding the fact that he has 50 years ago contracted with the leaseholder to bear all the rates and taxes.

20,392. Neither the County Council nor a Royal Commission could interfere with the power of Parliament; but let us suppose that an interest in land is like a knife with a handle and a blade; the handle is limited—that is the freeholder's part, but the blade is constantly growing—a curious knife; it is generally the other way—but supposing that the leaseholder is enjoying for the present a constantly increasing share of the total improved site value, do you not think it is fair that he should also bear that portion that he represents of the burden on the total interest which is increasing?—Certainly, and that is my proposal. That is the way in which the scheme which I put before the Chairman would work.

20,393. In so far as it is necessary for the carrying out of your present statement you are desirous of modifying, if it is necessary, anything you have already said?—As I understand it, that is not inconsistent with what I have already said.

20,394. At any rate, if it should appear to others to be inconsistent, you wish your later utterance to be taken as the expression of your opinion?—I think my later utterance is correct.

20,395. (Sir Edward Hamilton.) I think in your memorandum you object very much to the principle on which the Exchequer grants were allocated in 1888?—Yes, we feel that that is a great grievance.

20,396. On the ground that it was an inequitable allocation towards London?—That is what first called our attention to it, but we now have more ample objections.

20,397. Do you consider that those inequalities have become more marked now than they were in 1888?—We think they are growing inequalities.

20,398. They are growing?—Yes. Of course we have various other objections, as I think I put to the Commission. There is also this consideration, that the yield that comes to us just now is extremely accidental, and we cannot forecast our own Budget because we do not know how many millionaires will die in the year.

20,399. You advocate the transfer of the inhabited house duty from the Imperial Government to the local authorities?—I give that as an instance.

20,400. Supposing that that was done, may I take it, that what you would advocate would be, not merely the transfer of a duty in the same way as the licence duties are now handed over, but that it should be constituted a local tax, that is to say, that the local authorities should have power, not only to collect, but also to levy whatever rate they please?—I do not suppose Parliament will go so far as that. In the first

instance, I propose that it should be constituted a local tax and that the local authorities should have power to levy it, and that Parliament, within limits to be fixed in the Act, should allow us to exercise a certain discretion as to grading it, for instance, and other things of that kind. As to the amount to be levied, I do not propose that it should be at our pleasure to levy either a penny or a shilling on the inhabited house duty as we might think fit. I assume Parliament would leave it where it is, subject to defined powers of modification.

20,401. Supposing Parliament were to hand you over the tax and give you a certain discretion within reasonable limits as regards the rate that should be levied, it would not differ very much from an ordinary rate—true, you might grade it, but you might grade an ordinary rate too?—That would put into our local budget a tax which people now have to pay in addition to the rates.

20,402. No doubt?—And of course the fact that London would gain a certain financial benefit by that, would relieve us to that extent.

20,403. But it would be the same thing to the London taxpayer, that is to say, supposing he is paying the inhabited house duty and a rate, it would be the same thing if Parliament were to repeal the inhabited house duty and you were in its place to levy a new sort of rate which might be a graded one?—Theoretically, it might be much the same, but I say in practice I would much rather have the inhabited house duty, because of the superstition that prevails against the increase of rate. I think we would have far more friction if Parliament repealed the inhabited house duty and left us to raise a rate in place of it.

20,404. I think, in your memorandum, you refer to there being a great many inequalities in the inhabited house duty, or you say that it requires reform—I forget the expression used. What were the special points you had in view in regard to the reformation of the tax?—I do not profess to have a scheme of reformation to propose to the Commission, but the exemption of certain properties and the grading of the tax upon different classes of rents seems to us at present to be rather haphazard; and there has been a strong feeling in the Council at the time when this was discussed in earlier years in favour of reforming these things; so much so, that some members of great weight on the Council objected altogether to apply for the transfer of the inhabited house duty on the ground that its application was so awkward and unsatisfactory. For instance, we quite feel in London, as I think everybody is aware, that the total exemption of business premises from the inhabited house duty produces a very unfortunate result, and that large numbers of business premises in London are left without a certain amount of residential facilities, which would be very convenient from many points of view, simply because, if even a single bed were put up in any back office, the whole block might have to pay inhabited house duty. That is only an instance of the many difficulties which arise in the present cast-iron system.

20,405. (Chairman.) I think you may take that as absolutely established?—I understand that everybody concurs in the view that it does need reform.

20,406. (Sir Edward Hamilton.) I think you said also that you calculated that for every pound practically contributed out of the Exchequer to London local taxation, about 25s. would come out of the pockets of the Londoners?—I do not mean those to be exact figures; I mean that we contribute more than we get.

20,407. I suppose you consider that that basis is extremely hypothetical?—I can only say that many of us, looking at it from different points of view, and trying to work out the figures on our own account, all arrived concurrently at that same result.

20,408. I do not see how you could proceed to work it out at all?—It is, no doubt, a largely conjectural view; but I base it upon the assumption that the taxation which is to be raised for the purpose of making grants to local expenditure is raised, as I said upon a previous occasion, upon the variable elements of taxation.

20,409. Take, for instance, the income tax. The income tax is mainly collected in London, no matter upon whom it is levied?—Of course, we are not taking into account the whole income tax collected in London, as if it was London income tax.

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Inhabited house duty: Exemption of business premises produces unfortunate results.

Exchequer contributions: Present system an inequitable one for London as regards the distribution. Also the amount is uncertain.

Inhabited house duty should be a source of local revenue.

Exchequer contributions: London contributes more to Exchequer contributions than London receives from them.

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20,410. You are not?—No, certainly not. In making any estimate, we are endeavouring to consider what is the London income properly so called. Of course, that is, obviously, very difficult to decide; and one must take a rough measure.

20,411. Then, again, the London consumption of articles which pay duties must be purely hypothetical?—Yes, but you will have certain measures which you can take; for instance, the consumption of such a thing as tea varies roughly as the population.

20,412. (Mr. Dalton.) You consider that the tendency of Government grants is to extravagance?—Of what I call lump sum grants; what I call, in the slang phrase, doles. I do not think that the taking over of a service as a Government charge with some proper oversight would necessarily mean extravagance.

20,413. You consider that the transfer of the licences and of a share of the probate duty tends to extravagance, because that is what London receives?—I think, so far as it has had any effect, it has tended to extravagance.

20,414. Would not that objection apply equally to a transfer of the house duty?—I do not think so because when a local authority is made responsible for raising the money that it spends then I think it looks at its budget in a different way from what it does if it is only responsible for raising a certain amount of the money that it spends, and then has an endowment of a few millions to play with.

20,415. Then you think if London has to collect its licences instead of having them collected by the Government—?—I think that would make a considerable difference—even that.

20,416. That would make a difference?—Yes, I think all these things which are transferred as local charges ought to be collected locally; I see no reason whatever why they should not be.

20,417. You do not think that the owner's rate would lead to extravagance?—I do not think it would. I do not think myself that the owner's rate would do any more than carry certain necessary reforms of public works such as improvements which are now stopped for want of it. If you call that extravagance of course it would lead to it.

20,418. I rather want to get at what you define as extravagance?—I think extravagance with reference to these two arguments is a wholly different thing. If there were a certain amount of money raised from the owner's interest no doubt the local authority would be criticised severely if that sum of money were not spent in a fair or economical way, and I think the owners are quite able to bring very severe pressure to bear. But what happens is that if you throw the whisky money, for instance, into the lap of the local authorities and ask them to do something for technical education, they become anxious to spend the whole of that money even if they do not spend it upon things that they specially require.

20,419. Would not the same thing apply if you throw the house duty into their hands?—I think if they were responsible for raising it, it would be a very different thing.

20,420. Otherwise, you would agree that there would be no difference?—I think I should agree that the transfer of a duty, if it was a block of Imperial revenue, would not be very materially different from the transfer of a million.

20,421. You are not in favour of a transfer of the house duty, so long as the Government collect it; you think it would be fraught with very serious consequences in the way of extravagance?—I do not propose the transfer of the inhabited house duty so long as the Government collect it. As I say, I do not think the Council has ever quite desired to see the present house duty transferred as it is.

20,422. (Chairman.) There is one thing I am not able yet to get quite in my mind, that is, what you propose to do with the potential value of a site which is not—owing to the character of the buildings upon it—wholly utilised at the present time by all the interests which utilise it taken together?—I am glad to have a chance of clearing that up if I can. I propose in the first place to assess the total true value of the site as if it were to be sold by an absolute owner as a cleared site at Tokenhouse Yard; and I propose to state that in the form of an annual figure, merely for convenience—the measure is in reality a capital sum. Then I propose

to ascertain by any simple machinery in what hands and in what proportions that capital value at present stands. If it is shown that a portion of it is not in anybody's hand, and cannot truly be realised either in capital or in income, then I am quite prepared to agree that that proportion might be left out of account, and that there should be a deduction.

20,423. You have got to a point, and I want to interpose a question there. Do you propose to rate under this owner's tax a part of the site value, which, while it is in somebody's hands is not producing at the moment to that person a revenue?—Yes, if it is producing what I call a use equivalent to a revenue, if it is producing to him wealth, whether in the form of an annual rent or in the form of a realisable capital sum then I think that is an element of the wealth of the community which is a very proper subject for taxation.

20,424. To-day you have said that as a test the value of the houses occupied as between man and man was inequitable as a basis of rating?—Yes, and I do think so.

20,425. Why do you say that?—For example, many people in the community are compelled by their occupation, notoriously doctors, to live in houses which do not at all correspond with their available wealth or taxable capacity as between them and their neighbours. A doctor in many parts of London is practically living in a house which is rented and rated at the same amount as the houses of people with a much larger income than he.

20,426. More so than a man who for the sake of pushing his business occupies a frontage in an expensive street?—If you pass to business premises the inequalities are still greater. For example, there are certain forms of business which force people to use warehouses which require very much room, and which can only be carried on by occupying very large warehouse premises in highly-assessed portions of the City, but which are not more remunerative than their neighbours' business which requires less warehouse accommodation; or than, say, a stockbroker who only requires two or three rooms. In these cases a business bringing in no greater profit than its neighbour may have to undergo very much larger rateable burdens.

20,427. That, of course, leads me to this general question—I will assume for a moment that the test as at present employed is not mathematically accurate, but what I want you to say to me is what better test do you suggest?—I do not say that I have worked out a substituted system. I think the vice of the system really arises because it was supposed in the first instance that the house in which a man lived or the property which he occupied was a measure of his income as between him and his neighbours. I do not think that is true. In order now to arrive at any more just apportionment of the local revenue it would be necessary to go into the very difficult questions of incidence as between one class and another; for example, the incidence of the rates put upon residential property is entirely different in my opinion from the incidence of the rates put upon business property.

20,428. Why?—Because the business man can to a certain extent pass on his rating burdens to the consumer, whereas the householder has to pay for them out of his living. I am speaking, of course, in each case of the burden which falls on the occupier.

20,429. If the house occupier feels the rates oppressive he moves elsewhere, does he not?—Wherever he moves he has to pay a certain contribution to the local expenditure, and unless he can transfer that to the owner behind him he pays it out of his living. Now the business man has two alternatives—he has the owner behind him, and he has the consumer in front of him. However, I do not in the least profess that I have worked out that question, and I did not propose really to attempt to lay before the Commission anything about it.

20,430. Is there anything more unfair than the incidence of the income tax upon a man who has a large family and a man who has no children?—Taxable capacity as regards income tax is a very difficult thing to ascertain. I should say that the income tax on unearned incomes ought to be put on a different footing from the income tax on earned incomes, and so on.

20,431. Do not let us mix it up with unearned and earned income, although I admit that that is a point

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Value of the occupation of the occupier is not an equitable basis for local taxation. It is not a measure of a man's income compared with that of his neighbours.

Incidence of rates upon owners of residential property and business property is different, because the business man can pass on the burden of his rates to consumers to some extent.

Exchequer contributions in the form of grants in lump sums tend towards extravagance, but if local authorities are made responsible for raising revenue, there is not the tendency to extravagance.

Site values, taxation in respect of: Method of assessing value of various interests in a site in the hands of different persons, whether in the form of rent or of a realisable capital sum.

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Ability to  
pay: Diffi-  
culties in  
practice of  
rating or  
taxing a  
man upon  
this basis.

which is well worth consideration. Take the income tax, in both cases on a capitalised income; do not let us have the double divergence between the two cases you referred to. Is it not the case that a man with a dozen children would have a greater difficulty in paying his income tax than the man with the same income, derived from the same sources—the same railway company, if you like—who has only a family of two children?—No doubt, but you will observe that the difficulty as between family and family applies to rating equally with the income tax; the difficulties I have been suggesting are peculiar to rating.

20,432. My point in putting the question is not that there is no difficulty, but that the difficulties are of such a nature that no scheme which the wit of man can devise will get over them; and I suggest to you that house value, rough and ready though it may be, is the best test of rating which can be devised. If you can give me a better, do so?—No. I did not propose to suggest to the Commission an alternative to the ordinary assessment on rateable value for the purpose of the occupier's rate. What I am proposing to do is to add to that a new source of revenue which I hope will have at any rate some elements of equity to redress the balance.

20,433. To refer to a point which, I think, has not been before us yet; you have been good enough to hand in a diagram which is a diagram apparently of the rating inequalities of the London parishes?—Yes.\*

20,434. I understand that you have put upon it four lines of a different character—there are two red lines and two black lines, one of each colour being dotted, and the lines show the level of rates upon various London parishes for the four years, 1890, 1891, 1892, and 1893?—That is so.

20,435. What is it that you want to use this diagram as demonstrating?—I think I promised on the last occasion that I would produce some figures in support of my statement that the rates in particular London parishes oscillated suddenly and sharply even between one year and another. That diagram was not got out for that particular purpose, but to illustrate the inequalities as between parish and parish. Incidentally, however, it shows graphically for various parishes by the intervals between the different lines the very great oscillations which happened from year to year.

20,436. As between parish and parish it has some striking features, but I understand it to be put in as an attempt upon your part to break down the contention that a man who is making a contract with his ground landlord can approximately calculate what he is going to pay?—Yes, that was the object of the evidence.

20,437. On that I suggest to you that over a series of years even upon this diagram it is quite simple to average what he will have to pay one year with another?—I have also put in a statistical abstract which gives you the figures more in detail, and, if necessary, I could take out individual cases. I think, broadly speaking, I may say this, upon these figures—that it is quite possible that I may ascertain what the rates are in a particular parish this year; it is not easy to ascertain even that correctly because the ascertainment of these aggregate figures causes great labour and trouble even to our expert statistical department; but if one ascertains correctly what the rates in a particular parish are this year, it is perfectly possible that the total rates next year might be a 1s. more, and that the total rates the year after that might be 4d. less.

\* See London County Council Return, London Statistics, 1892-3 (No. 129), p. 254. P. S. King and Son, Great Smith Street, Westminster, S.W.

20,438. Might be 6d. or 8d. less, or whatever they are?—Yes.

20,439. The man knows that they will fluctuate, we will say, to take a figure, between 4s. and 6s.?—There are none so low as 4s., but there are many of them far higher than 6s.

20,440. Do not let us go into whether they are lower than 4s.; I will take your own figures—what will they fluctuate between?—As a matter of fact they fluctuate in the London districts, between 4s. 6d. and close on 8s.

20,441. They fluctuate between 4s. 6d. and 8s., which is the extremity of the fluctuation between one year and another?—Yes.

20,442. Over a period of years, it would be pretty safe for him in one parish or another to say that it would be 5s. 6d., or whatever figure his experience leads him to suggest?—I think he would find it very difficult to make a correct average, and I think, in practice, he does not succeed in doing so.

20,443. I do not know that it is quite germane to the inquiry—I think perhaps it is—but you might tell me if you can, why, as between 1890 and 1893 there has been such a very violent fluctuation in the rates in Bermondsey?—I have heard some explanation, but I do not exactly recollect it. I think it was a matter of poor law administration. That fluctuation, I think, was a case of what is constantly the cause of fluctuations, namely, that a local authority for one reason or another, over-estimates a particular precept in a particular year, and then very large sums fall into balance. You see there are several different rates and precepts being collected, and if there happens to be an over-estimation on three or four of them, a very large sum may fall into balance one year, and the rate may suddenly break down.

20,444. With one or two exceptions, this diagram would show that Parish A. always has a higher rate than Parish B.; in other words that the relative burden is about the same as between parish and parish?—Yes, the order of parishes in height of rating does not alter on the whole, but it sometimes alters very greatly in individual cases. Bermondsey, for instance, I think changed its place in the total list very sharply—I mean it was moved up several places in the list, between one year and the next.

20,445. That is occasional, but the general impression given to my mind by this diagram is, that for some reason or other—probably there is an explanation of it—the ratings of the different parishes bear the same ratio to one another in different years?—Broadly, the poor parishes are the parishes which are highly rated.

20,446. That would make it, therefore, relatively easy for an experienced man to calculate what the rates would be over a series of years?—I do not suggest that he is absolutely without a guide, but I suggest that he cannot do it with any approach to accuracy, and, in fact, he does not.

20,447. I must ask you one general question. Is there any point that you want to mention, or any explanation you want to give after considering the question?—Thank you very much, I do not think so. If I might look at the print, when I have it, so as to see whether I have exactly expressed myself in answer to Mr. Cripps and Mr. Arthur O'Connor, I should be obliged if I might make any note or correction.

20,448. Proofs will be sent to you, of course. We are very much obliged to you for the trouble you have taken?—And I am very much obliged indeed to the Commission for its trouble and its patience.

The witness withdrew.

Adjourned.

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Castelloe.

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## FORTY-NINTH DAY.

Thursday, 21st July 1898.

At St. Stephen's House, Victoria Embankment, S.W.

PRESENT:

THE RIGHT HON. THE LORD BALFOUR OF BURLEIGH, *Chairman.*

The Right Hon. J. B. BALFOUR, Q.C., M.P.  
The Right Hon. Sir J. T. HIBBERT.  
Sir E. W. HAMILTON, K.C.B.  
G. H. MURRAY, Esq., C.B.

C. A. CRIPPS, Esq., Q.C., M.P.  
T. H. ELLIOTT, Esq., C.B.  
ARTHUR O'CONNOR, Esq., M.P.  
E. O. SMITH, Esq.

ARTHUR WILSON FOX, Esq., *Secretary.*  
T. LLEWELYN DAVIES, Esq., *Assistant Secretary.*

Mr. E. V.  
Huxtable.

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Mr. EDMUND VICTOR HUXTABLE called and examined.

Mr. E. V.  
Huxtable.

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20,449. (*Chairman.*) You are manager, I understand, of the Assessment Department of Messrs. Rexworthy, Barnard, and Company, Solicitors to the City of London Union, the parish of St. Pancras, Holborn Union, and other metropolitan and provincial authorities?—Yes, that is so.

20,450. You have had the conduct of assessment appeals for the last 14 years, and have had a wide experience, being engaged on appeals against both quinquennial and other valuation lists; on appeals against totals for the city of London and Holborn Unions against the London County Council; on appeals against the assessment of railway companies lines and stations, gas, telephone, hydraulic power, and other companies' works, mains, &c.; public and semi-public buildings, including workhouses, free libraries, drill halls, properties coming under local Acts; livery halls, exchanges, licensed premises, banks, insurance companies, and other properties; and you have also had experience of the proceedings on objection and on valuations of property for rating purposes?—Yes.

20,451. You have been good enough to prepare this memorandum\* which I hold in my hand?—Yes.

20,452. As regards all the matters under division 1, the commission do not propose to go through them as a matter of question and answer. If you choose to send in a written paper upon them we will consider what you have got to say, but we cannot go into those matters by question and answer?—Of course we are called here, as I think you will quite agree, to rebut an allegation made against us.

20,453. No, indeed you are not called here for anything of the kind, you are called here to give evidence on the matters within the terms of the reference to the Commission?—True. I realise what is required of me.

20,454. We do not at all admit that you are here to rebut anything that has been said, and we shall ask you such questions as we choose?—Certainly; I am quite ready to answer any question; but will you permit me to say that I am representing the rating authorities of the City of London, and there are reasons why we should go into Division 1. Of course if you put it so strongly that you will not do so, I am bound to observe your ruling.

20,455. No, I did not say that: I said that under all the headings under Division 1, if you choose to send in a written paper it shall be printed and circulated, and considered by the commission?—If you please.

20,456. But we consider those matters are unsuitable for question and answer over the table, and not likely to be useful if dealt with in that way?—I presume that Division 1 will be published.

20,457. What you send in may or may not be published according to what we decide when we see it; but taking your memorandum as printed, Division 1 would be quite useless to be printed as it stands because it simply is a *précis* of what you want to say?—That is true, I know; but of course I could not possibly within the time granted go into all the details, and I thought if I were to take those heads, and take them briefly, I should be able to submit to you what we have to say upon them.

20,458. I cannot take it, we have considered the matter before and we cannot take this in question and answer?—Then I will take Division 2.

20,459. I am going to ask you some questions on Division 2. In the first part of Division 2 by sub-head (a). I understand you wish to reply to allegations that the only district in which it would be fair to say that under-assessments were prevalent was within the City of London. I do not think it is necessary to ask you whether it is the only district, it will be sufficient for you to tell us whether in your opinion under-assessments do or do not prevail within the City of London?—Exactly. Of course I am of opinion, and distinctly of opinion, that they do not prevail within the City of London; on the contrary, that the City of London in the case of many properties is over assessed on the assumption, as I have put it under another division of this memorandum which you no doubt have read.

20,460. I will take it in any order that you like, but it seems to me to come suitably under division 2 (a). We had better take it now, and if we find under another heading that there is a possibility of going over the same ground I can stop you then?—Exactly. Might I just briefly say how this charge of under assessment of 700,000*l.* is divided? Of course the evidence has been put before me, and the language used was that for all causes, the City of London was under assessed to the extent of 700,000*l.* On analysing that, I find on the evidence tendered to me that 250,000*l.* represents the estimated annual loss through the alleged practice of the City of London Assessment Committee in taking the rack rent reserved on repairing leases as the gross value, this practice, it is alleged, being confined to the City; and that 450,000*l.* represents the estimated annual loss arising from the subtraction of the maximum of 16½ in the case of repairing leases and the subtraction of the maxima in classes 1 to 8 of the 3rd schedule of the Act of 1869.

20,461. I think we had better deal with the matter under those heads first, please, but I do not hold a strong opinion on that, and I will take it in any order you like?—Those figures which I have given you, I think, represent the actual analysis of the allocation of the 700,000*l.*

20,462. The first point which you wish to make, I understand, is that there are certain features which distinguish City properties from properties within all other Metropolitan rating districts?—Yes.

20,463. The first has regard to the character of the population?—Yes.

20,464. What do you say about that?—That the City differs from all other rating districts; for with the exception of occupation by caretakers and housekeepers and residents in the few City hotels (not including public-houses and other licensed premises within the centre of the City), there is practically no residential property in the City. The residential or sleeping population is now about 30,000.

20,465. What do you found upon that as making a difference for rating purposes, as far as annual value is concerned?—This clear distinction is founded upon the fact, that commercial property cannot be treated on the same basis as residential property.

Memorandum prepared on behalf of the Corporation of the City of London.

Under-valuation in the City of London is thought not to generally exist.

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20,466. Where do you get authority for that?—Is there anything in the rating law which makes a difference between what you call commercial property and residential property?—Are they not both to be judged by the standard of what the hypothetical tenant will give one year with another?—Exactly.

20,467. Then I do not quite follow what the difference is that you wish to make?—I think when we get further in the proof you will perceive it.

20,468. Make it clear to me in your own words, please?—I have taken it at a later stage, and I had hoped to be able to show it at a later stage.

20,469. Then, I take this Division 2 (b) and I have no objection to printing that as your answer; but I want to understand upon which of those points you rely. I want you to explain to me why any of the statements which you make under Division 2 (b) make a difference in principle in your valuation?—Shall we take each class of property as in the classes 1 to 11 of the third Schedule of the Act of 1869, and I will endeavour to show the distinctions? I will take Class 1, there it is 25 per cent., or one fourth deduction; of that class of property we have practically none within the City.

20,470. How much have you?—About 11,000*l.* worth in rateable value.

20,471. I think we may leave that out of account, may we not?—You may leave that out of account, with this exception, that the Act of 1869 provides that you shall have uniformity of rating throughout the metropolis, and if other districts applied certain rules and those rules deal very favourably with that particular class of property, and that particular class of property predominates within those districts, it is obvious that uniformity will not be obtained, and, on the other hand, the City will suffer proportionately to its lack of property in that particular class.

20,472. So far as that particular class of property is concerned?—Yes.

20,473. What is the next?—If you will take Class 2, you will see that has a deduction of 20 per cent. The same reasoning will apply to that; and as to Class 3, the same reasoning will apply.

23,474. One moment, how much have you of Class 2, because you see you have joined up Classes 1 to 4 in your 240,000*l.* of rateable value?—Yes. Of course if I could be permitted to go through the extraordinary conditions of city property and show you how, for assessment purposes, it has no comparison whatever with any other portion of the metropolis you would perceive the difficulty of arriving at any approximate figure.

20,475. Those are the points that I want you to make out; I am quite prepared to give you any opportunity of making them out; that is what I want you to do?—I have made them out in their order in my proof, and I am not taking them now, because I am simply going from one head of the proof to the other, and I am not confining myself to any portion of it. But I do state that most distinctly as a fact which is, I believe, easily provable, that residential property within certain districts is not to be taken on the same basis as residential property within other districts; and that commercial property is not to be taken upon the same basis as residential property, and cannot be taken for assessment purposes upon the same basis; that is to say, in ascertaining the annual value which a tenant will give under the fourth section of the Act of 1869 you cannot apply the same rules, and the Quarter Sessions could not and do not apply the same rules in the one case as in the other.

20,476. I do not so much for our present purpose mind what they do, what I want is to get from you the principles which you think they ought to adopt?—Could we take these points in their order? I have dealt with repairing leases under Division 4, for instance, and I have dealt with other properties in other divisions, and I am quite prepared to go through those divisions in their order, and to endeavour to satisfy your Lordship that what I contend is correct.

20,477. I want you to take it in your own order; I will take any order you may like to give it me in?—Of course you will quite understand that we came here simply and solely with the object of showing, granted that the Act of 1869 requires uniformity of rating, that uniformity of rating under that Act is throughout the

Metropolis and not within districts; and that, therefore, we are endeavouring in the City and for our own local purposes to arrive at the peculiar value of property within our peculiar district, and we can only do so, I think, by taking these points in their order. I will take them as briefly as I can.

20,478. I cannot help thinking that you are rather mistaking the object with which we are sitting here. We are not sitting here to judge whether you or the County Council are right in the past, or whether the Conference Resolutions, to which we have often had reference made, are in themselves wise. What we have to decide is what are the principles upon which valuation ought to be conducted?—I quite realise that, but of course I quite realise also that the reason why we come here is practically because the allegations made against us are based upon the Conference Resolutions.

20,479. I wish you would get rid of the idea of allegations made against you, and that we are sitting here to decide disputes?—No, I know you are not.

20,480. One moment, or to hear discussions between you and the County Council. We have nothing to do with that, we are here to ask your opinion purely upon general principles, and then to apply those principles. We are not going to say whether in the past the contentions of the County Council or of the City have been, as to any particular detail, right or wrong?—I am very glad, as I would rather not go into that subject at all; but if you would just allow me to take Division 2, and take each class of property mentioned there in their order, I will endeavour to show under each class what we do.

20,481. Which letter under Division 2?—It commences at Division 2 (b).

20,482. If we print that Division 2 (b) there is no necessity for our going into it over the table, is there, by question and answer?—I wish only to explain, and I daresay I might be able to explain, why they differ for assessment purposes, and how difficult it would be to apply any other method of valuation to it, either a site value method or any other that can be mentioned; that is all.

20,483. Will you call my attention to the part of Division 2 (b) which you wish now to amplify?—Yes. I think I have dealt with them in subsequent divisions.

20,484. You must excuse me for saying that I am really endeavouring to meet your view; but when I ask you to amplify Division 2 (b) you say you have dealt with it in subsequent sections; if you will assume for the moment that Division 2 (b) is going to be printed as it stands, then will you call my attention to anything in Division 2 (b) which you want to amplify?—In Division 2 (b) there is the sentence commencing "In considering the value of City buildings for assessment purposes, the witness will show that the great majority of City buildings are devoted to banks, insurance companies, mercantile companies, and wholesale firms, and to professional and commercial men occupying offices,"—and you might add "and to licensed premises." That is the character of property within the City. Then I have shown as regards retail shopkeepers that there is a distinction between shopkeepers within the City and without the City. As regards hotels —

Rateable property in the City of London, character of.

20,485. Just wait a moment. What is the distinction between retail shopkeeping in the City and outside the City which you want to emphasize?—This: that presuming we have to assess a building of which the ground-floor in the City is devoted to shopkeeping purposes, the remainder of the building is devoted to offices and other commercial and professional purposes, the rent paid under the lease in a case like that would be no criterion whatever of annual value.

20,486. The rent paid under what lease?—Under the lease of the owner—the occupying owner, in some cases—of the whole of the building.

20,487. Of the retail ground floor?—Possibly in his case he might not occupy at all; but he might farm the whole of the building. Presuming that the occupier of the ground floor is the lessee, the rent under his lease will in no way represent the annual value of the building, or be any criterion of the annual value of the building.

20,488. Just for our guidance assume that there is a building in a good thoroughfare of the City, the ground floor of which is in the hands of a retail dealer, the basement being let for some other purpose, and that



Mr. E. V. Huxtable. there are three or four stories above let for various business purposes?—Yes.

21 July '98 20,489. Give us a description of how the valuation of that whole structure is arrived at, and then how it is divided between the different occupying persons?—It is not divided. That is exactly the point.

20,490. I want you to explain it to me?—Yes, and I will in a few words. As to the absolute distinction between flats and property let in the City to tenants, as you no doubt are aware, under the Tontine case, and *Allchurch v. Hendon*, and *Rouse v. the City of London Union*, the distinction lies simply in this: that you have to rate the owner if he is the ratepayer, or the occupier, whoever pays the rent under the lease; and you have not to divide the assessments as you would in the case of flats. In the case of flats each tenement is a separate and distinct occupation, and the tenant of that particular occupation is rateable therefor. In the case of offices he is not, for the reasons given in the Tontine case, and in *Rouse v. the City of London*, that the key of the front door is not in the hands of the tenant, who has to leave that building at 6 o'clock or 7 o'clock, as may be, in the evening. That is the reason why the courts have made a clear distinction between property let out in offices, and property let out in flats.

20,491. Assuming a structure such as I indicated a moment ago; I want to know, in the first place, whose name appears upon the valuation roll, from whom you have to collect the rates?—Either the owners or the lessees of the building.

20,492. And he is a sort of farmer of the rest of the building?—He is.

20,493. I can quite understand the difficulty that he may have in sub-dividing as between his different occupying lessees; but what is not present to my mind is, why the fact that that building is so divided makes a difference to the local authority in arriving at the gross sum at which the building is to be entered?—The difficulty must arise naturally in considering what must be allowed for empties in endeavouring to ascertain the annual rental value; what must be allowed for repairs; and what must be allowed for renewals and other expenses, from the gross sum received, and not the sum paid under the lease.

20,494. It is quite clear, I presume, that under all these things what you allow cannot exceed the maximum?—No. If you look to the note to the Third Schedule of the Act of 1869—and I have no doubt you know it—you will see that it was considered by the framers of that Act that such tenement property should be taken right out of the ordinary maximum classes and included in the classes 9, 10, and 11 in that schedule. That being the case, there being no maximum, and for other reasons I have given in my memorandum, city property has no relation, no comparison of value to property either held on lease or freehold, residential, or commercial, within any other district of the Metropolis.

20,495. Do you put it to us that there is no other property held on the same sort of basis, such, for example, as offices and large buildings in a place like Victoria Street, Westminster?—No, they are flats. I daresay in some of those cases it is possible that they may not be, but in nearly all cases they pay inhabited house duty you will find.

20,496. (Mr. Elliott.) Take Palace Chambers near here, a building which is all offices?—It may be so, I have no doubt. In the City, of course, it would not pay the occupier to pay the inhabited house duty in order to have a caretaker upon the premises.

20,497. (Chairman.) I think on that point we see your contention, but we pass no judgment upon it, of course, at the present time. Is there any other point, as you go on through Division 2 (b), that you wish to amplify?—Of course, I only amplify it for the purpose of my case; I come here simply for that.

20,498. For the purpose of what?—For the purpose of my case. I come here simply to show the Commission the practical difficulties which the City has to contend with. I know the object of your Commission, but of course I wish it to be regarded that I come here for that primarily, my Lord, with all respect.

20,499. You come here primarily to tell us the particular circumstances of the City and the difficulties which you encounter?—Yes, exactly.

20,500. And in doing that you have drawn up this memorandum, Division 2 (b) of which we are on at the present moment?—Yes.

Mr. E. V. Huxtable. 21 July '98 20,501. With the exception which we have already dealt with is there anything further that you want to amplify?—I would rather like to amplify this sentence in paragraph 4 of Division 2 (b)—“That in other cases (in certain classes of property peculiar to and common in the City, i.e., the buildings which are mainly devoted to the letting of floors for offices and general commercial purposes, but include halls, machinery, lifts, safe deposits, licensed premises, easements and other rateable hereditaments, and which are generally owned by public companies)” —

20,502. I can quite see a difficulty there; when you have to value a place like a safe deposit company how do you proceed at the present time?—As regards safe deposits, with two exceptions, I think, in the City, they are generally confined to properties of this description and the whole building would be taken, that is to say, the hypothetical tenant, we presume, would take the whole building, safe deposits, licensed premises, and what not. He being the occupier we assess the whole building upon the revenue, that is to say taking rentals received first, then deducting the outgoings, we find practically what is the annual value.

20,503. What is the test which you apply when you want to enter the value of a new building of this class in your assessment roll?—The test we apply is what we assume the annual tenant would give for the building, upon the basis of the annual rent received, and we take certain per-centages from those annual rents received to find the rateable value.

20,504. Have you the power of compelling a statement from the reputed owner of what he gets?—Yes, under section 57 of the Act of 1869.

20,505. You can get that?—We can get that, but we have immense difficulty in some cases.

20,506. What difficulties are there?—We have had immense difficulty. We get returns which are not absolutely correct. In properties of that description it is quite easy for a tenant to make a statement which is not quite absolutely correct, and which does affect the value.

20,507. On that can you suggest to me any further precautions which the legislature might take by putting further reasonable powers into your hands, to enable you to get more accurate returns?—I can only suggest that the legislature should endeavour to do so. We find that it is a very important and a very serious matter in the City, inasmuch as we have to incur great expense to ascertain what the actual sums received are. I have not given the subject very much consideration, but I think if we could compel the companies to supply us always with their balance sheets—and these are nearly all in the hands of the companies—or with an absolute statement, we should get a very much better approximate value.

20,508. You would approve of that?—I certainly should approve of that.

20,509. And your assessment committees would approve of it?—I think so. I can hardly mention the number of that class of buildings we have in the City. Some tenement buildings, I daresay, would represent perhaps 300, or 400, or 500 offices, and we have any quantity of them. Practically, the City is made up of them. All the big buildings in the City are so sublet, practically, except in the case of banks and insurance offices.

20,510. When you go to a new building for the purpose of valuing it, do you ever estimate the cost which it has taken to produce the building as a test of value?—It would, generally speaking, be a very poor criterion of what the hypothetical tenant would pay in the City.

20,511. I did not ask you whether it was a good one or not; I asked you whether you endeavoured to estimate it in that way?—In some cases. Owing to the extraordinary demand for particular properties within the very centre of the City they are nearly all in the hands of freeholders. Of course, you know it is a principle that so far as the poorer districts are concerned, properties are held on short tenancies, and, so far as the richer districts are concerned, they are all long tenancies, that is to say, for commercial purposes. It is a principle; so that the nearer you get to the City the longer the tenancy, and when you get to the very heart of the City you will find that practically the parishes within the very centre of the City are all freeholds, and generally in the hands of the occupier; so that one has to take a per-centage.

Mr. E. V. Huxtable. 21 July '98 Certain properties in the City of London, valuation of.

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City of  
London,  
valuationMethod  
of valuation  
in  
respect of  
certain  
properties.

20,512. I know about a case of my own knowledge; I do not know exactly what the rateable value at the present time is, but I have been concerned within the last two or three years in buying a site in Bishopsgate Street and on that erecting a large building for the Bank of Scotland. We are the freeholders. Do you know the building?—I had it in assessment some few years ago.

20,513. It was a completely new building from foundation to roof. We bought the site from various holders, and united them and built the whole thing, and we are the absolute owners. We let out the upper part of the building to other tenancies. Could you describe to me how when that building was put up for the first time you and your officers proceeded to arrive at the annual value?—Of course, our officers would go over the building and they would endeavour to ascertain to what uses it would be put—that is to say, whether the Bank would use the whole of the building or only portions of it. Perhaps I ought to say that in such a case I think, first, they would take as a rough figure the value of the structure and the value of the site.

20,514. Then they would do exactly what I suggested to you—they would endeavour to ascertain what was the cost of producing the building, including site and structure?—Yes.

20,515. And then see how far that was a criterion of value?—So far; and then they would add to that a consideration of the profit a hypothetical tenant would make upon those sublets.

20,516. Then, what deductions would you proceed to make from that?—In those cases if it were sublet into, say, two or three floors, we should make the deductions from the estimated aggregate values for the necessary outgoings. I should say, perhaps, that we never have an absolute figure in the City, because it all depends upon the amount of the actual sublets.

20,517. Your maximum for a case of that kind would be 16½, would it not?—It would if not underlet, but may I say that we should consider that on a 4 per cent. and a 5 per cent. basis—that is, we consider the maximum of 16½ on the 4 per cent. and the 5 per cent. There is a great distinction between freehold property or property, perhaps, of any description in the City and property outside the City. There is only one class of tenant for the Bank of Scotland, and that is a man who borrows money at 3 per cent. and purchases on that basis. We have to consider that fact. In the suburbs a man would want at least 6 or 7 per cent. for the same class of building as an investment.

20,518. Now I have, perhaps, wandered away from Division 2 (b), but I want to exhaust in examination-in-chief your own points that you desire to put before us on Division 2 (b), before I ask you any questions of my own?—I think that in stating the fact of the property being invariably freehold or held on long tenancies, the prevalence of fancy values and underlets, and the fact that the rates of interest on investment differ from the rates outside, and that the rentals received in the case of underlets are inclusive rents—that I am stating facts which practically include the main distinctions between the City and other districts of the Metropolis.

20,519. Is there anything else on Division 2 (b) that you want to amplify, assuming as I said before, that Division 2 (b) will be printed as you put it in?—I do not know that I have much to add to Division 2 (b), except as to site and building values.

Under-  
valuation  
in the  
City is  
said not to  
exist.  
Method of  
valuation.

20,520. As you mentioned a few moments ago, one of the suggestions made to us in regard to the alleged under-valuation of the City is because you do not follow the practice it is said of adding 10 per cent. to the rack rent of leasehold premises to arrive at the gross value as is stated to be done in other unions?—As is stated to be done in other unions, yes. Of course that is a point that I have dealt with as it is stated to be done in other unions under Division 1 of my proof. I absolutely deny that it is done as alleged, and that if it is done at all it is contrary to the Act; in the City we have little or any property to which such a rule would apply.

20,521. I do not ask you that—that is for us. What I ask you now is to tell us the practice in the City, and why and how you justify it?—In the City the repairs perhaps in some cases would not be more than 2½ per cent. on the rack rent.

20,522. Surely that must be a very extreme case?—No, why? The class of property in the City is of a very

distinct character from property without the City. If you take Winchester House, for instance—and that is only a type of hundreds of others—I mean, of course there are thousands of little items of renewals in Winchester House, and thousands of other considerations—I say thousands because I feel I ought to say thousands—a great number of other considerations which the landlord would have to consider under section 4 of the Act of 1869 as “other expenses,” and which would not apply at all to property without the City. But as regards actual repairs such buildings within the City would require little repair, because they are either composed of marble or stone, or some solid material.

20,523. I am asking you for information, and I am not attempting to criticise. I want to know whether experience has shown that as low a rate as 2½ per cent. is in any case a really fair one to take?—It all depends, of course, on the age of the building—it must, necessarily. In the City, in some parishes, the buildings are very old and are a different class of building. They are not fitted for modern requirements, and the result is naturally that 2½ per cent. or any other percentage will not apply. But for the new buildings of the character of which I have just spoken, such as Winchester House, and the banks and insurance offices, within the centre of the City, 2½ per cent. I daresay would be about the figure.

20,524. That, you see, is not quite an answer to the question I asked. I asked whether you know whether any case had been carefully and critically examined with a view of proving to demonstration that 2½ per cent. was over three or four years a fair figure to take?—I will give you an absolute case that I had at the last quinquennial.

20,525. Very well, the figure struck me as a very low one?—I will give you the actual case. I have here some schedules that I wanted to put in, that apply to properties let out in offices in the City. One is a comparative schedule of the total deductions for all outgoings allowed by appellant's and respondent's witnesses in their estimates showing the per-centages on gross rentals received from under-lettings. These are calculations we have to go into for assessment, and I will put them in a moment. Another is a schedule of repairs, estimates, and per-centages of allocation, and a schedule of the average rates and tithes.

20,526. Would you just let me see one of those papers? I will take any one that you think answers my question?—Here is one which has reference to the repairs (*handing a schedule to his Lordship*).

20,527. I will just keep that and examine it with reference to that question by-and-by. Now upon Division 3 (a). I understand that the main point there really is a general statement, and it deals with the adoption of the practice by all the metropolitan authorities of allowing the maximum instead of the actual per-centage for repairs?—Yes.

20,528. I do not know that I need take you through (a) in detail, because (b) though it is another sub-head is really an amplification of (a) is it not?—Yes. I quite agree as regards (a). I only wanted to show that it was the universal practice through the metropolis; that was all.

20,529. That I think you may assume that we know—that is, that we are told that, and it is one of the points upon which I shall ask you some questions in a moment, whether it is a proper course to take; but I do not go into that now, because I want you to give us your own statement first under Division 3 (b) to which I have now come. You say you will tender evidence upon the general practice of the allowance of the maximum deduction for statutable historically considered?—Yes.

20,530. Now will you give us your evidence?—Of course, as you are aware—and as most people are aware, before the Act of 1869, the metropolis, so far as the appeals are concerned, was divided up into divisions, that is to say, there were four quarter sessions and the practice differed at each court.

20,531. Need we go into the history?—No.

20,532. What is the real point of this?—The fact is that before 1869, of course, there was extraordinary divergence—some parishes allowed from 5 to 20 and 80 per cent.

20,533. We need not go behind the Act of 1869, I think, because that is the ruling Act, and the Act of

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Hurttable.

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Deductions: The maximum deductions generally allowed in the Metropolis. Difficulty of adopting any other course.

*Mr. E. V. Huxtable.* 1869 lays down that there shall be certain maximum deductions?—Yes.

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20,534. Now do you think that it was the intention of Parliament that these maximum deductions should be taken, as you have just told us they practically are, as the average rate of deduction?—I think the framers of the Act were acquainted with the fact that those maximum deductions had been found in practice—that a certain figure had been used all through the metropolis. I know as a fact—I mean I know it was stated by the late Mr. Gibb, M.P.,—the clerk to the Assessment Committee of the Vestry of St. Pancras and a client of our firm—a man who was very well acquainted with it—that assessment committees within the metropolis before the Act of 1869 used to discuss these questions among themselves, and they used to come to certain decisions as to what they should allow. That must have been in the minds of the framers of the Act of 1869. There was always a rigid deduction, although those deductions did not quite agree, perhaps, in the different districts.

20,535. You may not agree with me in this, but my reading of the Act would certainly be that Parliament meant these to be deductions beyond which the local authorities should not go, but that within those maxima a reasonable discretion should be exercised?—Yes.

20,536. That is the way in which I should be inclined to put it?—I quite agree.

20,537. Very well; then I ask you whether you think the present practice in the metropolis carries out that intention?—I think that the main object of the Act of 1869, if I may say so, was under section 4, to find the rateable value, and that the question of the maximum deduction can be considered in ascertaining the rateable value.

20,538. Do you think that it is, as a matter of practical working, right to take a maximum scale and apply it all over every class of property, or do you think it is a practical thing to do to consider properties upon their merits?—I think it is impossible to tie any rating authority to a rigid rule.

20,539. Why?—I have got a number of reasons here somewhere, but I am out of my order.

20,540. They are not printed, I think, are they?—No; I did not wish to go into it.

20,541. I think if you would kindly give us them now we should be obliged?—I will give you a number of reasons in a moment—the practical reasons for the adoption of that—reasons general to the metropolis and reasons special to the city.

20,541A. It is exactly those points that I want to get from you, and I will take them, please, in your own language and in your own way, first one and then the other?—As regards the first, the question is the question of the time which the assessment committees have to prepare their list. It is quite obvious that if they have, as they have now, but a very short time to send their lists in—they have a matter of two or three months to go through these lists—that it would be impossible for them to go into every individual case. That is a general reason applicable to the whole metropolis. Then I know that the committees have thought that if it were allowed uniformly through the metropolis, no great harm would be done. Then the next consideration has been "what are repairs and what are renewals?" There is a very great difficulty in ascertaining what repairs are and what renewals are very often, especially in the case of public-houses, and in the case of underlets. Then another consideration is the differing rates of insurance, and of course there are distinctions, too, between commercial and residential property. Again in the cases of property of similar class in varying conditions of repair, the Committee argue,—if we take into account the true rateable value, which is the main consideration,—it would be less if the property were in bad repair. Supposing we had a property, and the occupier allowed it to get into a bad state of repair; the first thing he would do would be to go to the assessment committee, and he would say, "Now here is my house, which is in a very bad condition; I shall want at least 20 per cent. knocked off on that account"—thus reducing the rateable value. Then he would say, "I require also 16½ deductions, because of the condition of the house."

20,542. I am not going to argue it with you, but do you not think the answer to that contention is simplicity itself; that all this time while your house has been going into bad repair you have been getting the

maximum deduction, which you ought not to have had if you are not spending it? You have been putting into your pocket all this time a much higher rent than you were being rated upon, and therefore now that your house is in bad repair on account of your own carelessness and bad management, you are not to come to us and ask us to allow you to profit by it?—How would it apply in the case of, we will say, weekly property and property of that description?

20,543. I am far from saying that there are not difficulties, but I am rather trying to elicit from you the reasons. I understand there is a great deal to be said on your side, but I am anxious to elicit from you the reasons which convince anyone of your experience that a certain dead level of deductions is fairer than a consideration of each case on its merits?—I think, taking everything into consideration, you would find after all that you would be bound in practice to come back to the fact that you would have to allow a rigid figure.

20,544. On account of the practical difficulty of carrying out any other system?—That is one of the reasons.

20,545. Will you go on and exhaust your reasons?—Taking the case of leases, it is assumed that the gross value can always be accurately ascertained by the rating authority if sufficient inquiry is made before the rateable value is determined; and secondly, that the outgoing and statutable deductions in regard to rateable value can also be absolutely determined in every property. From the mere fact that the county council have in their suggestions allowed a figure of 10 per cent. after the conference had thoroughly discussed that question, it is clear that the main feeling in the metropolis is that the actual figure could not be ascertained practically in any case, but that you must apply a rigid figure. I am not maintaining that it is right, of course.

20,546. Is there anything else; are those all the general reasons, or are there any others, general to the metropolis, that you want to put before us?—I think perhaps, some parishes might take advantage of the Equalisation of Rates Act if you once gave them discretion. They would say, we have exercised our discretion, and we think it was a case in which we should be allowed the 16½rds. Supposing one parish did actually apply the true figure, it would be very difficult for that parish, on appealing, to show that the figure actually allowed by this other parish was not the true figure; indeed, it would be practically impossible to show it.

20,547. I will not argue the point with you; is there any other reason?—Of course great difficulties would arise without uniformity of conditions. It is practically impossible to have uniformity of conditions throughout the metropolis. You have to take some sort of figure in every district in the metropolis. I presume the rating authorities do make some allowances for the peculiar conditions of property within each district. Although they do deduct the 16½rds, they do in finding the rateable value take into account the conditions of the particular neighbourhood, so that, in fact, although they apply the rigid 16½rds, they have considered it in first ascertaining the annual value.

20,548. Is there any other reason—I am anxious that you should go on and give it me in your own language?—Of course in some cases the gross value is purely a secondary figure, that is to say, you have to find the rateable value first. In other cases it is easy enough to find the gross value first. I can quite imagine difficulties arising in adding to the rateable value the actual sum for repairs, renewals, and other expenses to find the gross value.

20,549. Have you any other general reasons?—No, I do not know of any other.

20,550. Are there any reasons special to the City?—Yes. Of course in the City the majority of the properties come under Classes 9, 10, and 11, but in ordinary cases of repairing leases in the City, on a person, for instance, taking a building on lease, we have to consider that there would be entirely distinct considerations from taking a building on lease without the City and in the suburbs. Those in the suburbs, an annual tenant would, we will say, pay 100l. a year, on an annual tenancy, and he would get those premises on lease for 90l. a year, whereas in the City the exact contrary would be the figure he would pay 100l. a year on an annual tenancy and 110l. a year on a lease, simply because of the peculiar demand in the City for property on lease of long tenure and because of the slow and sure increase of value in the City.

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Mr. E. V. Huxtable. 20,551. Is there any other?—I cannot think of any others beyond those I have given; there may be others.

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Site value and buildings, valuation of in the City, in the case of freehold and leasehold property.  
20,552. I want to ask you your opinion upon this; it has been suggested to us, as a reason against one dead-level of maximum deductions in every case, that thereby the richer districts of the metropolis, not the City alone, but the richer districts, such as Bond Street, and so on, get an undue advantage over the poorer districts on this ground, that where the site value bulks very largely in the gross value, a maximum deduction of 16 per cent. from the whole value gives a totally unfair and wholly unfair rateable value, because the site value bulking largely as compared with the structural value, and costing nothing for repairs, the rateable value of the whole tenement is unduly run down?—Yes, I am aware of that allegation.

20,553. What have you to say to that?—In the City we do recognise the fact that the ground rent and the rack-rent represent not the same proportion as they do outside the City. In some cases within the City we know that the ground rent is equal to, and in some cases even exceeds the rack-rent; and we have to take that fact into consideration, and we do take that fact into consideration. In the case of freehold properties we take a very high per-centage—we take 4 per cent. and 5 per cent.

20,554. Four cent. and 5 per cent. on what?—4 per cent. on land, and 5 per cent. on the building.

20,555. From what—you must develop it, as I do not quite understand it?—Pardon me; in the case of buildings, we will say occupied by the owner, where we have no other means of ascertaining the annual value, we take as a basis 4 per cent. and 5 per cent. to ascertain the annual value.

20,556. Four per cent. and 5 per cent. on what?—4 per cent. on the land and 5 per cent. on the building.

20,557. How do you arrive, then, at the value of the land as distinct from the value of the buildings; what is the process?—We have a system in the City. But, of course, because of the peculiar speculative character of property in the City, there is no general criterion of the value of land there. Thus, in Cornhill land might sell at 40l. a foot, and possibly within two years we might hear of the sale of the site of the next building, or a building in the near neighbourhood, at 60l. a foot. Those buildings might practically be of the same description, and the site might be, as a valuer would put it, of the same value practically; and there can be no reason for the difference, except the peculiar demand of the tenant and the fancy price given.

20,558. Can you show me the entry in one of your assessment rolls in which one of these buildings with an extremely high site value has been dealt with in the manner you describe. I should like it illustrated by means of an example?—I have not the valuation lists here. I do not know that it is necessary, but I can give you the case of the Sun Fire Insurance or the Alliance Insurance or of those places which are in Cornhill, or in Threadneedle Street.

20,559. You have just explained how you dealt with the circumstances of one particular class of cases, but I do not think your answer covers the whole ground; can you give me any further information?—Yes. We find sometimes that in the case of leaseholds the rent is not a criterion, and there we do apply the principle of a per-centage of so much upon the land and so much upon the building. It all depends, of course, upon the length of lease and possibly the rapidly increasing value of property within that district.

20,560. I still think you have not quite grasped my difficulty. I do not think we need for this purpose deal with the question of whether the rent reserved in the lease is a fair criterion of value or not. I will take the case of a leasehold building, in which we will assume that the rent is a fair criterion, and that the rent as a fair criterion is properly entered to give us the gross value; but it is a case in which the site value is double the structural value. How in such a case, if it occurred in the City, would you deal with the claim of the person who has to pay the rates for a deduction of 16 per cent.?—We should deal with it in this way: Supposing it was a leasehold we could look at the lease. With leaseholds where the site value so far exceeds the structural value, we always find that the rent included in the lease is what is termed a future rent, that is to say, they are all long leaseholds in such cases, for reasons which I can give if you wish; and the

landlord, when he is dealing with the tenant, says, Now I shall take into consideration the fact that this site will be worth 50 per cent. more in 20 years time, and I therefore, in giving you this long lease, shall include that consideration in the rent under the lease.

20,561. Still I am afraid I have failed absolutely to make myself clear?—I am sorry if I have not made myself clear.

20,562. You have not touched my point yet. You have not told me how, assuming all the facts that you have just mentioned, you would deal with that gentleman's interest in a property in getting at its rateable value?—It does not seem to me to matter a bit what the bargain between the landlord and tenant is for this particular purpose.

20,563. You are going to take off the occupying tenants' rent against his rateable value, 16 per cent.?—Yes, we deduct that from the gross value.

20,564. Now I want to know why and how you would justify that in the case of a property in which the site value bears, as you say, a very large proportion to the whole?—We do take off the 16 per cent., but we make the gross value larger than we should if it were an ordinary case, where the rack-rent is in a reasonable proportion, a fifth, we will say, of the total value.

20,565. (Mr. Arthur O'Connor.) That means that you do not stick to the figures?—Yes, that is exactly what we do mean; we do not stick to the figures, and we cannot stick to the figures; I mean to say that where the rent under the lease is no criterion, we have to assume other considerations.

20,566. (Chairman.) Then although you do not make an individual consideration of the case in the way in which the Act contemplates, you put forward to us that you do make an individual consideration of each case?—Yes.

20,567. Does not that break down your argument that the labour of making an individual consideration in every case is too great to be gone into?—I think not.

20,568. Why not?—I think not. In the City we can pretty well accurately ascertain what the true annual value is from the figures which we have at our command; we can practically ascertain the true annual value in our own way, whereas it would be practically impossible to continually revise the actual but shifting figures for renewals and other expenses; this has been demonstrated in actual practice. Of course I do not know whether it is incident to this particular subject, but there is the question of difficulties again. In perhaps two thirds of the buildings in the City which are held upon lease, the landlord also pays the rates and taxes, and of course that immediately takes away from the consideration of rent as being a criterion.

20,569. That brings in a different set of considerations, but it does not seem to touch the particular point on which I was at the moment?—No. I only wish to speak to the difficulties in the City.

20,570. There have been other suggestions made, one of which struck me very much, and it touches the point that is mentioned in the earlier part of your memorandum, namely, that you have 112 parishes within the area of the City?—Yes.

20,571. And for each of those, or for nearly all of them, you have, I suppose, assessment committees?—No; overseers.

20,572. Not now?—They never had assessment committees, always overseers.

20,573. But the overseers are different functionaries?—They prepare the valuation list and send it to the assessment committee of the City.

20,574. Would it not be desirable to have fewer different authorities?—Of course, as regards the City, I recognise the manifold difficulties that the overseers have to put up with, I think we should find if you made the union, say, the unit —

20,575. I did not suggest the union?—I can only think that is the assumption.

20,576. I did not suggest the union, but I want your opinion upon the point I have put to you?—I should hardly like to say that it would be an improvement.

20,577. Not when you find that the parish is so small that one structure sometimes has to be valued in three different parishes?—I realise that difficulty, and I have

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One valuation authority for the City would be undesirable.

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put it, but now that we have reduced that question to, as I say, a system, we have, with all our experience at our hand, been able to pretty well discover what the allocation should be.

20,578. What would you urge against the proposal to have one valuation authority for the City—I am not at this moment indicating any particular authority, but what are the considerations that you would urge if I were to suggest to you that it would be a practical useful measure of reform to have one valuation authority to value all the properties within the area of the City?—I should say that, because of the peculiar character of the properties in the City, and of the varying peculiarities in the several districts in the City, it would be practically impossible, except at immense expense and labour, to improve the present method. I should certainly say so.

20,579. Do you know what the cost of the present system is to the City?—I could not say, simply on this ground, that I should have to take a long average. You see for the 1890 valuation we had to incur many thousands of pounds costs on the county council totals appeals and on the big monopoly appeals. We bring them into assessment every quinquennial and we test them.

20,580. Has that suggestion, so far as you know, ever been made the subject of discussion, that one authority might be responsible for the valuation of all the City properties?—It has not been made within my experience. If I understand your question, it has not been brought before my notice.

20,581. I think I am right, that the remaining parts of division 3 (c) and (d) deal with questions relating to these metropolitan conferences?—Yes.

20,582. If you want to amplify that part, and make any statement with regard to that, I think you must do that in writing, please?—Yes.

20,583. I think the same applies to division 4 (a) and (b)?—Yes, I was only going to refer to certain *obiter dicta* of Sir Peter Edlin on the totals appeals. I was only going to suggest that of course I came here to show the conditions in the City, and that Sir Peter Edlin did take into consideration in the court of quarter sessions totals fact that leaseholds devoted to commercial purposes are to be taken on a different basis to leaseholds devoted to residential uses.

20,584. Anything that Sir Peter Edlin said will stand in his own language, which, if reported, you can refer to?—It is not reported; it is *obiter dicta* from the county council totals cases, and is important because it dealt definitely with a very large question—it is printed, and has been circulated.

20,585. I do not propose to take Sir Peter Edlin's *dicta*, whether *obiter* or otherwise, in evidence?—Thank you; you realise my difficulty I think.

20,586. Yes, I realise that. Is there anything under division 4 (c) that you want to press upon us?—No; that deals with the difficulties within the City, and the peculiar character of City property, and the impossibility of applying any general rule.

20,587. There are so many references and cross-references in this memorandum that I have some difficulty in taking them, perhaps, in the precise order that you would like me to take them; but I am attracted by a reference under division 5 of your paper, saying, "Witness will, if desired, make certain suggestions as to the enlargement of the powers of the surveyors." I should be glad to take that from you now if that would be convenient?—As regards the surveyors, I think if the powers that we give them by courtesy in the City at the present time could be made statutory it would be advisable and beneficial. There are eight districts in the City, and the surveyors of taxes of those districts are always invited to attend the meetings of the assessment committee and the meetings of the overseers. We find that they assist us very much, especially in certain classes of property, in ascertaining the annual values. We think if that could be made statutory it would be beneficial.

20,588. Perhaps you would outline to me in your own way precisely the powers which you would give to the surveyors?—I should give them the right to attend the meetings of the overseers on the preparation of the valuation lists. That would be the first thing.

20,589. Only to attend?—To attend and to assist the overseers in arriving at the annual value.

20,590. I want to know precisely what you mean by "assist"—do you mean to give advice which may or may not be rejected, or to take any part in the proceedings, and to have a right of appeal? I want you to give me in your own way the precise position that you would assign to the surveyor?—Of course I have my own personal opinion. They have the power of appeal, as you are aware, now, but it is not exercised very often. They should have enlarged powers, as I have indicated. I cannot say any more than that they should simply have the power of discussing with the overseers, and that they should be called upon as a duty to attend those meetings of the overseers.

20,591. I go now to division 7, and I wish to know whether there is anything under that division that you wish to impress upon us. I think we have covered most of the ground, but I am not quite sure?—That is a statement that I came here simply to rebut. That is all I have to say upon it, unless you wish to ask me any questions.

20,592. We have had it, I think, practically incidentally in the course of our other questions, have we not?—Possibly, yes.

20,593. Now is your time, if you think I have not given you an opportunity?—This refers to special properties. If you wish me to describe the peculiarities of those particular properties within the City, I should be happy to do so.

20,594. I want you to do it in your own words?—If you wish me to describe them, I will.

20,595. I do not quite know what you mean?—Taking them in their order in the case of, we will say, properties including machinery, of course there are difficulties in ascertaining the valuation of properties, including machinery. The number of decisions on the point you are well aware of. In the City there is a distinct peculiarity, because we have so many newspaper-producing buildings, and they have to have so much of their machinery lying idle. The "Daily Telegraph," I believe, has 100,000L worth of machinery lying idle, waiting for breakdowns. Of course you cannot take that upon the same principle as ordinary cases of coarse machinery. You cannot assess the machinery in those buildings in the City, the machinery being valuable and the buildings practically of no value, upon the same basis as you would machinery outside, where the machinery is of quite secondary value to the building. No per-centage principle of assessment could be applied. Then, in the case of licensed premises, it has been laid down, I think, pretty distinctly, that in an ordinary case of a public-house, there is practically no goodwill. As you are aware, an ordinary publican advertises the fact that there is a change of proprietorship immediately he comes into the property, but that is not so in the City, because the licensed premises within the City, including restaurants, eating houses, and all licensed premises, in fact, supply food with the intoxicating liquors, and then there comes in a very important question of goodwill. So we have to take licensed premises upon principles which would not apply without the City. In the case of public buildings occupied by public bodies, from which no profit accrues—and you are aware the City has a number of livery halls and exchanges, and other properties of that character—we have to take into account very special and peculiar considerations.

20,596. I can easily understand there are special difficulties in valuing that class of property?—And then in such large undertakings as come within classes 10 and 11 of the Act of 1869, we have very peculiar considerations on the assessment of telephone wires, for instance, and the mileage principle as applied to telephone wires or to railways.

20,597. There is no greater difficulty in valuing a telephone wire in the City than in the rest of London?—Yes.

20,598. Is there?—Yes.

20,599. Why?—Because of the number of messages travelling over these wires in the City, and the fact that the City contains the centre of the system to which all lines converge.

20,600. But that is a matter of the number of messages wherever the wire is situated; why is it more difficult because the wire is in the City to value it?—Because without the City one wire will do the work,

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Machinery valuation of, in the City : Machinery lying idle.

Licensed premises, valuation of, in the City.

Telephone wires, valuation of in the City.

Surveyors of taxes should have statutory powers to attend meetings of overseers and of assessment committees.

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but within the City you have to have 40 wires, and the difficulty is to distribute the earning power of the wires.

20,601. Supposing there are other districts, as I know there are, where you have 40 wires, or a very large number of wires, why is it more difficult to value a telephone wire because it happens to be within the precincts of the City rather than in Liverpool or Sheffield?—How are you going to apply the mileage principle or the profit principle.

20,602. I am not saying we are going to apply a mileage principle; I ask you, is it more difficult to value a telephone wire in the City than in Liverpool?—Yes, it is more difficult. We had the case of the National Telephone Company before the sessions in 1890, and we found, and the court found it practically impossible to apply any mileage principle to the assessment.

20,603. That is on the mileage principle, but it is more difficult to value on the mileage principle in the City than in Liverpool?—I am not acquainted with Liverpool.

20,604. Or Bond Street?—I should say certainly, yes.

20,605. Why?—Because of the difficulty of ascertaining the mileage and the profit earned upon these wires.

20,606. But do you put it to me that because a wire is situated in the City, that the mere fact of that wire being in the City makes your arithmetical calculations more difficult to go through?—How are you going to find, in cases like that, the relative value of the wires? There is the relative value of the wires without the City on the whole system to the wires within the City. You have to ascertain the value of the wires within the City, and the feeding value of wires without the City despite the parochial principle. Then when you have such a number of wires within the City, and you have to consider what the hypothetical tenant would have to pay to maintain those wires, and to repair and renew them, and infinite considerations and difficulties arise, such as the question of private wires and their varieties, which we have to take into account on assessment.

20,607. I am not going to take up time; if you put it to me that in your opinion, because a wire is in the City it is found more difficult to value, I can only take that as your opinion?—Yes, it is my distinct opinion, and it is the distinct opinion of the Court of Quarter Sessions that the parochial principle is hardly applicable to such a case.

20,608. One other matter which I have to put to you, which I see clearly from the next part of your memorandum you have seen, is that which was suggested to us on behalf of the County Council—that one cause of the City escaping a burden which it ought to bear, was that certain rates amounting to 13s. 10<sup>1</sup>/<sub>2</sub>d. per 100l. were not levied in the City; I think that is what you deal with under Division 8 of your paper?—Yes.

20,609. Would you kindly state to us, as I think you are prepared to do, the view of the City upon that particular point?—I have no view beside what I have stated in this memorandum; that is the actual fact.

20,610. But I do not quite gather from what is here—excuse me for saying so—what your contention is; whether you admit that you escape the rate, and say that it is justifiable and proper that you ought to escape it, or whether it is your contention that you do not escape the rate?—It is not for me say whether it is justifiable or proper; the only point is what is the rate in the £ now. The rate in the £ in 1892 was a certain figure, I believe 12 decimal something.

20,611. The mere amount of the rate—whether it is such and such a decimal figure—does not seem to me to matter. You say in your paper that “such exemptions are in connexion with the following matters,” and then you mention lunatics, industrial schools, prison pensions, and go on with a dozen other things afterwards, and then you say “that these costs, charges, and expenses are provided for in the City, either out of the City's cash, or by rate levied by the City union authorities, or the corporation, either by means of a county rate or by the consolidated rate”?—Yes.

20,612. If I understand that rightly, it means that whatever the rate per £ of these exemptions, it is a charge which you ought not to be subject to, because you pay it for yourselves; is that the point?—My point is, that it was well considered on the passing of

the Act of 1888, and we were exempted under that Act. We do, as you will observe, pay out of the City's cash, or by rate, for the maintenance of those particular objects.

20,613. I gather that there is some contention in the matter which I do not fully understand, and I wish you to make it as plain to me as you possibly can?—We have no contention. We simply state that as a fact, and we are perfectly willing to discuss it with the County Council.

20,614. I take the answer: I do not want to interfere in any contest between you and the County Council upon the subject?—No, I am sure not.

20,615. The statement made to us was that a rate was levied in all parts of London except the City, and that the City escaping, that consequently throws on the rest of the county a proportionately larger sum. Now it may be right or it may be wrong that you should escape the charge—I express no opinion on that—but that statement having been made, I wanted to give you an opportunity of stating to us the reason why the City thought the existing position fair?—The City have been into this question once on a Commission of Inquiry, and they are not prepared to go into this question exhaustively now. If, of course, it was in your view not fair, we can only state the absolute facts as they appear in this proof, but we are not here to express an opinion upon it.

20,616. (Sir John Hibbert.) You have stated very fully your opinion that the City, *per se*, cannot be valued quite in the same way as other parts of the metropolis?—Yes. I have limited my evidence to distinct comparisons.

20,617. In coming to that conclusion are you aware that even beyond the metropolis, outside the metropolis, we will say in Manchester or Liverpool, the same difficulties would prevail in those towns as to valuation which you have stated to prevail with respect to the City?—I have no doubt that, proportionately and relatively, difficulties would arise in big towns and cities as in the City of London.

20,618. Take the case of Manchester; there is a very large day population who do not live in that place, just like there is with respect to the City?—Yes.

20,619. You would admit that the same difficulties might occur there?—They might occur there.

20,620. Do you, from the view you take, consider that it is necessary or desirable to have a special law to meet the difficulties of the City?—I think that the law might, perhaps, be amended.

20,621. Do you mean amended so as to meet the particular case of the City of London?—I think that the Third Schedule to the Act of 1869 might be amended so as to include special properties which might not have been in the minds of the framers of that Act.

20,622. You suggest rather that the number of cases of special properties that are already in the schedule might be increased in an amended schedule?—Although I should be loth to say that, seeing that it is necessary to maintain simplicity as far as possible, yet at the same time it does appeal to me so strongly in practice that I think the Third Schedule should be amended.

20,623. Are not some of your difficulties rather sentimental than otherwise? Take the case you have mentioned of buildings where newspapers are printed; does not that apply to buildings outside the City also?—Relatively, yes, of course.

20,624. Does it not apply to every large town in the country?—Yes, it is possible.

20,625. How do the Inland Revenue obtain their assessment for gross value? Have they the same difficulty that you say there is with respect to obtaining the rateable value?—Of course they do meet with difficulties, and in the City I am sure they give special attention to ascertaining the true gross value.

20,626. Is there any great difference between the gross value for property tax purposes and your gross? Is it the same list that is taken?—I think under the Act it is so. I am only speaking of the practical difficulties of the assessment committee—I come here to speak of them—in ascertaining the annual value of peculiar properties which are not held as in the ordinary cases outside the City boundaries, that is all.

20,627. Do you think they ought to be treated rather under the general law?—I think some of them ought

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City of  
London,  
valuation  
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property  
in the City  
also occur  
in other  
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Exemptions in  
the City  
from the  
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rates.

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20,628. I presume you would not object to the same principle being adopted if there was any fresh principle admitted that should rule generally all over the metropolis, and should not be provided merely for the City?—Of course if I answered and said yes, I quite realise what it would mean. I can only say that I think the Third Schedule of the Act of 1869 might be amended.

20,629. Of course if that was amended it would apply to the whole of the metropolis?—It would apply to the whole of the metropolis; and it should apply to the peculiar conditions of the City.

20,630. You have 112 parishes in the City—I suppose each of those parishes appoints an overseer?—Yes, two overseers.

20,631. Have you, then, 224 overseers who take the first part in the preparation of the assessment list?—Yes.

20,632. How many assessment committees have you?—One assessment committee.

20,633. (*Mr. Elliott.*) You have suggested that the surveyors of taxes should have statutory powers to attend the meetings of the overseers and of the assessment committees; is that the only additional power which you would give to surveyors of taxes?—I think that would be sufficient to carry out the object of the Act.

20,634. Do you think that the absence of that power has in the past in any way impaired the ability of the surveyors of taxes to protect the revenue?—No, I should not like to go so far as that, because my experience is more particularly limited to unions in which they have given by courtesy as full power as they can to the surveyor of taxes.

20,635. Then is it your opinion that the surveyors of taxes in the City of London have been able to protect the revenue by securing a satisfactory gross valuation?—Most distinctly, yes. They are particularly active within the City.

20,636. In division 5 (b) of your memorandum you undertake to give evidence within your own knowledge as to the statement that the surveyors of taxes have been unable to protect the revenue adequately?—Yes.

20,637. And you state that you will give us the result of inquiries that you have made?—Yes.

20,638. Will you tell us what that evidence is, and what those inquiries are?—Of course, I can find no basis for the statement. I have made inquiries of surveyors of taxes and at the union offices, and I can find no basis for it.

20,639. The inquiries that you refer to in this memorandum, then, are inquiries which you addressed to surveyors of taxes?—Yes.

20,640. Have you made specific inquiries of all the eight surveyors of taxes in the City?—I have not. I have made special inquiry at the City of London Union, and I requested them to make inquiry, and in some cases they have done so; I think that has been the result.

20,641. Have you inquired of any of the surveyors of taxes on that point?—Not personally; not of any.

20,642. Then is the evidence that you refer to there simply the fact that you have made inquiry at the City of London Union?—Yes.

20,643. And that the officials of the City of London Union have told you that there is no truth in the allegation?—They told me that they specially made inquiry of surveyors. When I went up to make this inquiry it happened that there was a surveyor of taxes there—I have forgotten his name—and the inquiry was made of him while I was present. Then I specially requested the assistant clerk to the assessment committee to make inquiry of the surveyors of taxes.

20,644. I understand, then, that you have ascertained in this indirect fashion that the surveyors of taxes are of opinion that they have been able adequately to protect the revenue?—The only thing is, I think I should have heard of it if they had made any complaint

originally. You see I am continually at the City of London Union on assessment committee business.

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20,645. Surveyors of taxes have considerable powers of appeal if they consider assessments are insufficient, have they not?—Yes, certainly.

20,646. You refer us to certain appeals that surveyors have made?—Yes; a long while ago upon questions of principle they did appeal, I believe, in two or three cases.

20,647. Is it within your knowledge that surveyors of taxes have, during the last few years, considered it necessary to appeal from the decision of the assessment committee?—Not within the last few years.

20,648. (*Mr. Smith.*) Would you tell me if you know what are the steps taken by the overseers in these 112 parishes to value property; do they employ a professional valuer?—Not in all cases; in some cases, yes.

20,649. Then is it amateur valuation by the overseers in the City of London?—Certainly in some cases; of course they have special qualifications.

20,650. What sort of qualifications?—They are men who are generally acquainted with the peculiar value of the properties in their particular districts.

20,651. And they are assisted by the surveyor?—And they are assisted by the surveyor of taxes.

20,652. You have, as you have told Sir John Hibbert, 224 overseers to the square mile?—That is a fact.

20,653. What should you say to one qualified valuer valuing the whole of the City?—I should say that we should get into no end of confusion and difficulty. I can hardly realise how one valuer, or even, I should like to say, six valuers, could value the City and actually ascertain the true value.

20,654. What is the total rateable value of the City—about 4½ millions is it not?—Yes.

20,655. That is about the rateable value of Glasgow, is it not?—Yes.

20,656. And of course the area of the City is very much smaller than that of Glasgow?—Yes it is.

20,657. Would you be surprised to hear that one valuer values Glasgow?—I am aware of that.

20,658. But you think it would be impossible in the City?—I think it would be impossible in the City for one valuer to do the work properly.

20,659. Although the area is much smaller and the total rateable value about the same?—Yes, I think so, because of the never-ending variation of the descriptions of property within the City and the peculiar incidents of value.

20,660. You think that 224 overseers would do it better?—I think so, and the cost of course would be very much less.

20,661. But when we are talking of the City of London assessment, cost hardly enters into the question, does it, if you get results?—If you get results I agree.

20,662. And that applies to valuation generally, does it not—it is always worth doing if you gain an important increase in assessment?—Yes, granted that.

20,663. Then, we may dismiss cost under the circumstances, I think. How many valuers should you say, from your experience, would be required to value the City of London?—I should like to answer that question in this fashion; I have had a great experience of valuers, and I find, on questions of appeal, that if we instruct, say, three valuers to give independent valuations those valuations all differ.

20,664. That is natural, and that is familiar to all of us?—They do differ, and it is familiar, as you say.

20,665. We all know that, but that is not my question you see. You admit, I suppose, that some number of valuers could value even the City of London?—Certainly.

20,666. What number?—I have not given it much consideration, but, considering the amount of labour the assessment committee and the overseers have to devote to it, perhaps a dozen.

20,667. You think a dozen?—I think a dozen, perhaps, could do it properly.

20,668. Can you give me any reason why it should take a dozen in London for the same valuation over a less area, and only one in Glasgow?—I can only speak, of course, from my experience of the difficulties we

City of London, valuation of could not be made by one surveyor as in Glasgow.

Surveyors of taxes should have statutory powers to attend the meetings of overseers and of assessment committees. Surveyors of taxes in the City protect the interests of the Inland Revenue satisfactorily.

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have in arriving at the true annual value. I should imagine that those valuers would have the same difficulties. I know that it takes us sometimes to value one building a very considerable time, and I do not think under those circumstances I could say less than a dozen.

20,669. You think a dozen might do it?—I think a dozen might do it, but I should not like to say.

20,670. (Mr. Cripps.) Just following out this question for a moment, why are there greater variations of property in the City than there would be in Glasgow?—I think I have shown them.

20,671. Might I just go through the list, in order not to trouble you again: rating of machinery arises equally in both; licensed houses in both; printing in both, and telephones in both?—That is true, but I think those are only a few of the divergencies.

20,672. I think I took down all you specially mentioned?—That is because we went to division 7, the other divergencies are suggested in division 2 of my memorandum.

20,673. Can you suggest any difficulty in the valuation of property in the City that would not arise in such a place as Glasgow?—Yes, exclusive of distinctions of tenure and those I have enumerated, others arising out of the questions of site value, and the speculative character of property in the City. For instance, there are 112 parishes now, and I made out a while ago a list of the varying values of those parishes within 10 years; I found that in some parishes the site values (for those values have again to be sub-divided into houses) have altered considerably within special areas of a few yards.

20,674. That would be just the same in a place like Glasgow, would it not?—I hardly think so, because of the speculative character of it in some parishes of the City of London. Yet people invest their money in sites in the centre of the City just as they invest their money in Consols.

20,675. Do you really suggest that it is more difficult to value ground property in the City than in any other big town?—I do, certainly there would be some comparison to the City in the heart of big towns.

20,676. Very well, I take your suggestion. When you talk about the surveyor attending the overseers, do you mean he is to attend these 224 overseers?—Yes.

20,677. And when he attends them, in what position is he to attend these 224 overseers?—Personally, I should like to give him some statutory power of voting upon the decisions of the overseers. Of course he would have only one vote, I realise, but at the same time there are only two overseers.

20,678. Then you would give him a power, I understand, of going to the two overseers and being outvoted by them; that is the most you would do?—Would you give him a sort of fiat power?

20,679. No, I would not; I think it is ridiculous, I tell you, the whole system. I would never allow the surveyor to go to the overseer; I think it is an absurd suggestion myself. What I want to see is how you would carry it out?—You say the system is absurd; I cannot admit that, because that is the very basis of it.

20,680. I mean the system of the surveyor attending these overseers?—He does assist the overseers in arriving at the valuation in the City. There is no doubt his assistance is of great value.

20,681. Now, we talk about the valuation authority apart from the preparation of the lists of the overseers; you only have one valuation authority in the City, have you?—We only have one valuation authority.

20,682. I want to ask you one other question. I think that there was a slight misapprehension about it. The Chairman asked you, as regards the different rating deduction in proportion to whether the site value bulked larger in the total value than structural value?—Yes.

20,683. Now, the cases you gave of structural valuation, and then 5 per cent., and ground valuation, and then 4 per cent., were only, I think, cases of exceptional properties?—Well, I should hardly say that. Exceptional properties, did you say?

20,684. Yes?—But the City is composed of so many exceptional properties.

20,685. You know perfectly well that in the ordinary case in the City, as elsewhere, you take the rental as the test, and the courts have held that you cannot take

any other test in the case of ordinary property?—Pardon me; do you say the rating courts have held that you cannot take any other test in the case of ordinary property?

23,686. Yes, unless there is something exceptional?—That is the point; it is exceptional. Do you mean a rental test under a lease or an annual tenancy, or do you mean that rents received from underlets should be the basis?

20,687. Really you must know perfectly well that rent is never taken other than as a basis, whether in the City or elsewhere?—As an element.

20,688. Yes, as an element; but we are not discussing that; there is no difference between the City and elsewhere in that respect?—No.

20,689. In the City you take the rental, or annual value, as the basis, except in the case of exceptional properties, where you have to take the structural valuation and the valuation of the land?—Yes, where properties are not underlet, but where properties are not underlet of course, we have to consider the fact that in the City a great majority of the property is freehold.

20,690. I do not think myself that has any materiality; but I want to ask you this: Where you take the valuation in the ordinary way—which is what the Chairman asked you, including structural value and site value—when you take the annual value, do you make the 16½ deduction in all cases?—In all cases.

20,691. Therefore you do not make any distinction in those cases as to whether the site value is high or low?—We consider that in the fact that we allow 5 per cent. and 4 per cent.; we consider the 16½ in that.

20,692. That is a different matter; put aside those cases where you take structural value and site value, and take the case where you take annual value in the ordinary way, and you take a per-centage deduction of 16½; you do not there take into consideration whether the site value is high or low?—No.

20,693. You make a deduction on the whole?—We take the figure at 16½, certainly.

20,694. On the whole?—On the whole; we certainly do it.

20,695. Therefore the real answer is that you do not consider whether the site value is high or low in those cases at all?—That is exactly where I disagree. We do consider it, and we take it into account in ascertaining first the gross value.

20,696. Yes, but you do not follow my question. Suppose you have got two annual values of 100*l.* a year each, I will say, and in one case 75*l.* of that is site value and 25*l.* structural value, and in the other case 75*l.* is structural value and 25*l.* site value—do you take the 16½ deduction in both cases?—I do not think we have such a case in the City.

20,697. I am assuming that, and I am asking you about an extreme case. You take the 16½ deduction in either case, quite irrespective of whether the site value bulks largely or does not?—That would be the practice in the metropolis, would it not?

20,698. You do it as a fact in the City?—Of course, I have to say —

20,699. But answer the question—you do it as a fact?—We allow the 16½ per cent.

20,700. As a fact?—As a figure.

20,701. Quite irrespective of whether the site value is 75 per cent., or whether the site value is only 25 per cent.?—Of course, I do understand your questions. I say we do take into account the fact that the site value does in the City exceed largely the ordinary proportion of the total value.

20,702. Excuse me, because I want to make this clear—put out of sight structural value and site value in exceptional cases, and take an annual value case. I will take it at 100*l.* a year, because that is sufficient for my purpose; you would take 16½ per cent. off, whether the site value is 75 per cent. of that, or whether it is only 25 per cent. of that, and you would make no difference?—We should use that figure, of course.

20,703. In other words, you do not take that point into consideration at all in making your deduction?—That is exactly where I cannot agree with you. We do take it into account in first ascertaining the gross value.

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Deductions in the City of London are made without regard to the proportionate value of site and structure.

Site values, valuation of in the City of London said to be more difficult than in other towns.

Surveyors of taxes should have statutory powers to attend meetings of overseers.

City of London, valuation in: Rental value is the basis, except in the case of exceptional properties.



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20,704. Of course, everyone knows that, but not in making the deduction?—If you mean to suggest that we allow the maximum, certainly we allow the maximum.

20,705. And in making the deduction it makes no difference whether the site value is high or low?—In making the deduction we allow the 16 $\frac{2}{3}$ .

20,706. And it makes no difference whatever whether the site value is high or low as regards deduction—that is so?—As you put it.

20,707. That is the fact?—That is as you put it.

20,708. (Mr. Arthur O'Connor.) The City is a wonderful place?—Well, I do not know, of course, what your experience may be of the City, with all respect, but I should rather incline to think for assessment purposes it is a wonderful place.

20,709. I notice that you are managing clerk to a firm of solicitors in the City, and that you have had experience of valuation and of appeals against valuation?—Yes.

20,710. In respect, among other things, of livery halls?—Yes.

20,711. They have not got any livery halls in Glasgow, have they?—I do not remember suggesting that they had.

20,712. London is different from Glasgow?—Yes, certainly; and of course there are many other distinctions, but it is not necessary for the purpose of this evidence to go into them.

20,713. I suppose that London consists of an area, and of men that frequent it, and of the structures they put upon it?—I presume so.

20,714. You tell us that, when buildings in the hands of a freeholder have to be valued, you distinguish between the value of the ground on which they are and the value of the buildings themselves?—We take into consideration the fact that the site value exceeds the ordinary proportions of the suburban total value of the structure and the site.

20,715. I understood you to say—I do not know whether I put it rightly, but to put it in my own way—that when buildings were in the hands of a freeholder, you had to consider the value of the site and the value of the buildings, and you make different deductions—4 per cent. in the one case, and 5 per cent. in the other?—No. To ascertain the actual annual value, we take 4 per cent. upon the value of the land and 5 per cent. upon the value of the building, although the purchaser would have bought it on a 3 per cent. basis.

20,716. How do you take 4 per cent. on the value of the land, and 5 per cent. on the value of the building, if you do not realise in your own mind, at any rate for the moment, what is the value of the land and what is the value of the building?—We do endeavour to ascertain the value of the land and the value of the buildings.

20,717. That is all I want to know?—As an element.

20,718. Quite so. You do, at any rate for the moment, satisfy your own mind that you can arrive at some reasonable estimate of the value of the land, and some reasonable estimate of the value of the building?—Of course we are in such cases bound to take that view, because there is no other criterion of value; and we do it in such cases.

20,719. I only want to get language which we can all understand, yes or no. In the case of land and buildings in the hand of the freeholder, you do for some purpose or other distinguish between the value of the land and the value of the buildings?—Yes, certainly.

20,720. Then is it conceivably possible to do that for every parcel in the City of London?—It is conceivably possible.

20,721. There is, at any rate, a hypothetical value of land as distinguished from the value of the buildings?—Yes.

20,722. I suppose it does not cost any more to put up a particular structure in London than it would to put up a similar structure elsewhere as far as the materials go?—No, not much more.

20,723. The difference consists in the very high site value of the City of London?—Yes, certainly.

20,724. In fact if you could have something like a map drawn upon the hydrographer's plan you might

have indications of levels of values in which the City of London would appear quite a pinnacle or a peak, so high is the value?—Yes, but that is speaking very broadly. You say you put it as a pinnacle or a peak. There is no question that in the City of London as compared with other districts the site values would be enormous, but then there are districts in the City which have to be again sub-divided.

20,725. Certain parts of the City are more valuable than others?—Much more; and they are fluctuating continually.

20,726. I think we may take it as a very elementary proposition that just as in the whole of London some parts, including the City, are more valuable than others, so in the City itself there are parts more valuable than other parts of the City?—Yes, the only difference is in the fluctuating value.

20,727. No doubt there has been great difference in the valuation from 100 years ago as compared with now; from 50 years ago as compared with now, and from 20 years ago as compared with now, and even as between different parts of the City from time to time there is a different relative value?—Yes, different relative values at different times; that is to say, a parish which would have been relatively poor 20 years ago in site values would be very rich now, and *per contra*.

20,728. But would it pass the wit of experienced gentlemen in the City of London to ascertain from time to time and put down what the values are?—I think it is possible.

20,729. After all there is a valuation in the City of London, is there not?—Truly.

20,730. Is it right or is it wrong?—I should say that it is right; there might be small divergencies.

20,731. Then the thing is done; and, if it is already done, where is the difficulty?—I do not know if I understand your question. Do you mean to say that the total rateable value arrived at could be subdivided into structural and site value?

20,732. I do not quite understand what you have come here to tell us. This is a Royal Commission appointed to inquire into the equity of the incidence of local taxation between real and personal property; and I have got before me here a memorandum which must have involved an enormous industry, and bespeaks great acquaintance with the subject; but having looked through it—it is my fault, I am sure—I do not understand what you have come here to tell us?—I came here—and I did not wish to speak of it—simply to meet allegations primarily, with all due respect.

20,733. What is the issue that you are concerned with?—The issue is simply this; that allegations have been made against the City rating authorities as based upon certain conference resolutions, in fact absolutely in accord with those conference resolutions.

20,734. As between real and personal property, and the incidence of local taxation upon those two classes of property, what have you to tell us?—Very little.

20,735. (Mr. Murray.) By the City you mean the area within the City boundary?—Within the City boundaries. I am not speaking of the Temples, though we of course assess the Temples.

20,736. Then you draw a distinction between property in Fleet Street and property in the Strand?—No. Our system is practically in accord with them as between Fleet Street and the Strand district, that is to say, between the City in Fleet Street and the Strand district. We allow practically the same per-centages in the case of ordinary repairing leases.

20,737. Then the distinction you draw is not between the City and the area outside it?—It is as between the City and the majority of the districts outside the metropolis, broadly speaking. Of course there is no question that in Bond Street or Piccadilly, or in any of those areas, you will find that the proportion of the site value very much exceeds the structural value.

20,738. When you say the occupations of professional and commercial men in the City differ from the occupations of professional and commercial men outside it, do you mean that the occupations of professional and commercial men in the Strand differ from the occupations of professional men in Fleet Street?—No, I do not say so. I was speaking, as I said, of the Metropolis generally as regards the occupations.

Mr. E. V.  
Hurstable.  
21 July '98

Site value  
and struc-  
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City of  
London,  
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Mr. E. V.  
Hurtable.

21 July '98

Winchester House, valuation of: Method of valuation. Site value and structural value. Repairs and renewals.

20,739. You would not say, for instance, that a bank in the city ought to be valued on a different principle from a bank in Regent Street?—Not at all.

20,740. Without going into any controversial matter, what is your practice as regards repairing leases?—I must introduce the difficulty again, because of course it is the thing that we have to consider always. In three cases out of five in the case of repairing leases, the landlord pays the rates and taxes and does the repairs. Then we have to consider in the question of underlets that in some of the under-tenancies the tenant would do the repairs, and in other cases the landlord would do the repairs. Then buildings are again sub-divided into tenancies, some part of the building being held on lease and some held on annual tenancy. And there are other considerations of the character I have already referred to which, when we are dealing with the whole building, will not enable us to take the rent paid under the lease into consideration as a criterion of rateable value. Thus, if I may bring this in—the structural value of the building in the case of a freehold building, to go to that for a moment—and the value of the land would not be a criterion of the rent, which the hypothetical tenant would pay.

20,741. Very likely not. Take a place like Winchester House which you mentioned?—Yes, that is a typical case.

20,742. How do you set about valuing that?—We take first the whole of the revenue, the profit of the building, from which we make the necessary deductions. If I may mention the rental, Winchester House is held upon a ground rental of 21,000*l.*

20,743. What is it valued at?—I think it is valued at something like 23,000*l.* or 24,000*l.* As I will explain in a moment, that 21,000*l.* in no way represents the true value of the land. We had that case at the sessions, and we had our own valuers, and you may be sure we should endeavour to support our values. Winchester House is owned by a company. The building is put in the balance sheet at, I think, 250,000*l.*, but any builder would undertake to erect that building tomorrow for, I daresay, 170,000*l.* or 180,000*l.* and we have to consider that fact.

20,744. Do you mean that here is the case of a building, the ground rent of which is 21,000*l.*, and the rateable value of which stands at 23,000*l.*?—Yes, but I am not sure about the 23,000*l.*; it may be 25,000*l.* I am only dealing with the question of principle. There is not the least question—and I can give you the papers and show it to you most clearly and distinctly—that if we took the structural value of that building and the ground rental, we should not arrive at anything like the figure which we have arrived at in putting it at 25,000*l.* We put it at 25,000*l.* and they appealed.

20,745. But how is it that the hypothetical tenant is only prepared to give 3,000*l.* or 4,000*l.* for the structure?—Simply and solely because that 21,000*l.* ground rental is not a true figure of value. They were originally the freeholders of that building, and they entered into an arrangement with the Ecclesiastical Commissioners, by which they paid a sum of 21,000*l.*, but that 21,000*l.* does not represent the true figure.

20,746. It is an actual payment at any rate?—It is an actual figure, but our valuers could not take it into account when we went to the sessions, we should have obviously if we could. We have to consider those things, and I should be pleased to give the Commission our reasons, but I would rather not.

20,747. (Mr. Arthur O'Connor.) They were originally the freeholders; then they took it into their heads to pay the Ecclesiastical Commissioners 21,000*l.* a year—what for?—They disposed of their freehold interest, I presume. It was some arrangement made for company purposes, and not as the hypothetical tenant would have done.

20,748. (Mr. Murray.) At any rate, here you have the fact that somebody or other, or some company or other, take the site on which Winchester House is built, paid somebody else 21,000*l.* a year for the use of it, and erected on it a building which, I suppose must have cost a quarter of a million?—No, it did not.

20,749. Put it anything you like?—I believe they paid, as a matter of fact, but I am not quite sure, 280,000*l.*

20,750. For the building?—Yes. The hypothetical tenant coming into that building would say naturally

enough: What can I derive as rental revenue from this building? He would find that the total revenue produced from the building would be if all the offices were let, perhaps 29,000*l.*, out of which he would have to allow for empties, for repairs, renewals, maintenance management, and so on, which would be a very large figure. That is the true value of the building—what he would derive in profit if he sub-let it.

20,751. (Chairman.) Is the 25,000*l.* the gross or the rateable value?—I meant the rateable value.

20,752. What is the gross?—The gross might be something like a sixth more; I could not say—Mr. Barnett can answer that question better.

20,753. (Mr. Murray.) Did you not say that the repairs on buildings of that kind are a very low percentage?—The repairs are, but then the renewals are very large and so are other expenses.

20,754. What is the difference between repairs and renewals?—Take a building of that description, it is a difficult question sometimes to ascertain what repairs and renewals are. Supposing a tenant goes out; the landlord has to go in and pull down all the partitions in that particular office, and paint it up and prepare it for the incoming tenant. Of course these tenants are continually going in and out. A tenant may sell the lease of his offices in that building in times of prosperity to, perhaps, some gold mining company or something of that sort if there is a boom on at such a time. The newcomer takes on the lease, of course, and he pays a premium for it, and then the office, perhaps has to be all renewed, altered, and so on. In the cases of outgoing tenants, of course the landlord has continual considerations of that kind. In Winchester House, of course, everyone of these considerations will appeal to you in a moment. For instance they have a great safe deposit there. They have built that safe deposit in the bowels of the earth, and the result is that all the locks have to be oiled every morning because they are damp. Those are all considerations which the hypothetical tenant would have to take into account, and they are very important in the aggregate. Those safes cost some 40,000*l.* or 50,000*l.*, I daresay.

20,755. In arriving at the gross value of a structure of that kind, do you take into account the fact that the repairs would be very low?—We take into account in those cases, the actual figures from the balance sheets if we can obtain them.

20,756. And those you find are very low?—In some cases low.

20,757. I mean in a case like Winchester House?—In Winchester House I should say the repairs would be low, but the other expenses would be very high, of course.

20,758. But you still allow them the 16½ per cent. though?—No, we take all those cases, of course, as we are directed to take them under the third schedule, on the peculiar features of the building. We might certainly allow the 16½, because we are entitled to take what figure we think is right, under the note to the third schedule, it being tenement property.

20,759. Is not the result this: that where the repairs are very low, the allowance of the maximum deduction gives the occupier a great advantage?—You see there are so many allowances in cases of that kind in the way of empties and so on that you would have to include. You cannot apply the ordinary principle of deduction in a repairing lease to any case of that kind.

20,760. (Sir John Hibbert.) What was the result of the appeal with respect to Winchester House?—It went into court and then they drew out of it; they did not appear as a matter of fact.

20,761. They did not appear?—They practically did not appear.

20,762. Therefore the assessment remained as it was?—Yes.

20,763. (Mr. Cripps.) Do you say that Winchester House would come under the exceptional buildings in the third schedule?—Yes, certainly.

20,764. Was it so treated, in fact?—As a fact, I think positively that it was so treated.

20,765. You have told us already that you treated it on the basis of annual value, not on structure and site value, but that you treated it on the basis of annual value?—They took it on the basis of annual value of course in accordance with the Act.

Mr. E. V.  
Hurtable.

21 July '98

**Mr. E. V. Huxtable.** 20,766. Mr. Barnett will tell us whether the 16½ deduction was made or not; you could not tell us?—I could not tell you; I do not quite remember what the per-centage was.

Deductions allowed in case of certain leasehold premises in the City.

20,767. (*Chairman.*) You remember that when we were on the point of what should be the addition to leasehold premises to get the rack rent, you were good enough to hand to me over the table this schedule which I hold in my hand, in defence of your suggestion that 2½ per cent. and 2⅓ per cent. would be sufficient in certain cases?—Yes, in certain cases.

20,768. This schedule, which I have now had the opportunity of examining, contains three columns which give the estimates of three different gentlemen who have been employed to provide those estimates?—Yes.

20,769. They give, in the case of certain tenements in six different parishes, per-centages, each gentleman having independently valued each tenement?—Yes.

20,770. I see they vary in the case of their valuations between from 7½ per cent. to 2½ per cent.?—Yes.

20,771. Just as you would expect?—Just as you would expect.

20,772. The extreme difference which I notice in any one case is as between 7½ per cent. and 4·40 per cent.?—The individual surveyors differed very much more than that originally, but when we came together, and we discussed, of course, the question—as you know in those cases one has to prepare for the sessions, and we cannot have too much divergence—the surveyors gave way on certain points; they had certain views. It was a question of averages, whether they should take 21 years, or whether they should take a shorter period.

20,773. This is headed "A schedule of comparative estimates by respondent's committee's witnesses of repairs," and these, I understand, from your last answer, were three gentlemen employed by the respondent committee to go independently over the properties, and they differed in the first instance more than is shown on this table?—Yes.

20,774. This table was ultimately put before the tribunal on appeal?—Yes.

20,775. Even after consultation they differed as much in one case as between 7½ per cent. on 5,019l. and 4·40 per cent. on 4,994l.?—Yes.

20,776. It is only, therefore, in one or two cases that an individual surveyor went as low as 2½ per cent.?—

The witness withdrew.

**Mr. WILLIAM HENRY WAGSTAFF** called and examined.

20,783. (*Chairman.*) You are, I understand, vice-chairman of the City of London Union Assessment Committee; you have been a member of that committee for nine years; you are a member of the City Corporation, and you have had a large experience in the valuing of all classes of City property extending over a period of about 40 years?—Yes. May I be allowed just to preface what I have to say by this—that although I am a willing witness here to-day, I am but a layman, and I find myself in the position I am here for the first time in my life. I purpose, therefore, to confine such evidence as I can give within my proof.\* That must not be taken as any desire to withhold or to make light of anything. The experts that you have here will answer any questions, I am quite sure, that you may propose to give, and I trust it will not be considered in any sense discourteous, if you put questions to me outside my proof, if I should think well to decline to answer them.

20,784. Certainly not; we greatly appreciate that statement; that is exactly the position which we wish every witness would take up; people should only speak of things which are absolutely within their personal knowledge?—I am naturally nervous in such a case as this.

20,785. I meet you at once, and say that we thoroughly appreciate and understand the position you occupy, and approve of it?—Thank you.

20,786. The first point with regard to your memorandum on which it occurs to me to be necessary to put any question is one which we incidentally touched this morning, namely, that the City of London comprises

Possibly. I think two or three of those buildings were old buildings; in other cases they were only sublet to three or four tenants, which makes, of course, all the difference.

20,777. Having put those preamble questions to get at the facts, the important question for me to ask you is, what were the class of properties to which these figures refer? Of course we only get the name of the parish in each case in this table?—They are all cases of buildings underlet—in one case underlet to four tenants, in other cases to a large number of tenants.

20,778. I mean, what were they used for; were they all used for the same purposes?—They were all used as Winchester House is used, for all kinds of purposes—commercial and professional.

20,779. Then you would say, I suppose, that none of these properties are subject to the wear and tear of a residential property?—I should hardly like to say that; of course, with some of these properties there would be a great deal of wear and tear. I can hardly draw a comparison.

20,780. Then perhaps you will not like to answer this question, if so, you will say so. What are the questions which guide these experts in putting the estimated per-centage for repairs so low as this?—If you will look at another schedule, you will find that other reductions are so great that the repairs are quite a secondary consideration in such properties. We have to take into account not what the repairs are alone, but we have to take into account also the renewals, and other expenses, which are very great within the City, but which are not outside the City.

20,781. The difference, you see, between repair and renewal is somewhat technical; I should have thought one year with another that repair and renewal was precisely the same thing?—Would you mind looking at the table of per-centages claimed by the appellant, not in that schedule, but in another one. I think you will see that they claim something like 50 per cent. under the Act, instead of 16½.

20,782. For what?—For repairs, management, maintenance, renewals, &c., and they give their reasons for that. We allowed something varying between 30 to 35 per cent. in those six cases for the actual figures and outgoings which the hypothetical tenant would have to pay if he took this peculiar property. You will find it in another schedule, and, of course, that makes quite a distinction. I will hand in the return I am now referring to.)

112 parishes, and for assessment purposes, all these parishes are represented by separate bodies of overseers?—That is so.

20,787. There are two to each parish, and they are elected year after year, and in the preparation of the several lists it is the practice of such overseers to view the properties and discuss the values or alterations of value. I suggest to you that to have so many overseers for so small an area, though great in value, is an unnecessary multiplication of authority?—I think not. I think it is a most important thing that we should have gentlemen whose area of supervision is very small, so that it comes in this way that where gentlemen are elected year after year, as they are if they attend to their work and are found capable, they absolutely come to know the peculiarities, and the work of every particular property in every parish, and it seems to me that nothing can be better as an evidence of value than the decisions of such as those.

20,788. I need not, of course, ask you this: The overseers do not give anything like their whole time to the work?—That I am not prepared to say. I do know that they do other parochial work besides this, but to what extent I cannot say.

20,789. Do you not think that, considering the great interests involved in the City, it would be desirable to have a few persons—I especially reserve the number—of the very highest standing to give their whole time to the work, and value the properties in the City upon one system under the authority of the assessment committee?—I think not. My experience of gentlemen who may be called experts—of course, I am not alluding to any gentleman here—is that when we have

**Mr. E. V. Huxtable.**  
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**Mr. W. H. Wagstaff.**

City of London, valuation authority in: The number of parishes and of overseers. The present system in the City thought to be the best. Expert valuers instead of overseer thought to be undesirable.

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to call in experts, as a rule they invariably differ with regard to the valuation, and if you have three or four experts on one side and three or four experts on the other, the result is that you are obliged to judge between them, for they in no sense agree.

20,790. I quite agree. I heard it said the other day that an expert was like an Oriental, that he gave you exactly the answer to a question which he thought you wanted him to give. If you start an expert to give a fair valuation, do you not think you would get it from him fairly?—I think that the expert would undoubtedly give his opinion according to his views of the case, but it is surprising how professional gentlemen do differ.

20,791. Only when they are paid to differ, is that not so?—You have the same case with solicitors—they are all alike. Take the case of Queen's Counsel—they are all alike; they all differ—or else, why is it that one set are employed on one side and another on the other, whose evidence is directly contrary the one to the other.

20,792. (Mr. Cripps.) They argue; they do not give evidence.—They endeavour to impress.

Surveyors of taxes give material assistance to the assessment committee in the City of London. There would be no objection to giving them statutory powers.

20,793. (Chairman.) The next point in your memorandum is one which is of very great importance, and that is the precise position which the surveyors of taxes ought to occupy in regard to the valuation?—Do you put it, ought to occupy, or do occupy?

20,794. I put it, ought to occupy—I purposely avoid the other point, because we have had it in evidence already?—I think I must give my own version of that.

20,795. If you please?—I think the "ought to occupy" is really what they do occupy in the City. Their position is this: So far as I know—and I believe I am stating that which is absolutely correct—the overseers in the preparation of the lists at the quinquennial, say, always invite the surveyors of taxes to meet them to assist in the preparation of those lists; whether they do so or do not I do not know, but I take it for granted that they do. Then the lists come before the assessment committee, and we have the overseers present; we have the assistant overseer, who is another official; very often we have the rate collectors there; and we have the surveyors of taxes there. We are obliged as a committee to judge of the value of the evidence between these gentlemen. It may be taken for granted at once that unless a man is a thoroughly incompetent man, the overseer, in the particular parish allocated to him, does know a great deal about the value of property in his particular district. The surveyors of taxes are there, and they take part in the debates; they put questions to those who are there to appeal against the amount that is allocated to them, and they assist, and materially assist, the assessment committee in the work that is before them. These surveyors of taxes have sent to them, always before the meetings, printed lists and the paper of business for the day. They have time, therefore, to get themselves up in any particular property, and if they see that a certain property is coming on of which they have any information, they take care to produce that information. They constantly produce at our meetings cuttings from newspapers of changes of property at the Mart, and otherwise, and in every way they assist the committee. There are cases, but they have been very rare—I do not think we have had one in my experience—in which the surveyors of taxes have differed on questions of great importance with the assessment committee, and they have been so satisfied about their own view of the case that they have taken us to the sessions, and there, in one or two cases—but only in one or two—they have beaten us on appeal.

20,796. As I understand it, you value the influence of the surveyors of taxes in the valuation?—We do.

20,797. Would you object to giving them the position by statute which they now only occupy by courtesy?—Not in the least, but I may say that if it is a question of an alteration in the law, it is scarcely necessary, for I never was present at an assessment committee meeting but what the surveyors of taxes were there, and I never was present but what they had some information to give: so that, to make it a statutory obligation on their part to be there would not advance the thing much, because there they are.

20,798. You must bear in mind, however—just let me call your attention to this—that all assessment committees may not be so courteous and so wise as

yours—others might resent the advice and influence of the surveyors of taxes; would it not be, therefore, as a mere matter of general policy, not specially regarding the City of London, desirable to give the surveyor of taxes a more definite status than he has at the present time?—I can say, on the part of the assessment committee, that we should have no objection to that whatever.

20,799. As I understand, it would make no difference?—It would make no difference. I have never been present when there have been no surveyors of taxes there. There are nearly always two; sometimes three or four. It happens in this way: There are eight of these gentlemen having reference to the City of London, and there are eight districts which are divided amongst these eight surveyors. It sometimes happens that the cases we have to take will, on one particular day, lie in several parishes, and then the gentlemen representing those parishes are always there.

20,800. You give in your memorandum, a list which shows the number of objections to the valuation lists which were taken in the years from 1893 to 1898?—That is so.

20,801. We see the number of those that objected; are you able to tell us how many of those objections went on ultimately to appeals?—I could have prepared myself with that if I had known the question was going to be put, but I am afraid I could not say now.

20,802. Would you have any objection, when you get your proof for correction, to add another column giving the number of appeals that there were in each of these years, as well as the objections?—Not the least.

20,803. Do you think that the assessment committees have sufficient power at the present time of getting returns giving the particulars showing the annual value of the premises?—I do.

20,804. They have sufficient power?—I do think so. We have the power under the Act, that if information is withheld, we practically surcharge them; we put the valuation at a very great figure, and we throw upon them the onus of showing that we are wrong.

20,805. You quite agree with me that it is an obligation which ought to be put compulsorily upon the owner of premises, that he should give any information as to facts which are desirable in the public interest?—I do, but that is rather a sweeping question. There might be questions put in there of an inquisitorial character that, perhaps, ought not to be answered. Generally speaking, I may say that I do think that suggestion of yours would be a very good one.

20,806. (Mr. Arthur O'Connor.) You mean the power might be abused to ask questions which were not material?—That is what I really do mean.

20,807. (Chairman.) I meant to limit, and I think I did limit, my questions to those which were material to the public interest?—I did not understand you; I assent to that thoroughly.

20,808. With that limitation, you would agree with me?—I do.

20,809. (Mr. Balfour.) I suppose what you are pointing to is, searching into the profits of a man's business, or something of that kind?—I think so.

20,810. Something not pertinent to the valuation of the hereditament?—Sometimes there is the question of a lease, and all that kind of thing, whereby somebody might come behind your back and take a lease over your head, and so forth.

20,811. (Sir John Hibbert.) What is the general status of your overseers; what is the position which they hold in social life?—I could not tell you that.

20,812. Cannot you tell with respect to any particular one—you must know a great number of them?—I know several who are very respectable men; that is the only answer I can give you. What kind of answer do you wish?

20,813. What station in society do they hold?—I could not say.

20,814. Would they be men engaged in business?—Yes.

20,815. Some of them?—Yes.

20,816. What would be the generality of the occupations of them?—I do not think anyone could answer that question.

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Objections to valuation lists in certain years.

Returns from owners and occupiers in the Metropolitan. The present powers of assessment committees said to be sufficient.

Overseers in the City of London. Their social status.

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20,817. I suppose you are aware that in many districts overseers are very often very uneducated persons. I want to know whether that is the case in the City of London?—I have no such knowledge; I do not know any uneducated overseer.

20,818. I am speaking of the country, of course; but you do not know that that applies to the City of London?—No. I believe they are all educated men so far as I have had to do with them.

20,819. Are these overseers generally re-elected from year to year; do they hold office for some years?—There are several names sent up every year to the justices of the peace.

20,820. That sending up to the justices is done away with now, is it not?—I am not aware that it is.

20,821. It is?—Then I withdraw that. In answering your question I do say that they are elected year after year, provided they will stand, if the parishioners have confidence in them.

20,822. And there is a certain advantage in having men who have some experience to guide them?—A great advantage.

20,823. Do you consider that experts, if they were appointed to do the valuations, might differ?—I do not think they would do it nearly so well, if you ask me the question straight.

20,824. Is it not much more likely that 224 men would differ?—I think not, because you see they do not differ about the same property, and it is generally understood throughout entire London what the system is. You know they have to compare one property with another; they know that at No. 100 the valuation is so much, and that this property, No. 102, is about the same size, and they know that they cannot differ very much if the property is of the same description.

20,825. That may be quite true with respect to the particular properties in a particular parish which the two overseers have to assess, but is there the same likelihood that the whole number of overseers throughout the whole City of London would act upon one uniform basis of assessment?—I think so; you must remember that the area of the City is not large. Some idea may be had of the way in which the assessment committee do their work by the fact that it is within a prescribed area that never increases, but our valuations are always going up.

20,826. Do these overseers ever meet together as a body to confer?—Not to my knowledge, but that I do not know about.

20,827. Each two men act upon their own views?—I think so, but then you must remember that their views are not necessarily carried out at the assessment committee. I have told you already that we have the surveyors of taxes, and we have 12 gentlemen on the assessment committee who at all events are supposed to be respectable men with a knowledge of property.

20,828. You, from your knowledge, and having been vice-chairman so long of the assessment committee, would know whether there is very much difference in the mode of assessment of these different overseers?—I do not think there is.

20,829. Therefore, you seem to be satisfied with the system as it exists?—I am. I believe it is the best that could be devised.

20,830. Whatever is the best?—Yes, if you want to get the full information out.

20,831. (Mr. Elliott.) The overseers are not paid at all, are they?—They are not.

20,832. They are paid no remuneration for their personal services?—None, nor are the assessment committee—I might throw that in.

20,833. I am quite aware of that. I understood you to say just now that in your experience, as chairman of the assessment committee whose duty it is to revise the valuations put upon property in the first instance by the overseers, you do not find any remarkable differences in the principles adopted by the overseers in those small parishes?—We do not.

20,834. And that, even if you had found that, an equalising influence would also be brought to bear by the surveyors of taxes?—And by ourselves.

20,835. Now with regard to the surveyors of taxes, it has been suggested to me that the surveyors of taxes are not so keen before the assessment committee in getting equitable assessments to the income tax,

Schedule A. as they otherwise would be, because when they get to the Schedule D. assessments they only deduct from the receipts of the firm the Schedule A. assessment, and not the actual rent paid; is that your experience?—My experience is that they are sufficiently keen always. They never allow a case to pass if, in their judgment, they think it is in any sense under-assessed—never.

20,836. Then may I take it that in your experience you have found that the surveyors of taxes have used every possible effort to get equitable and proper and sufficient assessments to the income tax under Schedule A.?—I have no hesitation in saying yes, most emphatically, to that.

20,837. (Mr. Smith.) Is there very much competition for this office of overseer?—I should say not, for this reason: that a man has to give up a very great deal of his time without pay.

20,838. Is it considered a desirable office?—I assume it is considered a desirable office by those who take it; it puts them perhaps for the time being in a position of influence, but it is not an office I should like for myself I should say.

20,839. The influence being that they assess their neighbours' property?—They perform a public duty in assessing that; but as I said before you must remember that their assessment is not the law—that is only an evidence of value.

20,840. If you were going to buy or sell City property, would you prefer the opinion of an amateur or of an expert?—That would vastly depend upon the amateur. I know many amateurs that are better than experts. I am a builder myself, and therefore I have, or ought to have, a tolerable notion of the value of property in the City of London, seeing that I carry on business where I was born, and follow the business that my father carried on in the same premises.

20,841. You would probably be able to dispense with the opinion of either?—I think I could, without casting any reflection.

20,842. (Mr. Arthur O'Connor.) Among the 224 overseers in the City you probably are personally acquainted with several?—I am.

20,843. I will ask you to think of one—I do not want his name, but think of one?—For what purpose?

20,844. For the purpose of telling me what his occupation is?—I do not think I can answer that question.

20,845. Not one out of the 224?—I do not think I can. I meet a gentleman there time after time, and I see that he acts as a gentleman, and I see that he has got his brains about him and knows what he is about, and that is sufficient for me.

20,846. I do not mean that. Of the 224 overseers I ask you to select any single one that you know without telling me who he is, or his name, and then to tell me what is his occupation in life apart from his being overseer?—That I cannot answer because I do not think I know; I think I can fairly say that I do not think I know the occupation of one single overseer.

20,847. Now we will take this nameless and unknown overseer; he is a gentleman who works without pay, is that so?—So far as I know he is.

20,848. He has to give a great deal of time and personal service to the work of overseeing, whatever that may be?—He does.

20,849. According to the ordinary standard of human conduct, what would be the consideration actuating him?—I cannot say. You might almost as well ask me in what way I was actuated by being a member of the assessment committee. I like the work very well, and although it takes up a great deal of time, I am ready to give my time for the benefit of my fellow citizens.

20,850. I understand these overseers are elected by the several parishes?—They are.

20,851. The parishes being on the average less than five acres?—You have got to divide 668 by 112, and there you have it.

20,852. (Mr. Smith.) It is about three acres to an overseer, there being two overseers in a parish?—Yes. There is no harm in that.

20,853. (Mr. Arthur O'Connor.) No, I am trying to ascertain the facts, you are not on the defensive?—No,

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Overseers  
in the City  
of London:  
Their posi-  
tion and  
the scope  
of their  
duties.

Overseers  
in the City  
of London.  
Expert  
valuers in-  
stead of  
overseers  
thought to  
be undesir-  
able. The  
existing  
system in  
the City  
thought to  
be the best.

Surveyors of  
Taxes  
give ma-  
terial assis-  
tance to  
the assess-  
ment com-  
mittee in  
the City of  
London,  
and make  
every  
effort to  
get suffi-  
cient  
assess-  
ments to  
income tax  
under  
Schedule  
A.

Mr. W. H. Wagstaff. I am here to tell the truth; you are asking my opinion on certain things, and I am endeavouring to the best of my ability to give it.

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20,854. These gentlemen represent, in twos, areas on an average of between five and six acres?—Yes.

20,855. And they are elected officers?—They are.

20,856. They are generally elected and re-elected year after year, as I understand?—That is so.

20,857. They presumably give satisfaction to their constituents?—That is the presumption.

20,858. Their constituents being people whose property they have to value?—That is so.

20,859. Do you know any of those overseers to be owners of property in the City?—I do not.

20,860. The constituents of the overseers would be owners of property in many cases?—Of course, but that surely is nothing against public men.

20,861. I am not concerned with inferences, but only with facts?—But there is something behind the question you know—I cannot help seeing that.

20,862. The union assessment committee of the City of London consists of—how many gentlemen?—Twelve.

20,863. Of whom you know at least one?—Of whom I know all.

20,864. Would you mind telling me whether you own any property in the City of London?—I do.

20,865. The surveyors of taxes have sometimes appealed, have they not?—They have.

20,866. Sometimes they have been successful?—They have, but not in my time.

20,867. Have they appealed often in your time?—Not at all, that I am aware of.

20,868. Then they have never been unsuccessful in your time either?—No.

20,869. Is it conceivable that if the surveyors of taxes, who apparently have abstained from appealing recently, do not get it in meal they may get it in malt?—I should be sorry to say that of any gentleman unless I had evidence of it.

20,870. No, it is not a question of their personal interests?—Having reference to the character of these gentlemen, I should say it is not conceivable.

20,871. I am afraid you misunderstand my question, let me explain it to you: the surveyor of taxes has his duty to perform to the Exchequer?—I presume so.

20,872. Supposing he thinks, if I appeal on this point I may or may not win, but if I do not get it in the shape of a collection under one schedule I may get it in the shape of a collection under another schedule; then his object as an official, and a faithful and honourable official, may be equally well attained?—I do not think any such idea would influence the mind of any of the surveyors of taxes that I know. I believe them to be a set of perfectly honourable men, and I do not think they would be led astray in that way at all.

20,873. I am glad we agree as to the honourable character of the surveyors of taxes, and let there be no mistake about that, only they are concerned with protecting the public revenue?—Undoubtedly.

20,874. And if it comes into the public Exchequer by one conduit pipe rather than another, so long as they see that it comes there, do you not think they, as honourable officials, discharge their duty equally well?—No, I do not; because I think they are there to have an opinion of their own as honourable men, and if they saw an assessment that was put down in a way that they did not think was the correct way, they would speak about it, and speak very loudly, and make them-

selves heard. I have always found that. I do not think they would be influenced in any way such as you apparently suggest—I do not think they would.

20,875. At any rate, we have arrived at this position, that the valuation in the City is made immediately by means of overseers, who are elected and re-elected by the 112 parishes, they being persons as to whom you cannot tell us whether they possess property or not?—I cannot tell you that.

20,876. But whose constituents are to a large extent owners of property?—And whose constituents, I take it, are generally absolutely satisfied with them or they would not elect them again.

20,877. That is part of my hypothesis; and over them is a union assessment committee, of whom the majority are property owners?—Their property may not lie in the City. I do not know anything about my friends in that respect, their property may lie outside the City.

20,878. So far as you can speak from personal knowledge in your own case?—Yes, I speak of my own case. I do not know enough of my neighbour to know whether he has got property in the City. I do not even know it at all.

20,879. Confining yourself to that which is within your own personal knowledge, the union assessment committee in your own person is so far constituted of at least a property owner?—I think if you were to take 12 respectable gentlemen from any source you would find that they were all property owners, I think so.

20,880. Certainly; I only want to get the situation. Supposing you found in regard to an area outside the City of London with whose assessment, at any rate, you were indirectly concerned, so that if they were assessed very low, you in the City would have to pay a little more, but if they were assessed very high, you in the City would have to pay a little less, would you not think it a reasonable ground for criticism if you found that the gentlemen concerned with the assessment and collection of taxes in that area were men whose interest as owners did not quite jump with their duty as overseers?—I never concern myself about other people's business. I have got nothing to do with property outside the City; it does not concern me the least bit as to whether property outside the City is over-assessed or under-assessed—I never give it a thought.

20,881. Then I should be right in this conclusion, at any rate, that your last answer was not a direct answer to my last question?—Show me where, please.

20,882. I asked you whether you would consider that it was reasonable that you should form an opinion as to the conflict between the interest and the duty of the ratepayer and the overseers in an area outside the City which might compete with you in hearing a common burden?—I say that is a subject that I have never thought out at all.

20,883. Then I am right in saying that you did not answer my question directly?—I answer it fully and fairly, and say that that is a matter that does not concern me, and I do not trouble myself about it.

20,884. And that you consider a direct answer?—I do.

20,885. Now if the surveyors of taxes are gentlemen whose information is so valuable (and as to that we agree), and who are such honourable men that they will insist upon the exact carrying out of the law according to the facts known to them and in the past have been very useful, do you not think it might be an advantage to secure their position under the provisions of a statute?—I think, if I am right, that is a question which the Chairman has already put to me, and I have answered in the affirmative.

The witness withdrew.

Mr. WALTER BARNETT called and examined.

20,886. (Chairman.) Your office is in Winchester House in the City of London, and you are an architect and surveyor?—Yes.

20,887. And a valuer to the assessment committee of the City of London Union?—In some cases, not in all cases.

20,888. You have had an experience of 30 years in the valuation of property in the Metropolis, and more

particularly you have devoted yourself to the valuing of property for rating purposes within the City of London District?—Yes, I have within the last 20 years.

20,889. What is the City of London District?—The City of London District properly should be called the City of London.

20,890. In addition to that you have valued hereditaments for rating purposes within other unions and

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Assessment committee in the City of London: Number of members.

Surveyors of taxes in the City of London perform their duties satisfactorily.

Mr. W. H. Wagstaff.

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Overseers in the City of London and the members of the assessment committee perform their duties satisfactorily.

Surveyors of taxes in the City of London: There would be no objection to giving them statutory powers.

Mr. W. Barnett.

Mr. W. Barnett.

Mr. W. Barnett.  
21 July '98

The City of London is said to be a district of exceptional character for the purposes of valuation, chiefly owing to the high value of the land. Illustrations of properties of an exceptional character. The sum which a purchaser will give in the City for a ground rent with a good lessee.

parishes, such as the City of London; St. Mary Abbot's, Kensington; St. Leonard's, Shoreditch; St. Margaret and St. John, Westminster; St. George's, Hanover Square; and Holborn?—Yes, and some of the other outlying parishes immediately around.

20,891. You think there are peculiar incidents of value arising upon the assessment of buildings, more particularly with reference to tenure, user, and the character of the structure in those districts?—I know of no place including Glasgow, which I know, which is on all-fours with the City of London itself. I know of no place so expensive to start with.

20,892. (Mr. Balfour.) So expensive?—So highly expensive—I mean the rent.

20,893. Costly to build do you mean?—I refer to the cost of the ground mainly. Of course it is more costly to build in the City of London than it would be in Glasgow, for instance.

20,894. (Chairman.) You offer us information\* upon what you describe yourself as certain peculiar incidents of value arising upon the assessment of these buildings, and more particularly with reference to tenure, user, and character of the structures?—First may I put this, my Lord, as to the price. For instance, take a site in Cornhill; take a property that was quite recently sold, the lessee of which is a client of mine, Sir Samuel Montagu, who is a member of the House. He is the lessee; he took it for some purpose that he does not need it for now, and hence he does not occupy it, but he has to pay under this covenant a ground rent of, I think, 1,150*l.* a year; the Liverpool and London and Globe, next door, buy that at 42 years purchase. As a pure matter of fact, the whole rental is not the ground rent, but then they have got Sir Samuel Montagu for 69 years as tenant.

20,895. You say the whole rental is not the ground rent, what do you mean by the whole rental?—I mean that the rack rental of the building from the various tenants, after paying the rates and taxes, and the outgoings, would not equal the ground rent.

20,896. Is not the inference from that that the purchaser of the right to receive the ground rent made a bad bargain?—No, I think the inference is this: that the particular purchaser said: Well, at any rate, for 69 years I have got a certain 1,150*l.* a year, because the building may be empty, the building may be full, it may tumble down, anything may happen, but that lessee of mine will always be able to pay me that ground rent.

20,897. (Mr. Arthur O'Connor.) Is that not an exceptional case?—Not at all; I could tell you of just the same sort of cases up and down Lombard Street. Where you have got an exceptional lessee, a man in buying the property will say to himself: I shall have this man's 1,150*l.* a year, that is absolutely safe, and I do not mind. I could have got that if I put it into consols, but I have got a man at the back of me who is equal to consols. With these things in the City you will find fancy prices given that I take it you will find nowhere else, because of the peculiarity of the people who are the lessees.

20,898. (Chairman.) Just let us work that out; there is a particular building in Cornhill of which you say the ground rent is 1,150*l.*?—Yes.

20,899. Do you know what the rent of that building is for occupancy at the present time?—I have the schedule in my office, I had it sent from the Bank as I now have to do business with it.

20,900. What is it? Have you any objections to say?—[I am speaking now from memory, but I will give it you as near as I can. Practically the total rent is something like 1,480*l.*—in round figures, say 1,500*l.* per annum.

20,901. Is that what appears in the column under gross rental?—That is what Sir Samuel receives as gross rental.

20,902. Is that what appears in the column under gross rental?—Yes; and what he absolutely receives. That occurs in his rent book.

20,903. Just wait one moment. What is the process by which that sum gets into the column of gross rental in your valuation list?—I am not speaking of the valuation book; this came from Sir Samuel's rent book, showing the rent that he receives.

20,904. Is this 1,480*l.* the sum which appears in the gross rental column?—Yes, that is so.

20,905. Then that is put there by the overseers under the supervision of the assessment committee?—I beg your pardon. It is put by the person who collects his rents. Do you see I am telling you now that I am acting for him in that very matter.

20,906. I think we are at cross purposes, because I am not on the question of what Sir Samuel receives, I am on the question of what appears in the gross rental column in the rate book?—I had a copy of the return; in fact, I have it at the office. I could not tell you what that return is, but you may take it at 1,480*l.*

20,907. Now we are getting near at one, what I want to make sure of is that the entry which appears in the rate book is the entry which ought to appear there—not whether it corresponds with what Sir Samuel receives, but whether in the opinion, first, of the overseers and then of the assessment committee, that is a right entry to appear in that column?—I understand.

20,908. (Mr. Arthur O'Connor.) How does it get there, that is the question?—I will tell you exactly how it got there. The rent got there from the return which the firm made.

20,909. (Sir John Hibbert.) And which they are obliged to send?—They are supposed to be obliged to do it but they do not always send.

20,910. (Chairman.) The firm makes the return but do I understand that the overseers always accept that return blindly, or do they use their own judgment?—I am not an overseer, but I act as surveyor to some of the overseers. I should say that in the case of a respectable, responsible firm, an insurance company or a bank, in 19 cases out of 20 if the people made a return the overseers would look at their names and say: That man makes a good return, he would not make a false one.

20,911. Assuming the ground rent to be 1,150*l.*, can you tell me whether the balance between that and what appears in the return made by the firm bears any relation to the fair annual value of the structure?—Yes, it is as much as Sir Samuel can get.

20,912. It is as much as he gets for the whole subject? Yes.

20,913. Site and structure together?—Yes, with the tenants in it.

20,914. My question was, if you will try and follow me, whether the balance between the ground rent and what Sir Samuel gets, assuming both to be correct, bears any fair proportion to what you would consider to be the value of the structure?—*Qua* land and buildings—that is, taking the land with the buildings? You must take the land as well, because it may be a bad building; you must take it as you find it, if I am following you.

20,915. You give a building, and I want your opinion whether the difference between what is paid as ground rent and what is received in gross in any way corresponds to, or represents, what is the value of the structure?—The ground rent and the rackrent received, after deducting from such rack rent the rates, taxes, and outgoings which the lessee is bound to bear, show a *minus* and not a *plus* figure. I think that is a straight answer.

20,916. You have not now answered my question. We are dealing, not with deductions or anything else, we are dealing with two figures—what is paid in ground rent, and what is paid in gross?—What is received in gross.

20,917. What is paid—it must be paid if received, surely?—Paid to the other man, surely.

20,918. Why split straws of that sort? I say we are dealing with two figures, one of which is ground rent and the other of which is paid in gross, or—if you choose to put it so, received in gross—I will give you that for the value of it; I want to know whether, subtracting one figure from the other, you can say you cannot find any relation between the balance that remains and the value of what in your opinion is the value of the structure?—After paying the necessary outgoings, none.

20,919. Can you before paying the necessary outgoings?—Yes, a difference of between 350*l.* and 400*l.* a year. The remainder goes in rates and taxes, the necessary external repairs, maintenance, housekeeper, lights on the staircases, and so on.

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20,920. Do you put that forward as a case which is of common occurrence or in any way exceptional?—If I may be allowed to suggest that I just quoted that to show what a purchaser in the City—and I take it that it would apply not to one case but to many—what a purchaser will give in the City for what he considers a ground rent with a very good lease. My answer is that he will give 40 years' purchase. I cannot conceive of that price being got elsewhere—in fact, I have never heard of property being sold at that price in any city barring the City of London.

20,921. Does that not convey the idea to your mind that for some reason or the other, the sum paid for the ground rent is greatly in excess in proportion to the gross sum received?—It is in excess, and in excess of its true value.

20,922. So far the man who purchases the ground rent, of course, puts himself in the position of being the lessee of an annuity of so many hundreds a year for the term for which the lease will run?—Precisely.

20,923. Then your inference from that would be that unless more can be got from it at the end of the term, the ground rent would go down?—Unless Cornhill ground increases in value, or appreciates to the extent of 30 per cent. at the end of that 69 years, the man will have nothing more than what he originally bought—perhaps, if it depreciates, less.

20,924. We started with paragraph 2 in your memorandum; is there any other peculiar incident of value arising upon the assessment of the buildings with which you are acquainted that you want to put before us?—The instance was given, earlier in the day, of Winchester House, and the ground rent there was quoted.

20,925. Just wait one moment—I will exhaust the general question first; are there any other peculiar incidents that you want to put before us?—Generally it is that a person, or a company, or a firm, wants some given area for some special purpose in some given locality, and I will quote to you one instance which took place with some corporation property only some few weeks since, at the corner of London Wall, opposite Moorgate Street Station. I am not at liberty to say exactly what the corporation valuers put it at, although I happen to know what they did put it at. They put it at something like 3,000*l.* per annum less than it absolutely fetched at auction, because the bidding all ceased at 5,000*l.*; but there were two people present who thought they wanted it, and both for special purposes, and they deliberately bid from 5,000*l.* a year, when all the other bidding ceased, to 7,100*l.*

20,926. And of course, it ought to be rated at 7,100*l.*?—The ground rent paid—if you will excuse me—is not always a true criterion of value. Supposing, for arguments sake, you cover that with buildings.

20,927. If an individual is, or a firm or a company, are willing to give 7,100*l.* a year for a building, why should they not be rated upon that sum?—Supposing they have no sub-tenants they should, the *prima facie* supposition would be that that is the true value. It is not such a question as Mr. Cripps put. The whole question boils itself down, if there is a rental, to how much the man can make upon it—how much he gets by the rental. You will remember that Mr. Cripps asked that question very pertinently. Supposing those people, for argument's sake, build this place and occupied it wholly themselves, although the 7,100*l.* per annum may be a great deal too much, if I were valuing that for the given parish, or if I were valuing it for the assessment committee, or for any person at all, I should be bound to take the ground rent, and I should take the outlay upon the total structure, and I should call that the value.

20,928. In other words, you would take a less sum for this particular purpose than the holders of the property for the time are willing to give in the open market?—No, I beg your pardon. I have just said that, supposing there is no question of rental from underlets, and they come in and occupy it, I should take the rental they pay plus a per-centage on the outlay they put upon that land, and that I should call the value.

20,929. I understood you to say that a particular property had been run up to 7,100*l.* a year?—To 7,100*l.* from less than 5,000*l.* after the ceasing of the bids.

20,930. Would your valuation upon the system that you indicate to us come out to be less or more than that 7,100*l.*?—More, unless it was let off in tenancies and

produced less money. I think you will understand it in a minute. Supposing, for argument's sake, a person takes that and changes his mind, and does not want it for his own purpose, but puts up a block of shops and offices; he then comes before the particular overseers or assessment committee—it does not matter where—and he is asked for a schedule of his rent; he says, "Gentlemen, there are my rents; I have every-thing there; I have received 10,000*l.* per annum." You look at those rents, and you verify one or two of them, and you come to the conclusion that is all he is getting—10,000*l.* a year. Out of that you naturally ask, "Well, what have you to pay Mr. Smith or 'Mr. Jones'?"—"I have to pay all rates and taxes." "What do they come to?"—"6*s.* in the pound." "Water rate?"—"Yes." "Lighting for your stair-cases?"—"Yes." "Housekeeper?"—"Yes." "What does that come to, roughly?"—"Well, that comes to, roughly, 3,000*l.* a year."

20,931. Now, you are going to the rateable?—Now, I am going back to this question, that supposing you finally get a property—I do not mind what it costs you, or what it did not cost you, and you let it off in tenements, and you let it off for as much as you can get, then they can only rate that property at as much money as you put net into your pocket.

20,932. I cannot help thinking that you are mixing up two cases, the case of the man who is occupying his own property and the case of a man who is not; but I shall not go further into it?—I was trying really to separate them, because supposing he holds out for the sake of a given purpose, then under those special circumstances you are bound practically to take it at what it has cost him; but supposing he lets it off, and he can only get so much per annum out of it, then you cannot rate him on more than he puts net into his pocket.

20,933. What have you to say about these livery halls, upon which we have had one or two questions already?—I have got a list here. I do not know whether you would like to see the rating of them.

20,934. No, I cannot judge of that?—There are 38 of them altogether.

20,935. Because a building is a livery hall that does not make any more difficulty in valuing it than there is in valuing any other large hall in the occupation of the owner, or for which he does not pay a rent, does it?—I am inclined to think it would, for this reason—it is not built for commercial purposes, it is not used for commercial purposes, and it is only used from 12 to 15 times a year all told. I cannot quite see how that is going to be put down as a dividend-earning concern or as a profit-earning concern.

20,936. If a man chooses to keep a big building, and only uses it 15 times a year, it is a luxury, and why should he not be rated on the value of it?—It would be a very difficult matter then, because, I take it, you would have to find a tenant for these halls as they are and in accordance with their Charter and to find somebody who wanted them there.

20,937. Is there any greater difficulty in assessing the value of the thing that is called a livery hall rather than a large Government office, for example?—If you will excuse me, I should say all the difference in the world, because you could not possibly find a tenant for a livery hall, except for the same purpose, unless you pulled it down and put something else there.

20,938. (Sir John Hibbert.) Could you not use it as a store?—In the City?

20,939. Yes?—We should not want 38 stores in the City; there are plenty there now.

20,940. (Chairman.) You were going to say something to us about Winchester House—what was it?—That belonged to two gentlemen; it was their freehold, and I had the original valuing of it as between them. It was built at a most extravagant cost, and a great deal of money one way and another was wasted on it. Perhaps you have the misfortune to know what a day account is in a building job; if so, you know that that is wholly wasted money, because it simply means pulling down something that you have already put up. There was a day account there through one mistake or another. Unfortunately, I was the measuring surveyor, and I hope it was not my mistake. There was a day account alone of 40,000*l.* or 50,000*l.* Anybody would have to write that off their balance sheet as dead money; any gentleman who has ever built knows that.

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Livery  
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Method of  
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20,941. I do not think we need go into those details. The point that struck the Commission about Winchester House was that a building erected upon a site, the ground rent of which was 21,000*l.* was valued at 23,000*l.*; if you could explain to us the process by which the authorities are convinced that that is fair and right, I think you would help us?—This was a created ground rent. The building was put up upon two pieces of freehold, three-fifths of which belonged to the late Sir John Pender, and the other two-fifths to Mr. Leopold Salomons. It was Sir John's own freehold, so there was no question of ground rent there. When that building was finished, I was asked to do one of two things—either to borrow sufficient money to pay off the whole thing or to find some other means of doing it. I found the latter means by creating a ground rent, and we borrowed more money than it wholly cost by way of creating a lease. We created that with the Ecclesiastical Commissioners, and I made the bargain for Sir John. They were going to borrow less money than that absolutely produced. It produces within a thousand or two of half a million, and they were content to borrow less money than that. Then you asked me how these figures were arrived at. These figures were arrived at in this way. I produced—and I act still for the company who now own this block—a schedule of the whole of our lettings and the whole of our outgoings for an average of five years. We do not receive enough to pay our ground rent and the whole of our outgoings and leave us a profit, hence the present assessment. I think that is clear, is it not?

20,942. Yes, I have followed it?—That is, when we have paid all out we stand at nothing at all; we have got nothing to receive.

20,943. (Mr. Elliott.) The case of Winchester House is essentially the same as the one you just gave us as regards Sir Samuel Montagu, is it not?—It is a very similar instance. I could give you some more.

20,944. They are both cases, are they not, in which you would value on different principles according to circumstances? Supposing that this property in Winchester House were occupied as a whole by a lessee, you would then, in addition to the ground rent, take a certain per-centage on the capital value?—Yes, I should; I tried to explain that I should, but it would be the true ground value of course.

20,945. But if let out to a large number of individual occupiers you simply take the aggregate of those rents, and after deduction of the necessary outgoings, get at your rateable value, which may or may not be less than the actual ground rent paid?—That is exactly so.

20,946. Can you justify those two separate principles of assessment under the law of rating as it stands?—Only in this way. That the man who is going to occupy and hold the place himself, if he chooses to take for his own special purpose a lease of a fictitious value, I would come to the conclusion that he would have to pay for it, but it might not be supported on appeal.

20,947. Are you entitled to do that under the law as it stands?—If one could get proved to one by a person that he had given a great deal more than he ought he would be entitled really to have it reduced, although there would be a great difficulty in getting it reduced before the Assessment Committee.

20,948. Are you justified in making the distinction? Ought you not to look to the value of that building to the hypothetical tenant, taking it one year with another?—You should; I entirely agree that you ought to look to the value of that building, and see how much it would let for year by year to some person other than yourself.

20,949. Then you would agree with me that it is not that there is an under-assessment in the case of such a property as Winchester House, or as the property which you mentioned as having been bought by Sir Samuel Montagu, but that there is an over-assessment in cases in which a person, possibly for his own convenience and advantage, gives what you would regard as a fictitious value, and agrees to pay an entirely fictitious ground rent?—I know of several such cases in the City besides those I have quoted, exactly on all-fours with them. I cannot agree that there is an under or over assessment as stated in the question.

20,950. (Mr. Smith.) Your evidence, after all, only comes to this, does it not, that it is a question of degree; it is not only in the City of London that people give extravagant prices for particular places?—Possibly that

would be so, but it would be done to a bigger extent in the City.

20,951. I say it is a question of degree?—That would be so, they will do the same thing in Birmingham, or Newcastle, or anywhere else.

20,952. I wanted to ask you one question about some of these City parishes. The Bank of England is in three parishes, is it not?—Yes.

20,953. How many acres does it cover?—I think it is five or six acres.

20,954. (Mr. Arthur O'Connor.) The Bank of England covers six acres?—Over five, it is somewhere about five acres, I think.

20,955. (Mr. Smith.) How are the overseers elected in the case of the Bank of England, extending over three parishes?—The Bank exists under a charter, but is rated under special private Acts of Parliament. I can tell you about two of them, one of them has to be the clerk for the time being of the Mercers Company.

20,956. That is Mr. Watney, is it not?—That is Mr. John Watney; another has to be the Governor for the time being of the Bank of England.

20,957. But he has to assess his own property?—Yes, in accordance with the private Acts of Parliament. The other one has to be the churchwarden of the adjoining parish. That used to be the doctor who used to live in the street there—in Bank Buildings.

20,958. St. Christopher-le-Stock or St. Bartholomew's?—I think it is St. Christopher-le-Stock.

20,959. It practically comes to this: that the Governor of the Bank of England assesses his own property?—I beg your pardon—I want to be absolutely accurate; it is the chief cashier for the time being, and the chief cashier when I had to do with it was Mr. May. The three are the chief cashier for the time being, the clerk to the Mercers' Company, and the churchwarden of the adjoining parish.

20,960. Notwithstanding the evidence of the last witness that is hardly an ideal system of valuation, is it?—I am told that the Bank is rated under special private Acts of Parliament, and I am told that these Acts cannot be interfered with.

20,961. That is another question, but apart from the charter it is hardly an ideal system, is it?—If they had no special Acts I should not say it was altogether a perfect system of rating it.

20,962. (Mr. Arthur O'Connor.) When you say the Bank of England covers five acres, do you not mean the Bank of England property?—No, I mean only the Bank.

20,963. The building?—Yes. It is surrounded by four streets, and—I think I am right—it is either just under or just over five acres. It is a prodigious frontage—four streets, you know.

20,964. I am acquainted with it, but then does not the Bank own the Bank Buildings and the National Debt Office?—Yes.

20,965. Have you included all that?—No, I am only just taking the square block that is surrounded by the four streets. They own, as a pure matter of fact, all that side of the street, the London Joint Stock Bank being at present their tenants—they own all the left-hand side and most of the side at the back.

20,966. (Mr. Balfour.) Could you tell us what it is rated at?—55,000*l.*, I think.

20,967. (Mr. Arthur O'Connor.) I want you to enable me to do full justice to your position, and therefore I will ask you, if you will, to put in a short statement exactly of the predominant idea which you want to present to us. You come here to give us evidence; now what is the thing that you want to urge upon us, what is the kernel of your evidence that you want us to appreciate?—That you cannot take the City and put it on all-fours with any other portion of the metropolis. I know the whole of it, including St. George's, Hanover Square, which is the next most valuable, and you cannot compare the City to any such place.

20,968. When you have said that, what then?—And then because of the peculiarities of a man taking a block of buildings on lease, or putting them up on lease he lets them off as he best can and the lettings of that particular block or of the particular blocks. There are some men who own 100,000*l.* a year in the

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The system  
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Bank is  
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The City  
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be a district  
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for the  
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valuation.

Difference  
in the  
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of a property  
occupied by  
the purchaser  
and occupied  
by his  
lessee.  
The proper  
basis  
is the value  
of the property  
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City of London alone, one of them I know for whom I act, that particular income is dependent entirely upon commercial prosperity, upon the fact of things being good upon the Stock Exchange, and upon the fact of things being good generally. But a time of depression comes, and I will take now that valuation of Copthall House, which did belong to Messrs. Tubbs, Lewis, & Co. Five years ago that Copthall House had not 200*l.* worth a year of tenants in it, but during the last two years, because of this boom on the market, and one thing and another, it has all been filled up. You have to take all that into account in the case of that one house, Copthall House.

20,969. I suppose it is conceivable that in times of agricultural depression the value of land in Essex might go down?—Unfortunately, to my knowledge, it did.

20,970. Therefore those considerations are not altogether confined to the City of London?—They are not, except that the area is smaller, not greater, and in the one case they are fluctuations, and in the other depression in value.

20,971. Is there anything else that you want us to bear in mind?—I do not know more particularly that there is; but may I make one statement in so far as the election of these overseers is concerned? I know some of them, very few I was going to say, but I do know some few. When it is suggested that they are elected by the ratepayers I should like to say that they are elected, rather, by the people who are on the rate books. That is, you take a given parish, being a liveryman, which of course I am, naturally, does not give you the right to vote for an overseer or churchwarden; it only gives you the right to vote for a member of Parliament. To have the right to vote for the local officers, for the churchwardens and overseers, you must be on the rate book. The people who are on the rate book are in no sense or form ratepayers, I happen to be one, but I am only one, perhaps, out of five hundred. They are legally lodgers. For instance, in St. Peter le Poor—that is the parish I am in—there are about 600 people, and of those 600 you will not find six who are property owners—they are only lodgers but of course they occupy valuable tenement offices and floors.

20,972. (Sir John Hibbert.) How would they appear on the rate book—as lodgers?—Yes. When you divide up the rent, you get them all above the valuation. In these buildings the total rents may be about 10,000*l.*, and if you have only 50 tenants they all come above the valuation, and you put them all on to the list. It was

taken up to the Court of Appeal, I believe, on that very subject.

20,973. (Mr. Arthur O'Connor.) How many of these lodgers or other people on the valuation list attend as a rule at the election of an overseer; have you ever been to the election of an overseer?—Yes, several times.

20,974. How many attended?—The last time I went to St. Peter le Poor I think there were about 30.

20,975. Mostly lodgers?—They are tenants; I call them lodgers because they do not own the piece.

20,976. Was it exclusively the lodgers or the non-tenants who attended?—There was only one property owner. You wanted to know who were overseers; I will give you the name of one, Mr. Sheppard, of Sheppard, Pelley, Scott, & Co., stockbrokers, he happens to be the churchwarden, and he was there among the number. He is not a lodger because he owns his own freehold.

20,977. He was quite remarkable and remarked?—He was not.

20,978. Has there been any contest?—Yes.

20,979. On that particular occasion?—Yes, as to who should be churchwarden and overseer.

20,980. There was a contest for the overseer?—Only by show of hands in the room; you know we do not go to a poll on that.

20,981. The same gentleman was re-elected, was he not?—Mr. Sheppard was at my suggestion re-elected.

20,982. Is there any other point that you wish to impress upon us?—No. As to that question of the assistance of the surveyors of taxes, they always have a right to appeal, and they do appeal.

20,983. If you have no other point, let me ask you are those cases of Winchester House, the Montagu interest, and the other which you told us about of the 3,000*l.*, the 5,000*l.*, and the 8,000*l.* a year, to be taken as specimens of the condition of things in the City of London generally?—No. I think I stated to the Chairman that they are to be taken as an example of some, and that I could quote others of my own knowledge—they are not generally the case of course.

20,984. Would those cases specified, and the others which you might mention, represent the normal condition of things or the exceptions?—The exceptions, undoubtedly.

20,985. Then we can regard them as exceptions?—Undoubtedly.

The witness withdrew.

Adjourned.

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Winchester House, valuation of: This is a case of an exceptional character.

# I.—GENERAL INDEX TO EVIDENCE.

THE FIGURES REFER TO THE NUMBERED QUESTIONS IN THE MINUTES OF EVIDENCE.

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## ABILITY TO PAY, TAXATION UPON PRINCIPLE OF:

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**VALUATION OF SPECIAL CLASSES OF PROPERTY IN THE METROPOLIS:**

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6.—Mr. **FRANK DETHRIDGE**, Vestry Clerk of the parish of Faddington. (Questions 12,914-13,000.)

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**REPAIRS, INSURANCE, &c., DEDUCTIONS TO ARRIVE AT RATEABLE VALUE:**

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**TRADE:**

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7.—Mr. **WILLIAM FRANCIS DEWEY**, Vestry Clerk of the parish of Islington. (Questions 13,001-13,241.)

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**GAS UNDERTAKINGS, VALUATION OF**

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**LONDON (EQUALISATION OF RATES) ACT, 1894 (57 & 58 Vict. c. 53).**

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**LONDON VALUATION AND ASSESSMENT BILL:**

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**REPAIRS, INSURANCE, &c., DEDUCTIONS TO ARRIVE AT RATEABLE VALUE IN THE METROPOLIS:**

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**WATER RATES:**

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8.—**Mr. WILLIAM CHAMBERS LEETE**, Vestry Clerk of the parish of Kensington (Questions 13,242-13,434).

**ASSESSMENT CONFERENCES OF LONDON COUNTY COUNCIL:**

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**COMPOUNDING:**

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**LONDON COUNTY COUNCIL:**

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**LONDON (EQUALISATION OF RATES) ACT, 1894 (57 & 58 Vict. c. 53.):**

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**LONDON VALUATION AND ASSESSMENT BILL:**

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**REPAIRS, INSURANCE, &c., DEDUCTIONS TO ARRIVE AT RATEABLE VALUE:**

Kensington. The maximum deductions are made, 13,259-61.

**SITE VALUE AND STRUCTURAL VALUE:**

Very difficult, perhaps impossible, to value separately, 13,352-60.

**SURVEYORS OF TAXES IN THE METROPOLIS:**

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**UNOCCUPIED PROPERTY, RATING IN RESPECT OF:**

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Metropolis. Divergence in practice of including new properties in valuation list, 13,302.

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**VALUATION IN THE METROPOLIS, AREAS AND AUTHORITIES:**

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County valuation authority desirable for supervision, but not to perform actual work of valuation, 13,297-9.

Central valuation authority desirable. Functions of such a body discussed and what authorities should be represented. Question of appeals, 13,377-90.

**VALUATION IN THE METROPOLIS, SYSTEM:**

"Gross value" and "rateable value." "Annual value" should be substituted in rate book, 13,391-2, 13,403-6.

9.—**Mr. W. H. WARNER**, of Messrs. Lofts and Warner, Estate Agents and Surveyors. (Questions 13,435-13,645.)

**BENEFITS DERIVED FROM EXPENDITURE OF LOCAL AUTHORITIES:**

How far does expenditure of rates benefit the property of the owner, and how far is it a benefit to the tenant discussed. At the end of the lease the landlord may get the advantage of the improvements, but the tenant has the advantage during his term, 13,472-85.

How far does expenditure of rates benefit property of owners. Loans borrowed by municipality and capital repaid from rates as well as interest, 13,527-35.

Rates in St. George's, Hanover Square, have considerably increased in recent years. Rents have not gone up, 13,586-92.

**BUILDING LESSEE:**

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**GROUND LESSEE:**

Definition of, 13,438-49.

**INCIDENCE OF LOCAL TAXATION:**

Tenants take into consideration the present and prospective burden of rates, 13,579-82.

To what extent do ground landlord and building lessee take payment of rates into consideration when making their contracts, and to what extent does the ground landlord bear the burden of rates, 13,450-6, 13,470-1, 13,548-72.

An increase of rates falls on the occupier during his term; but such increased rates are imposed by the representatives of the occupiers, 13,571-7.

How far can the occupier shift the burden of increased rates upon the owner, 13,457-64.

The burden of rates ultimately falls on the ground landlord. The occupier is the medium who pays them, 13,456, 13,486-92, 13,497-526, 13,578, 13,583-5.

**LAND (BUILDING) VACANT, RATING IN RESPECT OF:**

It would be unfair to rate vacant land as building land. It does not derive any occupation benefits, and there is no immediate profit to the owner. Very few owners would withhold land from tenants willing to take it for building purposes, 13,606-27.

Lands Clauses Act. Case of railway company having to pay rates in respect of property they have pulled down and before they have rebuilt again. Difference in the position of a railway company and private owner, 13,628-34.

**METROPOLIS:**

The amount of rates generally influences the tenants in selecting their localities. Fashion is an element which only influences a few, 13,536-47.

How far does the amount of rates influence tenants in selecting particular localities, 13,450-6.

Rise of rates during the last 20 years, 13,593-600.

How far has it affected the desire to take leases, 13,601-5.

**METROPOLIS--cont.**

How a rise in rates affects the working classes. Large proportion of houses in the Metropolis are rented at less than 50l. a year, 13,635-45.

**SHOPS, INCIDENCE OF RATES:**

In case of shops in the West End of London, the occupier will try and shift the burden of a rise of rates upon his customers. Beyond a certain point, he cannot do this, owing to trade competition of co-operative stores, and he must then try and shift the burden on his landlord, 13,493-6.

**SITE VALUES, TAXATION IN RESPECT OF:**

The income tax system of deduction would cause confusion if applied to rates, 13,508-26.

**VALUE OF PROPERTY, VARIATION IN:**

Rent frequently higher on one side of a street than the other. Reasons for this, 13,465-9.

10.—Mr. **W. H. B. CASTLE**, of the Firm of Castle and Son, Surveyors and Valuers. (Questions 13,646-13,978.)

**APPEALS (VALUATION):**

Special tribunal to hear rating appeals not desirable, 13,720-5.

**CORPORATION PROPERTY, VALUATION OF:**

Should be valued like any other class of property, 13,879-87.

**COUNTY PROPERTY, VALUATION OF:**

Should be valued like any other class of property, 13,701-6, 13,879-87.

**ELECTRIC LIGHT UNDERTAKINGS, VALUATION OF:**

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**GAS UNDERTAKINGS, VALUATION OF:**

Rating in respect of profits is a just system, 13,687-97.

Discussion upon certain points raised by Mr. Livesey, 13,672-86.

**GIFFORD, FOX & Co. v. THE CHARD GUARDIANS (63 L.T., 249):**

Witness considers that the case of Gifford, Fox & Co. went rather too far in the direction of rating machinery, 13,816-32.

**GOVERNMENT PROPERTY, VALUATION OF:**

Should be valued like any other class of property, 13,701-6, 13,879-87.

**MACHINERY AND PLANT, RATING IN RESPECT OF:**

Principle laid down for valuation, 13,774-8, 13,935-43.

Method of valuation and principles adopted. The law and principles affecting the rating of machinery discussed, 13,707-19, 13,816-32.

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Witness considers that the case of Gifford, Fox & Co. went rather too far in the direction of rating machinery, 13,816-32.

In some case rateable machinery is personal property, 13,935-43, 13,975-7.

**RAILWAYS, VALUATION OF:**

Process of valuation. Deductions, 13,656-67.

How far present system a satisfactory one, 13,651-5.

Principles affecting the valuation. How far should they be valued solely with reference to the value of land, 13,899-923.

Principle of present system is the only one which could be adopted, 13,767-73.

Gross receipts. Amount claimed for value of rolling stock, 13,804-11.

12½ per cent. for tenant's allowances is sufficient, 13,668-71, 13,747-66.

The property of railway companies is sometimes undervalued. Reasons for this, 13,747-66.

Valuation by a local parish representing a larger area than the parish would be more economical, 13,665-6.

**REPAIRS, INSURANCE, &c., DEDUCTIONS TO ARRIVE AT RATEABLE VALUE IN THE METROPOLIS:**

If the maximum deductions in the Metropolis are always allowed without regard to relative value of site and structure, injustice results, as the land requires no deductions for repairs. There should be separate columns in the rate book for site value and structural value. Owner of site value would have to be given a power to appeal, 13,726-46.

To value site and structure separately would be a much more elaborate process than obtains at present for the valuation of properties, but the results would compensate for this, 13,779-803.

**RETURNS BY COMPANIES:**

Assessment committees should have power to call for information from companies, 13,720, 13,764-6.

**SITE VALUE AND STRUCTURAL VALUE:**

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**SITE VALUES, TAXATION IN RESPECT OF:**

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**SURVEYORS AND VALUERS:**

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**VALUATION IN ENGLAND AND WALES (EXCEPT THE METROPOLIS), SYSTEM:**

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**VALUATION IN THE METROPOLIS AND THE REST OF ENGLAND AND WALES:**

House property. Decorations and furniture in a house do not add to its assessable value, 13,833-42.

Land as a basis for rating apart from the uses to which it is put discussed, 13,958-74.

Land cannot be a basis for rating apart from the uses to which it is put, 13,978.

**VALUATION OF SPECIAL CLASSES OF PROPERTY:**

Undertakings which have monopolies. Principles affecting the valuation of, 13,687-97, 13,924-34.

Method of valuation of certain properties which are never sold or let, 13,701-6, 13,879-87.

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ASSESSMENT COMMISSION FOR CITY OF LONDON UNION

Number of members to perform their duty

1975-84.

CITY OF LONDON

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## APPENDIX TO VOL. II. OF MINUTES OF EVIDENCE

## APPENDIX I.

**Memorandum prepared for the Commission by Mr. Edgar Josiah Harper, Assistant Valuer to the London County Council.**  
 [See *MINUTES OF EVIDENCE, QUESTIONS 12,093-12,605.*]

## APP. I.

I.—*Introductory.*

## Introductory.

1. The experience of the witness in matters of local taxation extends over a period of between 19 and 20 years; but up to 1890 it was confined solely to the rating of properties belonging to the Council and their predecessors. In that year, however, the Council initiated a course of action designed to promote uniformity of practice in the assessment of rateable hereditaments throughout the metropolis, the results of which have affected districts outside as well as inside the county boundary. The conduct of the practical part of this work has been delegated to witness by the head of the Council's estates and valuation department, and he has thus been brought closely in contact with the local rating authorities, throughout the metropolis and beyond it, during the last six or seven years.

II.—*Assessment machinery under the Valuation (Metropolis) Act, 1869.*

2. The great and increasing pressure of the burden of local taxation renders it most important that the assessment or measure by which such taxation is distributed between the payers should be correctly ascertained in accordance with a uniform practice. Members of the Commission are no doubt generally familiar with the methods of assessment; but a short account of the machinery and practice is inserted here in order to render this statement of the subject complete. So far as London is concerned parts of the Union Assessment Committee Act, 1862, and of the Union Assessment Committee Amendment Act, 1864, are repealed; and the remainder of these Acts is incorporated with the Valuation (Metropolis) Act, 1869, which governs the practice of assessment in the metropolis, the area of which as defined by that Act differs slightly from the area of the administrative county of London; the hamlet of Penge being excluded from the former and included in the latter. A complete revaluation of all the rateable hereditaments in the metropolis takes place once in every five years. The scheme of the Act was to complete the whole process of such revaluation between the 6th April of one year and the 5th April of the next. The first stage in the preparation of the new, or what is generally termed the "quinquennial", valuation list is the sending, in the month of February preceding the assessment year, to the overseers of each parish by the surveyor of taxes for the district, of a sufficient number of printed forms of return which the overseers, within a month of receiving them, have to serve upon every person liable to be charged with any rate or tax on the basis of the valuation list. Each person receiving a form is required to fill up the return and send it back to the overseers within 21 days after service, and is liable to a penalty for default. The form in which this return is issued from Somerset House will be found in Schedule I. (p. 249). With the material furnished by the returns and information otherwise obtained, the overseers (or the vestry clerk and rate collectors in their name) prepare the quinquennial valuation list, which should be deposited before the 1st June of the assessment year by the ratepayers, and public notice given of the deposit by placards on the doors. In addition to this notice the overseers are required to serve on the

Preparation of quinquennial valuation list by overseers.

occupier a notice of the gross and rateable values inserted by them in the valuation list relative to any hereditament not previously assessed or assessed at a higher value than in the previous valuation list. At the same time that the original list is deposited, a duplicate has to be sent to the surveyor of taxes for the district, whose duty it is to insert in the duplicate the amount in his opinion of the gross value of each hereditament where such amount differs from that inserted by the overseers. He is bound to transmit this duplicate to the assessment committee within 28 days of its receipt, the overseers having to transmit the original valuation list to the assessment committee not sooner than 14 nor later than 17 days after public notice is given of its deposit. The transfer of the lists from the office of the overseers to that of the assessment committee does not, however, interfere with the ratepayers' rights of inspection and taking copies or extracts. A dissatisfied ratepayer must give notice of objection before the expiration of 25 days after the list is deposited, and his right of objection is not limited to the case of the hereditament he occupies, but extends to any assessment by which he feels himself aggrieved. The overseers have the right of objecting to the valuation list of any parish in the same union as their own, if they consider that their parish is aggrieved. Notice of objection by the surveyor of taxes or by the overseers need not be given more than seven days before the meeting at which objections to the list will be heard by the assessment committee.

3. The primary duty of the assessment committee is to revise the whole of the valuation list or lists sent to them for that purpose. They are supposed to complete this revision before the 1st October, or little more than three months from the time limited for ratepayers' notices of objection. So numerous, as a rule, are these objections upon the quinquennial valuation list, that the revision of assessments not objected to sometimes becomes, perforce, a matter of form; and several of the London assessment committees have failed to complete even the hearing of all objections within the time limited by the Act. In the event of the failure of the overseers to prepare proper valuation lists, the assessment committee are required to appoint some person to make a valuation list; and they may, with the consent of the appointing board of guardians, engage a skilled valuer to assist them. The former course is not often resorted to, but the latter is frequently adopted in large and difficult cases. When the revision of the valuation list has been completed by the assessment committee, it is sent to the overseers to be re-deposited for inspection; and, as in the case of the first deposit, public notice of the re-deposit has to be given by the overseers and special notices to occupiers in the cases of properties newly inserted or increased in assessment by the assessment committee. The committee must appoint a day not less than 14 nor more than 28 days after such re-deposit for hearing objections to the alterations made in the list by them, and no objection to an assessment which has not been altered can be entertained on re-deposit. After hearing these objections it is the duty of the assessment committee to finally approve the valuation list; to send the original back to the overseers and the duplicate to the clerk of the London County Council before the 1st November. After the totals have been extracted, printed and sent out, this duplicate is returned to the assessment committee.

Functions  
of assess-  
ment com-  
mittee.

4. Overseers, surveyors of taxes, and ratepayers, if parties to the objection, may appeal to special sessions against any decision of an assessment committee by which they feel aggrieved; and notice of appeal to special sessions may be given on or before 21st November. These sessions should be held and all appeals to them determined between the 30th November and the ensuing 1st January. The overseers (with the consent of their vestry), the surveyor of taxes and ratepayers, may appeal to Quarter Sessions against any decision of the assessment committee on an objection to which the appellant was a party. Parties to appeals to special sessions may also, if dissatisfied with the decision of that court, appeal therefrom to Quarter Sessions. Beyond Quarter Sessions there is no appeal on questions of fact, but only on questions of law. Notice of appeal to Quarter Sessions must be given on or before the 14th January, and the Justices are directed to hold their sessions at such a time as will enable them to determine all appeals before the ensuing 31st March. The valuation list, as settled after all these proceedings, is made conclusive by the Act of 1869 for the purpose of all rates, and also for Inhabited House Duty and Income Tax (Schedules A. and B.).

Appeals to  
sessions.

5. The title of the statute of 1869 describes it as "An Act to provide for uniformity in the assessment of rateable property in the Metropolis." The provision in this respect is, however, incomplete. Dealing first with machinery only, it may be pointed out that, in the case of a union of parishes for poor law purposes, the assessment committee appointed by the guardians of the union exercises a controlling or revising

Uniformity  
of practice.



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authority over the overseers (or the body discharging the functions of overseers) of each parish ; and the various parishes within the union, having the right of objection against each other's lists, are in a position to check one another. When a parish is not in union, there is no such effective check. Only a very small per-centage of cases forms the subject of appeals to sessions and the machinery of appealing against totals (*i.e.*, against the whole list) in any particular parish has been found too cumbrous. But in parishes not in union it may, and sometimes does, happen that the vestry both discharge the functions of overseers, appointing a valuation committee to supervise the preparation of the list, and also elect the assessment committee from their own body. Under these circumstances there is not the same check as exists in the case of parishes in union ; although the work in most of these large parishes—vast as it is—has been admirably managed.

Functions of  
the surveyor  
of taxes.

6. The introduction of the surveyor of taxes into the proceedings was no doubt primarily due to the fact that the valuation list is made conclusive as the basis of charge for certain imperial taxes. But it is probable that his influence was intended to apply also in the direction of uniformity of practice. The surveyors of taxes are no doubt bound by certain general regulations issued from Somerset House ; and although they have no direct power over rateable value, section 53 of the Act places them in a very strong position by providing that, when they give notice of objection or appeal, the amount specified in their notice as being the gross value of the hereditament shall be inserted by the assessment committee or sessions, unless it is proved to their satisfaction that such amount ought not to be inserted. Moreover, as a general rule, surveyors of taxes are invited by the various assessment committees in London to attend their meetings and express their views upon cases coming before them. No doubt considerable benefit arises in ordinary cases from the action of surveyors of taxes ; but in dealing with large and difficult cases they do not always possess adequate means of arriving at a proper valuation, nor have they funds at their disposal to enable them to carry an appeal to sessions. They are further handicapped by the size of their districts, which often brings them into contact with several assessment committees.

Effect of the  
system upon  
precept rates.

7. The practical result of the present system is, subject to the exception of the small minority of cases which are dealt with by special and quarter sessions, that each assessment committee fixes the basis on which its own parish or parishes contribute to all precepts issued in respect of rates which run throughout the metropolis. The only exception is the Hamlet of Penge, in whose sole case the County Council are obliged to call into operation the whole of the machinery of the County Rate Act. This machinery, being in existence, might well be used in the interest of uniformity throughout the metropolis.

Time allowed  
for making  
and revising  
valuation  
list.

8. The times limited by the Act have been held to be directory only, and not mandatory ; and, although efforts are made to keep within these limits, several parishes and unions are usually unable to complete their work within the appointed time. In the quinquennial valuation of 1895-96, the assessment committee of the City of London Union had not finally approved their valuation lists until March 1896, or four months late. But, although individual parishes and unions have to cope with an enormous amount of work in a limited period, objections are, as a rule, quickly disposed of ; and it is in the Court of Quarter Sessions that the great block occurs. Dissatisfied objectors before the 30 different assessment committees having jurisdiction in the metropolis have the right to appear before quarter sessions, and a considerable number of them do so. The two months allowed under the statute for disposing of these appeals by the London Quarter Sessions is ridiculously inadequate for the quinquennial year, as may be gathered from the fact that the appeals arising upon the last quinquennial valuation, though they should have been disposed of by the 31st March, 1896, have not all been dealt with up to the present time (June 1897).

Returns  
required  
from rate-  
payers.

9. The latest form of return issued by the Inland Revenue Office (*vide* Schedule I., p. 249), while it omits none of the important points, and as a rule expresses its questions in a way to make them clear to the ratepayer, does not, in witness' opinion, ask questions sufficiently specific under head No. 7. It is material to know not simply the general conditions of the tenancy agreement or lease, but exactly the date of commencement and length of the term granted, and whether the agreement or lease provides for any (and what) variation of rent in the future, and under what circumstances ; also, if a premium were paid, the amount of such premium. Provision should

also be made for obtaining full particulars of any works or other expenditure undertaken by the tenant or lessee, either in consideration of the granting of the tenancy or lease or otherwise. But there is an important and ever-increasing class of hereditaments to which the present form of return is entirely inapplicable, viz., railways, canals, tramways, and other profit-earning undertakings usually managed by public companies. It is necessary for anyone valuing undertakings of this character to have either access to the books of the companies or copious extracts from them. Whether the case would best be met by requiring such companies to allow rating authorities access to their books at reasonable times, or by requiring them to furnish such statistics and particulars as may be necessary, is a matter to be precisely determined after ascertaining the opinions of the companies themselves on the point; but some means of obtaining the necessary data is essential. At the present time overseers and assessment committees are almost at the mercy of the companies in the matter, and are compelled to proceed practically in the dark, unless the companies are willing, as a matter of grace, to furnish them with the required particulars.

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10. The ordinary ratepayer does not exercise the rights he possesses of objecting before the assessment committee, or appealing to sessions, against the inequitable assessment of properties other than his own, although it is clear that if such properties are under valued he has to bear a greater burden than would otherwise be the case. But while ratepayers are usually keen in the protection of their interests so far as the assessment of their own hereditament is concerned, they shrink from adopting a course of action which takes the form of an attack on a fellow ratepayer.

Ratepayer's rights of objection and appeal.

11. The quinquennial valuation list, when settled, comes into force, both as the basis of precepts and of the charges made upon individual ratepayers, on the first day of the assessment year succeeding that on which it is made, viz., April 6. It fixes the assessment of all hereditaments comprised in it for a period of five years. But if during that period new premises are built, or existing properties are altered or added to, or if a hereditament is from any cause increased or reduced in value, the necessary additions to and alterations in the assessment can be made by an interim procedure which is as follows—The overseers may, and on the written request of the assessment committee, surveyor of taxes or any ratepayer of the union are compelled to, prepare and send to the assessment committee a provisional list containing the gross and rateable value of any hereditaments which have been increased or reduced in value. On receipt of the list the clerk of the assessment committee has to serve a copy of it on the surveyor of taxes, and on every ratepayer affected a copy of so much of it as affects him. Objections to this list may be made to the assessment committee in the ordinary way; but the time allowed is much shorter, and there is no appeal from the decision of the assessment committee on a provisional list, which comes into force for the purpose of the collection of rates on the date when a copy of the list is served upon the ratepayer. Any apparent injustice in forbidding appeals to sessions is obviated by the privilege given to objectors of obtaining a proportionate rebate in respect of rates overpaid if they succeed in obtaining a reduction of assessment on the next annual revision of the valuation list.

Provisional lists.

12. In each of the four years between two quinquennial valuations a supplemental valuation list is prepared, and to its preparation the same procedure applies as to the quinquennial valuation list. A supplemental valuation list is supposed to include the assessments of all hereditaments erected and alterations which have taken place during the preceding assessment year. It becomes in practice an amalgamation of the provisional lists of the previous year, and every ratepayer is thus offered a second opportunity of objecting to an assessment altered between two quinquennial years. Like the quinquennial, the supplemental valuation list affects totals as well as individual assessments, and only comes into force on the first day of the year following that in which it is made.

Supplemental valuation list.

13. Some curious results are possible from this method of revising the assessment of London property. Speaking strictly, if a hereditament were fit for occupation on the 6th April 1895, and had not been fit on the previous day, it should have been excluded from the Quinquennial Valuation List of 1895-96, and have formed the subject of a provisional list, which would remain in force as the basis for the collection of rates until the 5th April 1897. The hereditament would of course be inserted in the supplemental valuation list for the year commencing April 6th, 1896, but that list would not come into force until the following year. During the whole of that period the parish would be in receipt of the full rates in respect of the hereditament, but none

Effects of the present system of revision.

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of the authorities issuing precepts based upon totals would receive any proportion of these rates. The parish authorities thus derive a considerable advantage from this part of the assessment machinery. There can be no doubt that the compulsory revaluation of all London hereditaments once in five years has had a beneficial effect in promoting uniformity of practice; and the principle of periodical revaluation might with advantage be extended. On the other hand, the provisions of the Act of 1869 as to the intervening periods are not so elastic as the interests of the ratepayers and the local authorities require. It has been found extremely difficult to prove, to the satisfaction of the Courts, that an assessment should be increased during the currency of the quinquennial valuation list, although there may be no doubt that the value of the hereditament has been enhanced. This difficulty arises from the fact that it must be proved that the increase in value has taken place *during the previous year, i.e., the year ending April 5th.* The effect of a gradual increase in value is of course seen when a change of tenancy or ownership takes place; but it is impossible to prove that the enhancement of value took place either at or immediately before the change of tenancy or ownership: it may well have been going on for some considerable time. Practically it is found that, unless an increase in value can be ascribed to a structural alteration or some event which indisputably occurred in the preceding assessment year, it is useless to attempt to increase the assessment. On the other hand, when reductions in value take place the local assessing authorities are in the habit of conceding the point in order to avoid inflicting hardship on individual ratepayers; so that on the whole the result is that the provisions affecting alterations in value during the period intervening between two quinquennial years act almost entirely in one direction, viz., that of reduction, and not at all in the direction of increase. This remark is confined, of course, to the case of properties existing at the date of the previous quinquennial valuation.

### III.—Method of determining Annual Value.

14. According to the rating statutes there are two kinds of annual value. These are arrived at in accordance with provisions contained in the Act of 1869 and set out in Schedule II. (p. 251). Before attempting a description of the various methods in vogue for applying the definition of gross value to the extremely varied classes of hereditament found in the metropolis, it will be convenient to explain the effect of the scale of deductions prescribed under the Third Schedule to the Act. Section 52 provides that the deduction shall not exceed this scale; and the heading of the scale itself is "*maximum rate of deductions.*" Notwithstanding, however, the obvious intention of the legislature that the per-centages of deduction shall be regarded as *maxima*, it would be difficult to find a single case in the first seven classes where the maximum per-centage of deduction had not been applied—of course disregarding fractions of a £. In class 8 the one-third deduction is so great that it is not invariably made, even in the class of cases specified in the schedule; while classes 9, 10, and 11 are dealt with in such a way that each case must of necessity be settled on its merits.

15. There is a very good reason why, as a general rule, properties under 40% gross value should have the benefit of a larger per-centage of deduction than those above that amount, and similarly with regard to properties below and above 20%. It is notorious that the tenants of properties of these values shift their abodes with comparative frequency, and are more or less destructive in their habits; and that therefore (especially as regards those below 20%) the expenditure upon decorative and sanitary repairs is an element of risk much larger than in other classes of property. But, of course, in the metropolis the great bulk of property (both as to quantity and value) falls under the head of class 3 in the schedule, where the maximum deduction prescribed is 16 $\frac{2}{3}$  per cent. or  $\frac{1}{3}$ th. No doubt this proportion was intended as a reasonable approximation to the highest probable annual average cost of repairs, insurance, and the other expenses necessary to maintain the hereditament in a state to command the rent. But the variation of circumstances between different classes of property in London is far too wide for an average or a maximum rate of deduction to be universally applied with equity. This will be apparent from an inspection of the table and diagram in Schedule III. (p. 251) which deals with eight typical cases selected from various parts of London to illustrate the difficulty. It is obvious that the annual average cost of repairs and insurance applies almost wholly to structure, and does not affect the site upon which the structure stands. As the values of these two elements do not bear a constant proportion to each other, the deduction of a constant proportion of the gross value (which includes both structure and site) must be

Gross and rateable value—Scale of deductions.

Effect of differences in the proportion between land value and building value.

productive of inequitable results. These results will be apprehended almost at a glance from the diagram in Schedule III, where the operation of the present method of deduction is shown in cases of varying proportion of value between site and structure. It will be seen that, while the actual deduction is one sixth of the gross value in every one of the eight cases, it amounts to more than 130 per cent. of the structural value in one case—obviously far more than the average annual cost of repairs, insurance, &c.

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16. It will be noticed (Schedule II., p. 251) that the definition of gross value proceeds on the hypothesis of an offer to take a hereditament on a tenancy, at an annual rent which is supposed to be computed by taking one year with another. This has been generally interpreted to mean an ordinary tenancy from year to year. As a very large proportion of hereditaments in the metropolis are let on tenancies other than those from year to year, it becomes necessary, in dealing with leases and other tenures, to reduce them as far as practicable to the level of a yearly tenancy. In the cases of weekly and monthly rents and also in the case of flats, the rents usually include several items which are excluded from the statutory definition, *e.g.*, taxes, local rates, water rate, services of caretaker, &c.; and all such items have, of course, to be eliminated before arriving at the gross value. But after their elimination it may fairly be contended that a landlord would expect, and a tenant would be willing to give a slightly higher rent for a hereditament when it is paid at more frequent intervals and the tenancy could be more readily determined. It is quite possible, however, that this remark may not apply to every such case.

Yearly and other short tenancies.

17. In the case of leasehold hereditaments, a class comprising most of the valuable property in London, it is generally considered by experts that if the rent is a fair rack rent, the tenant bearing the cost of repairs and insurance, the amount of the rent should be regarded as the rateable value; and such a conclusion would tend to place hereditaments occupied by leaseholders on the same plane as hereditaments occupied by yearly tenants. Unfortunately, however, it has been the practice in some parts of London to treat leasehold rack rents as equivalent to gross value, making the full deduction of one sixth to arrive at the rateable value: while in other districts 5 per cent. or 10 per cent. has been added to the leasehold rack rent in order to produce the gross value; but in no district with which witness is acquainted has it hitherto been the practice to add to the leasehold rack rent an amount equivalent to the maximum deduction prescribed by the Third Schedule to the Act. A certain amount of this irregularity has already been removed, and it is now the general practice to add 10 per cent. to leasehold rack rents and call the result gross value. Thus a house let on repairing lease at a rack rent of 100*l.* per annum would be assessed at 110*l.* gross, 92*l.* rateable; whereas an exactly similar house next door let on a yearly tenancy would probably produce 120*l.* per annum, and would be assessed at 120*l.* gross, 100*l.* rateable. The result of this practice is that hereditaments let on yearly and other short tenancies are, as a rule, assessed on a somewhat higher scale than those occupied by leaseholders.

Leasehold tenures.

18. Coming to properties which are not let, either on lease or otherwise, but are for various reasons used or occupied by the owner, the difficulty of applying the statutory definition of annual value increases. In a considerable proportion of occupying owners' cases the premises are such as are unlikely to be let; and the valuation of such properties for assessment has to proceed on the basis of assuming a tenancy and a tenant, and calculating the rent which such a hypothetical tenant (generally the actual owner) would give, by taking a per-centage upon the capital value of the hereditament. This course is open to considerable risk, for it involves either (*a*) the making of an estimate by a competent surveyor at each quinquennial valuation—a costly process—or (*b*) accepting such statements of cost as can be furnished to represent the value. No doubt in the majority of cases the latter alternative is adopted to save expense; it is, however, obvious in many cases that original cost furnishes no real guide to present value. There is no doubt exceptional difficulty in assessing property of this class, and, more particularly in the case of large assessments, the desire to avoid litigation often leads to the adoption of a standard of assessment lower than the normal.

Occupying owners—The hypothetical tenant theory

19. The anomalies found in assessing machinery—or rather in increasing the rateable value of hereditaments because of the enhancement due to the presence of machinery—furnish another illustration of the difficulty of applying the statutory definition of gross value. It would be a task of extreme difficulty for one tribunal, under the present state of the law, to assess equitably all hereditaments in the metropolis which include machinery; but where there are no less than thirty tribunals inequalities are inevitable. A large number of decisions have been given by the High Court on these matters: but

Hereditaments which include machinery.

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owing to the great variety of circumstances which may arise in cases of this kind, it is extremely difficult to apply previous decisions, which deal with the special circumstances of one particular case, to the later and different circumstances of another. At the present time, in cases of this kind, overseers and assessment committees are without any guide beyond that supplied by the decisions of the courts—necessarily expressed in highly technical language. The result is considerable divergence of practice, machinery being sometimes disregarded in making assessments.

Licensed premises.

20. There is a special difficulty in the assessment of licensed premises owing to the practice which prevails in the trade of fixing the rent at a round sum (generally 100*l.*) which does not in any way represent the value of the premises, the balance of rental value being usually capitalised as a premium. Such premiums frequently take the form of the mere transfer of a debt from the outgoing to the incoming lessee. Premiums are sometimes paid in the case of ordinary property, but they are practically the rule in the case of licensed premises. The existence of the premium item in public-house transactions causes two difficulties. The first is the separation of the premium between the two elements which undoubtedly enter into its composition, viz. (a) goodwill of trade, which is of course not assessable, and (b) capitalised rent. Until recently there was great variation in the methods adopted in different parishes in making this division: some ignoring premium payments altogether; some making an arbitrary addition to the rent without any special calculation; some taking one third and some one half of the premium as the proportion representing capitalised rental value. Now, however, one half is becoming the general rule throughout the metropolis; but it is obvious that it is a purely arbitrary one, and does not always produce equality. The second difficulty is that which arises in converting the proportion of premium, when thus determined, into its annual equivalent. A rough and ready custom of taking 5 per cent. upon the amount, irrespective of the length of lease, and adding it to the rent was in vogue some years ago, and is continued even now in some parishes. Of course the proportion should vary according to the length of the term in respect of which the premium is paid. A table to facilitate this calculation, first issued by the Greenwich Union Assessment Committee, is now in circulation among rating authorities, and its adoption is thus becoming general. Hotels, although coming under the general head of licensed premises, should fall within the category of "profit-earning undertakings" and be assessed on the hypothetical tenant basis, the problem being—"Given the amount of net profits earned by the hotel, what proportion of these profits would probably be paid by a hypothetical tenant of the hotel as rent?" Any answer to this question must be, more or less, a matter of opinion rather than fact. Theatres are probably assessed on a somewhat similar basis: but clubs—which can hardly be correctly called profit-earning—are mostly assessed upon their structural value.

Public buildings and works—Structural value.

21. There has been considerable want of uniformity in past years in the various methods adopted for assessing public buildings and works, *i.e.*, properties occupied for public purposes from which no private profit accrues; such as workhouses, public offices, free libraries, public baths and washhouses, pumping stations, dust destructors, and schools. It is now generally admitted that the hypothetical tenant theory must be applied in cases of this kind; but until ten years ago such properties were in some parishes assessed either at nominal figures or not at all. Opinions differ as to the proper rate of interest which should be applied to the structural value of such properties (when obtained) in order to produce its equivalent in annual value. During the last ten or twelve years cases have been fought on this point by several public authorities, including the School Board for London and the London County Council, with the result of reducing the 5 per cent., which was previously the ordinary rate of interest, to one varying from 3 to 4 per cent. In connexion with the quinquennial valuation of 1895–96 a return showing the assessments of properties of this class was prepared in the Estates and Valuation Department of the Council's offices.\*

Hereditaments extending into more than one parish.

22. Perhaps the most difficult cases to deal with are those hereditaments which extend into or through more than one parish, such as railways, tramways, canals, docks, gas and water works, electric lighting works and undertakings, hydraulic power works, telegraphs, telephones, &c. As in the case of hotels, the process is to find the amount of net profit actually earned, and then determine what proportion of this a hypothetical tenant would give as rent to a hypothetical landlord. As, however, each parish makes a separate assessment of the portion of the

\* London County Council Quinquennial Valuation, 1896, Return of Assessment of Buildings used for Public Purposes, except Government property and schools (No. 297). P. S. King & Son, Great Smith Street, Westminster, S.W.

undertaking within its area, the amount of extra work involved in apportionment and duplication is very great. It will be seen that the process, although complicated, is practically limited to the basis of profit actually earned, not profit which might be earned by the best possible administration. This, no doubt, introduces serious possibilities of inequality, even as between hereditaments of this character; a badly-managed railway, which pays little or nothing, being assessed at simply nominal sums, whereas a thoroughly well-managed line has, in consequence of its good management, to pay rates on very much higher assessments; and this though the value of the land occupied may be greater in the former case than in the latter. It must also be remembered that the companies which usually own and administer such undertakings as these are as a rule wealthy and prosperous, and can afford to spend considerable sums in litigating rating questions with the local authorities. This fact often deters overseers and assessment committees from increasing the assessment of such properties, especially in the absence of the necessary particulars relative to the net earnings within the parish. Of course the most important point in this connexion is the inevitable want of uniformity between the assessment of such undertakings as these and that of ordinary hereditaments. Practically they are assessed upon profits; a more or less arbitrary proportion of the profits which happen to be earned during any particular period being taken as the basis of annual value. In parishes which include a considerable proportion of hereditaments of this class it is easy to see that a reduction of the profits made by these undertakings might mean a considerable additional rating burden to ordinary ratepayers. The extent and importance of this question may be gathered from the fact that the rateable value of this class of hereditament in London amounts to 3,865,861*l.* or 10·7 per cent. of the total rateable value. In the income tax return these compound undertakings are included under Schedule D. (profits), so that the extreme difficulty of dealing with them on the basis of annual value is recognised by the Imperial authorities.

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23. The contributions by the Government in lieu of rates upon their property are calculated upon annual values fixed by the Treasury valuer; and, as there is no provision for a quinquennial revaluation of Government property, the tendency inevitably is for its valuation not to keep pace with that of other property. There does not appear to be any practical check upon the figures of the Treasury valuer. There are obvious advantages in the direction of uniformity to be derived from subjecting Government property to assessment in the usual way under the Act. The property of all other public authorities in London is subject to that process, and the Government's is the only exception. The Council's valuer recently made estimates of the values of the *sites only* of certain properties belonging to the Government, selected as typical cases, with the following result—

Government property.

Property.	Estimated Site Value.	Old Basis Government Contribution in lieu of Rates.	New Basis where recently revised.
	£	£	£
Bethnal Green Museum - - - - -	400	273	500
Somerset House - - - - -	27,450	7,000	22,500
National Gallery - - - - -	6,880	3,000	6,000*
Newgate Prison (including Central Criminal Court) - - - - -	4,325	425	—
Foreign Office, India Office, Home Office, Colonial Office and Local Government Board Office.	32,580	11,600	25,000
Albany Street Barracks - - - - -	2,600	1,050	2,000
India Store Depot - - - - -	1,125	1,580	—
Treasury Buildings (including Education Office, Privy Council Office and official residences).	15,386	5,800	10,500
Dover House - - - - -	3,132	1,084	—
British Museum - - - - -	14,700	3,500	10,000

## IV.—Valuation List Totals.

24. Special importance attaches to the totals of the valuation list in each parish. It is not the practice to cast these totals until the assessment committee has concluded its labours; and the total then arrived at is an arithmetical total of all the figures in each of the two columns. But if any alterations be made in individual assessments, either by

Their importance as a separate entity.

\* Including the new National Portrait Gallery.

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Special Sessions or Quarter Sessions, the total arrived at by the assessment committee remains unaltered. It is thus frequently the case that the totals, which form the basis of apportionment in the case of all precepts, are not the arithmetical totals of the individual assessments in the list. A formal appeal against totals has to be lodged by some body or person aggrieved before even Quarter Sessions have jurisdiction to deal with this anomaly; and the business of Quarter Sessions, especially in quinquennial years, is increased by the fact that the overseers of some parishes (and no doubt the practice will soon become general) wait until all the individual appeals affecting their parish have been dealt with, and then obtain the special consent of the Court (being out of time) to lodge an appeal against totals, in order to obtain such an alteration as will bring them into arithmetical accord with the figures in the list as altered on appeal. But if this cumbrous process is not undertaken the totals as first fixed by the assessment committee remain a separate entity, notwithstanding the fact that the assessment of individual hereditaments may have been largely varied as the result of appeals.

25. As the statute provides (section 51) that in making a valuation list the overseers shall include every hereditament in their parish, it is necessary for them to assess unoccupied property. The assessed values of unoccupied property therefore form part of the totals arrived at by the assessment committee, although no rates can be recovered in respect of it. On all precepts, however, the parish has to contribute in respect of this unoccupied property without abatement or deduction; and as the only means of defraying this charge, it has perforce to be spread over the occupied property. So far as precept rates are concerned the effect is to place a specially heavy burden upon those parishes which include declining districts where houses are going out of occupation, or new districts where large areas of building land are being covered with houses.

26. Section 133 of the Lands Clauses Consolidation Act, 1845, throws upon promoters of undertakings proceeding under that Act, the liability to make good the deficiency of poor's rate charged upon any lands of which they may become possessed until their works are completed and assessed. At the time the Lands Clauses Act was passed this was no doubt a salutary provision to prevent serious injury being inflicted upon individual parishes by large clearances of property for railway and other works. It was well adapted to meet the circumstances of the time when it was passed, for the poor's rate then represented the bulk of local taxation, and was almost entirely devoted to poor relief. Since that time, however, changes have taken place. Through the operation of the Metropolitan Common Poor fund and the Local Government Act, 1888, only a comparatively small margin of the actual expenses of poor relief remains a charge upon the individual parish. The bulk of it is practically reduced to a common charge over the whole of the metropolis. The poor's rate now, also, includes various precept rates, such as the police and county rates, raised by an equal pound rate over the whole metropolis. As the properties acquired for the undertakings referred to are demolished, their assessments are of course excluded from the valuation list, and therefore ultimately from the totals upon which all precept rates (including the equalised portion of the poor's rate) are calculated. Thus it is not the individual parish, but the whole metropolis which suffers from clearances of this kind; but the metropolis has no remedy in the matter, while the parish retains the old remedy conferred upon it by the Act of 1845, receives the whole deficiency in the nominal poor's rate, and thus obtains a profit which can be carried to the relief of its general expenditure. The London County Council, the Local Government Board, and the Receiver for the Metropolitan Police District obtain no part of this deficiency, either in the shape of county rate, the equalised portion of the poor's rate or police rate. On the other hand, it must be pointed out that section 133 does not refer to the general, sewers, or other local rates, in respect of which the individual parish suffers to some extent during the clearance of ground, and has no remedy—a position which the metropolis as a whole shares.

#### V.—*Summary of Assessment Inequalities and their Causes.*

27. It now becomes desirable to summarise the inequalities resulting from the present system of assessment in London and the method of administering it. These inequalities may be divided between those affecting individual ratepayers and those affecting separate rating areas; and it will be useful to subdivide them also into inequalities which result from the system as prescribed by statute, and those which are only due to defective methods of administration.

Effects of including unoccupied property.

Effects of section 133 of the Lands Clauses Consolidation Act, 1845.

## (a.) Inequalities as between ratepayers in the same parish—

## (1.) Arising from statute—

The assessment of profit-earning undertakings according to a proportion of their net profits, arbitrarily taken to represent annual value.

The assessment of large and valuable properties by means of a percentage on capital or "structural" value.

The want of a simple and uniform method of assessing hereditaments which include machinery.

The fixing of the basis of the Government contribution in lieu of rates by the Treasury valuer without appeal.

The additional burden borne by ratepayers in consequence of exemptions from assessment and inability to charge empty property.

## (2.) Arising from defects in administration—

The deduction from gross value of the maximum per-centage allowed by the Act, irrespective of differing circumstances.

The assessment of leasehold and freehold properties generally on a lower scale than those occupied by yearly, monthly and weekly tenants.

The frequent under-assessment of licensed premises.

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Inequalities as between ratepayers in the same parish.

## (b.) Inequalities as between separate rating areas—

## (1.) Arising from statute—

The omission of the hamlet of Penge from the operation of the Valuation (Metropolis) Act, 1869.

The absence of the means of checking, by the overseers of other parishes, or otherwise, the preparation of the valuation list in the case of parishes not in union.

The power of local assessment committees to fix the valuation list totals, which are the basis of all precept rates.

The absence of a power to include new and altered property in the quinquennial or supplemental valuation list during the process of revision.

The operation of section 133 of the Lands Clauses Consolidation Act, 1845.

All inequalities enumerated under (a) (1) also differentiate between separate rating areas.

## (2.) Arising from defects in administration—

All inequalities enumerated under (a) (2) also differentiate between separate rating areas.

Inequalities as between separate rating areas.

28. Apart, however, from actual inequalities which are injurious to ratepayers and rating areas, the present system throws an unnecessarily large amount of work upon the officials of local authorities. This remark applies mainly to two points. The first is that each parish, if it is to make a proper valuation of any railway or other similar undertaking, has to go through practically the whole of the company's books for a very considerable number of items in order to be in a position to apportion the exact share of net profits earned in the particular parish in accordance with what is known in the Courts as the "parochial principle." Co-operation between parishes with a view to avoiding this difficulty is not always possible, though it sometimes takes place. The system which prevails in Scotland appears to witness not only less cumbrous in this respect, but also likely to produce more equitable, or at least more uniform, results. That system consists in the appointment of one expert to value all such undertakings throughout the whole kingdom of Scotland, and to apportion his valuation between the various districts. The second point is the procedure which renders two columns of annual value necessary in the valuation list, viz., gross and rateable. All local rates are levied on the basis of rateable value; income tax, schedules A. and B., formerly levied on gross value, is now charged upon that value only after making (under the Finance Act, 1894) a deduction which in principle entirely resembles, and in practice only differs slightly from, the deduction prescribed by section 52 of the Valuation (Metropolis) Act, 1869. Thus gross value as originally assessed remains the basis of charge in the case of one impost only, viz., inhabited house duty. Under these circumstances there should be no serious practical difficulty in abolishing gross value altogether, and making the rateable or net annual value the sole basis for Imperial taxes as well as local rates. This would save some labour, and at the same time do away with the whole series of difficult questions which arise in

Unnecessary labour in consequence of duplication of work and otherwise.



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relation to the scale of deductions. But a more important objection of principle applies to the use of gross value as a basis of taxation, viz., that it includes a sum which is *not income* to the owner, but outgoing, *i.e.*, the average annual cost of repairs, insurance, and any other expenses necessary to maintain the hereditament in a state to command the rent.

VI.—*Recent attempts to obtain a nearer approach to Uniformity of Practice.*

Action of  
the London  
County  
Council.

29. When the London County Council was created under the Local Government Act, 1888, it was notorious that considerable inequalities of assessment were to be found in different parts of the metropolis; and the transfer under that Act of the duty of printing the totals of the valuation lists of the metropolis from the clerk to the Metropolitan Asylums Board to the clerk of the London County Council gave rise to the impression that the Council would be in a position to deal in some way with these inequalities. Accordingly, when Mr. Andrew Young, F.S.I., valuer to the Council, was appointed head of the Estates and Valuation Department in 1890, the definition of his duties included the following:—

- “ To advise on the assessments for rating of property belonging to the Council and (with the assistance of the solicitor when necessary) conduct all objections and appeals against assessments.
- “ To examine the valuation lists of the several parishes as prepared under the Valuation (Metropolis) Act, and support objections with a view of promoting such uniformity of practice among assessment committees as will secure a fair basis of contribution to metropolitan rates between one parish and another.
- “ To value Government property with reference to the contributions made in lieu of rates in respect of such property.”

Assessment  
conference  
of 1890.

30. When the time came for work in connexion with the quinquennial valuation which commenced in February, 1890, the best means of proceeding with the question was discussed by the Council's Local Government and Taxation Committee, and it was then realised that the duty transferred to the Council was simply that of registering and printing the totals. They had no special power to deal with questions of practice beyond that arising from the facts that they happened to be ratepayers in nearly all the large parishes in the metropolis, and that, in common with other bodies levying precepts or requiring contributions payable out of rates, they possessed the right of appealing against the totals of the valuation lists according to which such precepts and contributions are apportioned. The Local Government and Taxation Committee therefore invited all the assessment committees in the metropolis to appoint representatives to attend a conference at Spring Gardens in the summer of 1890; and at this conference questions relative to matters of practice and the closer approximation to uniformity of assessments were discussed, and a series of resolutions passed dealing with the methods of assessing various classes of property. These resolutions were, by order of the Council, circulated among assessment committees in July 1890. At that time the whole of the work of preparing the quinquennial valuation lists by the overseers had been completed; and therefore the resolutions of the conference, although used by many of the assessment committees as a basis for the consideration of objections, were disregarded by others on the ground that it would be unfair to the overseers to interfere with the basis on which an enormous amount of work had been done, on account of decisions which had not been promulgated when the work was in hand.

The Coun-  
cil's appeals  
against  
totals.

31. Shortly stated, the result of all these proceedings was some advance upon the previous state of things, but considerable departures from the principles of uniformity were apparent. The Council were urged from several quarters, and especially by those parishes whose lists had been most carefully prepared, to take action with a view to removing the inequalities which admittedly prevailed. The matter was discussed in the Local Government and Taxation Committee on many occasions, and also in the Council, with the result that as a first step notices of objection were given under a special resolution of the Council, in a series of cases of under-assessment selected by the then deputy-chairman. Owing to the shortness of time, only a few cases could be dealt with in this manner, but as further inquiries and observation brought to light the localities in which under assessment prevailed, and the various classes of error which had crept into the valuation lists, a large amount of information was accumulated (generally with the assistance of the local officials); and after fully

considering this information, the Local Government and Taxation Committee recommended the Council to lodge formal appeals to Quarter Sessions against the totals of the valuation lists in five unions and seven parishes on various grounds, which are set out in tabular form in Schedule IV. (p. 252). The precedent for this course was found in the action of the Fulham Union in the quinquennial valuation of 1885-86, when they appealed against the totals of the valuation list of Kensington, on the ground of general under-valuation. After a technical point taken by Kensington had been overruled by the High Court, the appeal in that case was settled by agreement. Several parish authorities, having that case in view, and being aware of serious under-assessment in other parishes, would have been prepared themselves to take action on totals but for the fact that they considered the Council, as representing the whole of the ratepayers of the metropolis, the proper authority to bear the expense of appeals whose object was to rectify inequalities in the general interest of the ratepayers. As will be seen from the table in Schedule IV., most of these appeals were, after negotiation, settled by agreement on amicable terms. The three cases largest in amount were contested by the respondents, and, after great delays in the Court of Quarter Sessions (due to the congestion of business), a point of law was taken in one of these cases, and carried to the House of Lords, whose decision was practically to the effect that appeals against totals were not the proper means of rectifying inequalities which arise from the under-assessment of individual hereditaments, however extensive the inequalities may be. The result of this judgment was the technical failure of these three large appeals, but the direction of public attention to the under-assessment prevailing in the districts concerned no doubt had a salutary effect.

32. In order to have ample time for the discussion of the many technical questions involved, and to ensure that the resulting resolutions should be circulated in good time before the 1895-96 quinquennial valuation, another assessment conference was held at Spring Gardens in 1893. On this occasion representatives from the overseers as well as from the assessment committees were invited to meet the Local Government and Taxation Committee, and a printed verbatim report of the proceedings of this conference exists.\* The resolutions passed by them respecting the assessment of property under the Valuation (Metropolis) Act, 1869, have also been issued.† These resolutions are now generally applied in assessment work throughout the metropolis, except perhaps in the City of London Union, in parts of which considerable under-assessment may still be found. There are unusual difficulties in assessment work in the City, owing to the high values prevalent, the smallness of the parishes, the consequent number of officials engaged, and the frequent division of hereditaments between two or more parishes.

Assessment conference of 1893.

33. During recent years the Council have rarely proceeded by way of objection and appeal, but usually by a less formal and more amicable procedure under which they are sometimes invited by the overseers to meet them upon the preparation of the valuation lists with a view to arriving at a general agreement at the first stage of the valuation. Where this course is not adopted by the overseers, or if it fails to produce satisfactory results, it is usual to forward to the assessment committee concerned a list of cases to which the Council invite their special attention for specified reasons. Most assessment committees invite an official from the estates and valuation department of the Council to be present at their meetings, either throughout the valuation or when these special cases are considered. The result of this procedure in the quinquennial valuation of 1895-6 showed very satisfactory results, though the difficulty of dealing with such a vast number of hereditaments in the time allowed by the statute renders it impossible to avoid irregularity of every kind. A large proportion of the direct results of the Council's action along these lines in the assessment year 1895-96 has been embodied in several returns presented to the Council.‡ Perhaps the most striking figures in these returns are those relating to the assessment of licensed premises, which show a net increase of 254,735*l.* gross value, 212,235*l.* rateable value, over the figures of 1894-95.

Subsequent action of the Council.

\* London County Council Return, Assessment Conference, 1893-94. Proceedings, &c. (No. 165). P. S. King & Son, Great Smith Street, S.W.

† *Ibid.*, Resolutions, &c. (No. 168).

‡ London County Council, Quinquennial Valuation, 1896. (1) Return of objections made by the Council to the incorrect assessment of properties in private occupation in London, excluding public buildings and schools, No. 295. (2) Return of assessments of public elementary schools, No. 295. (3) Return of assessment of buildings used for public purposes, except Government property and schools, No. 297. (4) Return of the assessments of licensed premises, No. 298. (5) Return of alterations of assessments informally suggested by the Council, No. 299. P. S. King & Son, Great Smith Street, S.W.

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The Valuation (Metropolis) Amendment Bill.

34. All the desirable results above mentioned have been achieved by combined action (on the part of the Council and the local authorities) which has no foundation in law ; and there was a general consensus of opinion at the 1893 conference in favour of providing a legal basis for such action in the future. A bill drafted for this purpose by the Council's parliamentary agent was very fully discussed at the later meetings of the conference ; and, although considerable changes in machinery were proposed in the bill as originally drafted, large modifications have since been made, and the latest form of the bill represents a compromise which is generally supported by rating authorities in the metropolis.\* Being an amendment of a public Act, it was impossible for the Council to promote the measure as a private bill, and it had perforce to be introduced into the House of Commons by private members. Owing to the great pressure of other public business and the operation of the forms of the House, it has hitherto failed to pass into law. It proceeds on the basis of repealing the whole of the existing assessment legislation relating to London and consolidating the law by re-enacting the bulk of the provisions of the Union Assessment Committee Acts, and the Valuation (Metropolis) Act, 1869. The principal new provisions introduced are—

- (1.) Valuation lists to be made in triplicate, one copy being sent to the Council for their use.
- (2.) Power to representatives of the Council to attend meetings of the assessment committees and overseers without the right of voting.
- (3.) Power to the Council to object and appeal, whether ratepayers in a particular parish or not.
- (4.) Returns to be made by occupiers in the case of provisional and supplemental lists.
- (5.) The Council to convene periodical conferences of overseers and assessment committees.

The effect of this bill, if passed, would be to obtain legislative endorsement of the position at present occupied by the Council as an intermediary between the various assessing authorities in the metropolis ; their principal business being to assist in obtaining uniformity in the practice and procedure of valuation.

#### VII. — *Assessment machinery and practice in the provinces.*

Differences between London and the provinces.

35. A comparison between assessment practice in London and the provinces respectively is important, because of the facts that certain local charges are shared between the metropolis and circumjacent districts and that annual value is used as a basis for part of the taxation out of which Imperial grants in aid of local taxation are paid. Assessment practice in the provinces is governed by the Union Assessment Acts, 1862 to 1880. The most important comparison lies in the fact that there is no provision for a periodical re-valuation of hereditaments in the provinces. Consequently there is a risk, under lax administration, of old values being carried forward from year to year. If values are falling this tendency is corrected by objections from the ratepayers ; but if, on the other hand, rentals increase, the probability is, under such circumstances, that under-assessment and a certain amount of inequality will result. The check furnished in London by the co-operation of the surveyor of taxes with the parish authorities in the preparation of the valuation lists is usually absent in the provinces ; and the fact that under-assessment is largely prevalent, at least in some districts, is shown by the following figures for the year 1894-95, extracted from p. 118 of the Report of the Inland Revenue Commissioners for 1895-96—

	Metropolis.	Rest of England.
	£	£
Gross annual value of rated property assessed to income tax, Schedule A. - - - - -	37,343,553	135,308,897
Gross annual value of the same property for local rates - - - - -	37,343,553	127,286,856
Difference - - - - -	Nil	8,022,041

\* London Valuation and Assessment Bill, No. 141 of Session of 1896.

As local rates are calculated on the net rateable value, and not on the gross, the under-assessment of the provinces as compared with the metropolis is probably, in round figures, an annual sum of seven millions. The details of assessment machinery differ to some extent from those prevailing in London, being on the whole more elastic. The exact points of difference will be seen on reference to the table in Schedule V. (p. 252). There being no scale of deductions prescribed in the Union Assessment Acts, all the difficult questions which in London are governed by the scale in the third schedule to the Act of 1869 are left in the provinces to the discretion of the local authorities; and, there being no sufficient channel of communication to promote uniformity between different districts, differences of practice on this point are frequent. Moreover, in the provinces, assessment committees have not quite the same power of fixing the basis or total rateable value upon which each parish in their union has to contribute to precept rates. Under the provisions of the County Rate Act, 1852, this duty, in the case of the county rate, devolves upon the county councils, who are not in any way bound to accept the arithmetical total of the valuation list as settled by the assessment committee and altered by sessions after appeals.

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36. There is an important point which may here be conveniently alluded to, arising from the fact that the County Quarter Sessions is the final tribunal on all questions of fact in assessment matters. Where one public authority is in occupation of property situate in the rating area of another, it is of course probable that the assessment committee will endeavour to place a full valuation upon such property. If the districts of both bodies concerned are situate in the same county, the Court of Quarter Sessions is of course the proper tribunal to settle a difference of opinion on the point, if it arises. But where the property of any public body is situate in a county other than its own, the Court of Quarter Sessions, composed as it invariably is of representative men interested in the work of the county, have so direct an interest in making the assessment of such property as high as possible that it is hardly prudent to place them in the position of final judges upon a case in which their public interest lies wholly on one side. No doubt the Courts of Quarter Sessions as a rule are found superior to considerations of this kind; but it would be more satisfactory if cases of this class could be dealt with by a different tribunal.

Jurisdiction of the Court of Quarter Sessions in certain cases.

37. To complete this short statement of the provincial side of the question, it should be added that in several parishes and unions (especially those within greater London) the example of the London assessment committees is being followed to a considerable extent; and the assistance of the London County Council has been sought by officers of provincial parishes and unions, who have decided to take action with a view to rectifying errors in assessment. The Eastbourne Board of Guardians recently appointed a valuer to assist their assessment committee; and among the facts laid before them by the assessment committee to justify the appointment, was a statement that, as regards 46 selected properties, situate in all parts of the town, although their total rent was 6,926*l.*, they were rated at 2,297*l.*, whereas the rateable value should have been 5,741*l.* In the districts adjacent to London the class of property now attracting the more particular attention of overseers is licensed property. Their action is no doubt partly due to the rapid increase which has taken place during the last two years in the value of this class of property.

Recent action of some local rating authorities.

#### VIII.—*Inequalities between the metropolis and other districts which share local taxation with it.*

38. It will now be convenient to summarise the inequalities arising outside the metropolis, as has already been done in the case of those arising within it. The following statement does not include all the rating inequalities which exist, but deals only with those due either to the law or practice governing the methods of assessment. They are divided into five sections, viz.:—

Summary of inequalities due to the law and practice of assessment.

(a.) Between the County of London and the City of London—

Local taxation shared: general county rate, rate for the common poor fund, equalisation rate, School Board rate and the rate of the Metropolitan Asylums Board.

Inequality due to the under-assessment of property in the City of London.

(b.) Between the metropolis as defined by the Valuation Act, 1869, and the hamlet of Penge—

Local taxation shared: general and special county rates, equalisation rate, School Board rate, and police rate.

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Inequality due to the fact that the county rate basis (fixed by the London County Council) does not necessarily coincide with the poor rate valuation (determined by the Croydon Union Assessment Committee).

(c.) Between the Administrative County of London and the circumjacent districts using the main drainage system—

Local taxation shared: cost of the main drainage system—not necessarily on the basis of rateable value.

Inequality due to the differences in assessment practice between London and the provinces.

(d.) Between the Administrative County of London and the rest of the Metropolitan Police district—

Local taxation shared: police rate.

Inequality due to the differences in assessment practice between London and the provinces.

(e.) Between the Administrative County of London and the rest of England and Wales—

Taxation shared: payments towards Imperial grants in aid.

Inequality—so far as the payments are based on annual value—due to the differences in assessment practice between London and the provinces.

Shifting of real property values during this century.

39. In this connexion it should be pointed out that the comparison between the assessment of London and that of the provinces is only one phase of the wider comparison between urban and rural property in England and Wales. No consideration of the assessment question can be complete if it does not take account of the shifting of what may be called the "centre of gravity" of property values during the century. This shifting has been literally enormous, as will be seen from the table in Schedule VI. (p. 253), which is compiled from reports prepared by Mr. Goschen in 1871, and Sir H. H. Fowler in 1893. From this it will be seen that whereas agricultural lands represented 75 per cent. of the value of real property at the beginning of the century, they now stand for only  $17\frac{2}{3}$  per cent.; while urban property (included under the generic title of houses) which was a little more than  $15\frac{1}{2}$  per cent. of the total at the beginning of the century, is now 58·7 per cent. The introduction of railways and other properties assessed according to profits has still further disturbed the balance. But it must be remembered, in considering the table in question, that the figures are the annual assessments to income tax, which in the case of railway and other properties come under Schedule D., and therefore include the whole of the profits, and not simply that proportion which is arbitrarily taken as representing annual value. Applying this point specially to the case of the metropolis, although it is impossible (owing to the want of statistics of rateable value) to go back to the beginning of the century, it may be stated that the increase in rateable value of urban property, which has been so marked during the century, has since 1868 proceeded at a greater rate in London than in the rest of England and Wales, as will be seen from the following table:—

*Rateable Value—Poor Rate Valuation.*

Date.	London.	Rest of England and Wales.	Total.
1868 - -	£ 16,946,114	£ 83,722,584	£ 100,668,698
1895 - -	34,307,741	128,532,224	162,839,965
Increase per cent. -	102·45	53·52	61·76

SCHEDULE I.—PARTICULARS to be RENDERED under the VALUATION (METROPOLIS) ACT, 1869, 32 & 33 VICT. c. 67, by every OCCUPIER of RATEABLE PROPERTY in the METROPOLIS.

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(See pp. 234, 236, pars. 2 & 9, and Minutes of Evidence, Question 12,100.)

1. Name of the parish in which the Property is situate Street, or Road, &c. - - - - - Number of House - - - - - If not numbered, name by which known - - Whether occupied with or without Stables, or other Premises, as part of the same Property - The quantity of Land (if any) and how used -	
2. Full Christian and Surname of Occupier - -	
3. Name and Address of Owner or Immediate Lessor - - - - - If not known, Name and Address of the Person to whom the rent is paid.	
4. Whether the property is occupied as a Private residence, or partly as a Dwelling-house and partly as a Shop, Counting-house, Warehouse, or Manufactory, &c. - - - - - Or, as an Hotel, Inn, Beerhouse, Coffee-House, or House for the Sale of Refreshments - - Or solely for Trade or Business purposes, with no person, other than a menial or Domestic Servant, or a person of similar grade employed as Caretaker, residing on the Premises for the Protection thereof Number of Rooms set apart for the use of the Caretaker (if any) and on which floor - -	
5. If the occupation is in respect only of part of a House, or Premises, state the extent, and on which floor or floors - - - - -	
6. Whether the Property is held under Lease or Agree- ment for a period of years - - - - - Or by the Year, Quarter, Month, or Week - -	
7. Date of Lease or Agreement, and whether granted for any consideration in money, in addition to the Rent, or upon any condition as to laying out money in improvements - - - - -	
8. Amount of Rent - - - - -	£ per
9. If the Occupier is the Owner, or has purchased the Lease, the Annual Value must be stated; i.e., the Sum for which the Property is worth to be Let by the year, the Owner keeping it in repair - -	} Annual Value £
10. Amount of Land Tax (if any) - - - - - Amount of Tithe Rentcharge or of any Rate or Assessment in lieu of Tithes paid in the year 1894 Amount of Sewers Rate - - - - -	Land Tax £ } Tithe Rentcharge or pay- } £ } ment in lieu of Tithes - } Sewers Rate £
11. Whether all or any of the above-named charges on the Property are borne by the Owner or by the Occupier - - - - -	
12. Whether all usual Tenants' Rates and Taxes are paid and borne by the Occupier - - - - -	
13. Whether the Owner undertakes to bear the cost of repairs, Insurance, and other expenses necessary to maintain the property - - - - -	

## DECLARATION.

I hereby declare that the foregoing particulars are in every respect justly and truly stated according to the best of my knowledge and belief.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 1895.

Occupier.

Profession or Trade.

SCHEDULE I.—PARTICULARS to be RENDERED under the VALUATION (METROPOLIS) ACT, 1869, 32 & 33 VICT. c. 67, by every OCCUPIER of RATEABLE PROPERTY in the METROPOLIS.—continued.

# Return for the Assessment of Lands, Tenements, Hereditaments, and other Rateable Property in the Metropolis.

(32 & 33 Vict. c. 67.)

No. \_\_\_\_\_

No. 9 B.

“VALUATION (METROPOLIS) ACT, 1869.”

TO THE OCCUPIER

of \_\_\_\_\_

In conformity with the provisions contained in Sections 55 & 56 of the Valuation of Property (Metropolis) Act, 1869, We hereby give you Notice to make a Return, for the purposes of the said Act, of the several particulars required by the within Form, and to deliver such

Return to us at \_\_\_\_\_

**within 21 days** from the service of this Notice.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1895.

\_\_\_\_\_  
\_\_\_\_\_  
} Overseers for the Parish of \_\_\_\_\_

[If any person wilfully refuses or neglects to make any Return required under the Act, he shall be liable, on summary conviction, to a Penalty of Five Pounds; and if any person wilfully makes or causes to be made a false Return, he shall be liable to a Penalty of Ten Pounds.—Section 58.]

RETURN for the Assessment of Rateable Property in the Metropolis.

To

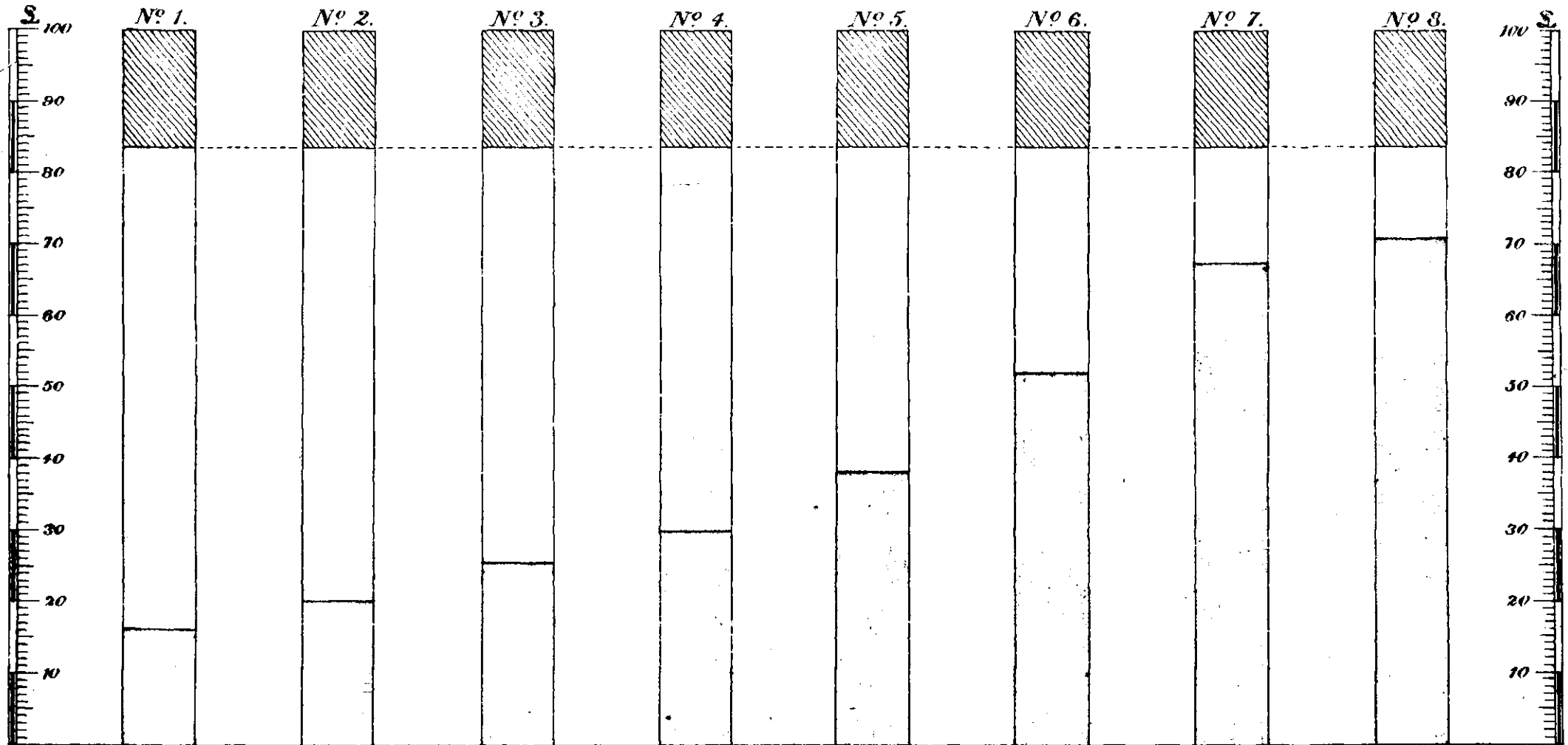
THE OCCUPIER

of

# ROYAL COMMISSION ON LOCAL TAXATION.

DIAGRAM TO ACCOMPANY SCHEDULE III OF MEMORANDUM PREPARED BY M<sup>R</sup> E.J. HARPER.

## SCALES OF DEDUCTION



NOTE.— BLUE color indicates site value  
 RED ..... structural value  
 HATCHING ..... deduction in respect of repairs, insurance, &c.



SCHEDULE II.—DEFINITIONS of ANNUAL VALUE and SCALE of DEDUCTIONS IN VALUATION (METROPOLIS) ACT, 1869, 32 & 33 VICT., c. 67.

APP. I.

(See pp. 238-9, pars. 14 and 16; Schedule III. below; and Minutes of Evidence, Questions 12,104-14, 12,526-32.)

I.—Definitions of Annual Value.

The term "gross value" means the annual rent which a tenant might reasonably be expected, taking one year with another, to pay for an hereditament, if the tenant undertook to pay all usual tenant's rates and taxes, and tithe commutation rentcharge, if any, and if the landlord undertook to bear the costs of the repairs and insurance, and the other expenses, if any, necessary to maintain the hereditament in a state to command that rent. S. 4.

The term "rateable value" means the gross value, after deducting therefrom the probable annual average cost of the repairs, insurance, and other expenses as aforesaid.

The per-centage or rate of deductions to be made from the gross value in calculating the rateable value for the purposes of this Act shall not exceed the amounts in the third schedule to this Act, so far as the same are applicable. S. 52.

II.—Scale of Deductions.

Schedule showing the several classes into which the hereditaments inserted in a valuation list under this Act are to be divided:— Third Schedule.

		Maximum Rate of Deductions.
		Per cent. or Proportion.
Class 1.	Houses and buildings, or either of them, without land other than gardens where the gross value is under 20 <i>l.</i>	25 or $\frac{1}{4}$ th
" 2.	Houses and buildings without land other than gardens and pleasure grounds valued therewith for the purpose of inhabited house duty where the gross value is 20 <i>l.</i> and under 40 <i>l.</i>	20 or $\frac{1}{6}$ th
" 3.	Houses and buildings without land other than gardens and pleasure grounds valued therewith for the purpose of inhabited house duty where the gross value is 40 <i>l.</i> or upwards	16 $\frac{2}{3}$ or $\frac{1}{3}$ th
" 4.	Buildings without land which are not liable to inhabited house duty and are of a gross value of 20 <i>l.</i> and under 40 <i>l.</i>	20 or $\frac{1}{6}$ th
" 5.	Buildings without land which are not liable to inhabited house duty and are of a gross value of 40 <i>l.</i> or upwards	16 $\frac{2}{3}$ or $\frac{1}{6}$ th.
" 6.	Land with buildings not houses	10 or $\frac{1}{10}$ th
" 7.	Land without buildings	5 or $\frac{1}{20}$ th
" 8.	Mills and manufactories	33 $\frac{1}{3}$ or $\frac{1}{3}$ rd
" 9.	Tithes, tithe commutation rentcharge, and other payments in lieu of tithe	To be determined in each case according to the circumstances and the general principles of law.
" 10.	Railways, canals, docks, tolls, waterworks, and gasworks	
" 11.	Rateable hereditaments not included in any of the foregoing classes	

The maximum rate of deductions prescribed in this schedule shall not apply to houses or buildings let out in separate tenements, but the rate of deductions in such cases shall be determined as in classes 9, 10, and 11

SCHEDULE III.—TABLE and DIAGRAM illustrating the EFFECT of indiscriminately ALLOWING the MAXIMUM RATE of DEDUCTION in the case of ordinary hereditaments exceeding £40 gross value.

(See p. 238, par. 15; Schedule II. above; and Minutes of Evidence, Questions 12,110-4, 12,280-312, 12,367-89, 12,424-40, 12,445-76, 12,536-60.)

No. on Diagram.	Locality.	Gross Annual Value.	Site Value.	Per-centage of Site Value to Gross Annual Value.	Per-centage of Structural Value to Gross Annual Value.	Per-centage of Statutory Allowance (16 $\frac{2}{3}$ per cent. of g.a.v.) for Repairs, &c., to Structural Value.
1	Fulham	£ 44	£ 7	15.9	67.5	24.6
2	Regent's Park	300	60	20.0	63.4	26.3
3	Islington	216	55	25.4	58.0	28.7
4	Blackfriars	185	55	29.7	53.7	31.0
5	Marylebone	288	110	38.2	45.2	36.9
6	Charing Cross	13,500	7,000	51.8	31.6	52.7
7	Cheapside	2,000	1,350	67.5	15.9	104.8
8	Old Bond Street	990	700	70.7	12.7	131.2

A comparison of the per-centages will be most easily made by reference to the accompanying diagram. In two cases the deduction for repairs, insurance, and other expenses necessary to maintain the hereditament in a state to command the rent, actually exceeds that part of the annual value ascribed to the structure; a result which is a practical *reductio ad absurdum*.

APP. I. SCHEDULE IV.—APPEALS against TOTALS in the QUINQUENNIAL VALUATION LISTS, 1891, by the LONDON COUNTY COUNCIL.

(See p. 244, par. 31, and Minutes of Evidence, Questions 12,224-32.)

Valuation Lists appealed against.	Increases sought.		Grounds of Appeal.	Result of Appeal.		Remarks.
	Gross.	Rateable.		Gross.	Rateable.	
Lambeth, St. Mary	£ 7,340	£ 26,433	Omission of property; under-assessment of public buildings; no account taken of value of Government property; deductions in excess of maxima allowed by 3rd schedule to Act.	£ 7,340	£ 12,244	By consent.
Mile End Old Town	258	215	No account taken of value of Government property.	258	215	By consent.
St. George-in-the-East	5,000	6,300	Omission of schools; general under-assessment; deductions in excess of maxima allowed by 3rd schedule to Act.	2,100	2,750	By consent.
St. Giles and St. George, Bloomsbury.	13,488	11,230	Omission of property; general under-assessment.	6,590	5,500	By consent.
St. Marylebone	126,431	106,865	General under-assessment; insufficient added to rents on lease; premiums of licensed premises not properly taken into consideration.	—	—	Appeal abandoned without costs.
Shoreditch	—	6,775	Deductions in excess of maxima allowed by 3rd schedule to Act.	—	3,900	By consent.
Holborn Union	39,500	31,800	General under-assessment; deductions in excess of maxima allowed by 3rd schedule to Act.	12,000	10,000	By consent.
St. George's Union— St. George, Hanover Square.	260,076	200,134	General under-assessment; premiums of licensed premises not properly taken into consideration; insufficient added to rents on lease.	—	—	Judgment of House of Lords against Council with costs.
St. Olave's Union	17,135	13,576	Omission of public property; general under-assessment; error in cast.	1,050	875	By consent.
St. Saviour's Union	1,489	1,236	Omission of property; general under-assessment.	—	—	Withdrawn by consent.
Stepney Union	—	3,254	Deductions in excess of maxima allowed by 3rd schedule to Act.	—	1,128	By consent.
City of London Union	417,202	353,603	General under-assessment; no account taken of City Corporation police stations; errors in cast.	—	2,874	Appeal as to errors in cast allowed; appeal dismissed on all other grounds.

SCHEDULE V.—ASSESSMENT PROCEDURE in the PROVINCES compared with that in LONDON. (See p. 246, par. 35.)

Procedure.	THE PROVINCES.	LONDON.	
	New and Supplemental Lists.	Quinquennial and Supplemental Lists.	Provisional Lists.
<i>Preparation of List by Overseers—</i>			
Surveyors of taxes to forward printed forms of return.	- - - - -	In February.	—
Overseers to circulate ditto	- - - - -	Within a month of receipt.	—
Ratepayers to make returns	- - - - -	Within 21 days after receipt.	—
Overseers to make and deposit list.	New list within 3 months after appointment of Assessment Committee. Supplemental list at any time.	Before 1st of June	When necessary.
Notice of deposit to be given	On the Sunday following deposit.	On the Sunday following deposit.	By serving occupier.
List to be sent to Assessment Committee.]	At the expiration of 14 days from the notice of deposit.	Not sooner than 14, and not later than 17, days from notice of deposit.	Within 14 days of receiving written requisition from a ratepayer, the surveyor of taxes or the Assessment Committee.

SCHEDULE V.—ASSESSMENT PROCEDURE in the PROVINCES compared with that in LONDON—*cont.*

APP. I

Procedure.	THE PROVINCES.		LONDON.	
	New and Supplemental Lists.	Quinquennial and Supplemental Lists.	Provisional Lists.	
<i>Preparation of List by Overseers—cont.</i> Last day for serving notice of objection.	28 days after notice of deposit	25 days after date of deposit (overseers and surveyor of taxes, 7 days before meeting of Assessment Committee).	A day fixed in the notice served by the clerk of the Assessment Committee on the surveyor of taxes and the ratepayers affected; but not less than 14 days after service of such notice.	
<i>Revision by Assessment Committee—</i> Notice of meetings, other than adjourned meetings. Time allowed for revision	At least 28 days before holding the meeting. Not specified	Not less than 16 days before such meeting. From 16 days after the receipt of the list until 30th September.	No limited period.	
Time for re-deposit	Not specified	Within 3 days after approval	—	
Notice of re-deposit to be given.	On the Sunday following re-deposit.	On the Sunday following re-deposit.	—	
Day to be fixed for hearing objections on re-deposit.	Not less than 7, and not more than 14, days from re-deposit	Not less than 14, and not more than 28, days from re-deposit.	—	
List to be finally approved and returned to overseers.	No date fixed	Before 1st of November (copies also to clerk, London County Council).	No date fixed.	
Totals to be sent out	In the month of December—to clerk of the peace only.	Before 1st of December, to all bodies specified in section 17 of Act of 1869.	—	
<i>Appeals to Sessions—</i> Special—Notices to be given Sessions to be held	7 days before sessions Four times a year	On or before 21st of November Between November 30th and January 1st.	None allowed.	
Quarter—Notices to be given Sessions to be held	At least 28 days 14 clear days before sessions In January, April, July, and October.	No period limited. On or before January 14th. Between February 1st and March 31st.	—	
Notice of meeting	—	At least 10 days.	—	
List comes into operation	When approved and delivered to the overseers.	April 6th	On the date of service of notice on the occupier.	

## SCHEDULE VI.—GROSS ANNUAL ASSESSMENTS to INCOME TAX of LANDS, HOUSES, RAILWAYS, and OTHER PROPERTIES in ENGLAND and WALES, and Percentage of each to Total. (See p. 248, par. 39.)

Year ending April 5th.	Schedule A.		Schedule D.		Total.	Per-centage of Total of			
	Agricultural Lands.	Houses.	Railways.	Other Properties.		Agricultural lands.	Houses.	Railways.	Other Properties.
1798	£ 30,000,000	£ 6,250,000	—	£ 3,750,000	£ 40,000,000	75·00	15·62	—	9·38
1814	37,063,000	14,895,000	—	1,537,000	53,495,000	69·28	27·84	—	2·88
1843	42,127,000	35,556,000	2,417,000	5,701,000	85,802,000	49·10	41·44	2·82	6·64
1860	42,994,000	48,779,000	10,732,000	9,575,000	112,082,000	38·36	43·52	9·58	8·54
1870	48,481,000	70,949,000	17,644,000	9,765,000	146,839,000	33·02	48·32	12·01	6·65
1880	52,474,000	100,080,000	24,853,000	18,526,000	195,933,000	26·78	51·08	12·68	9·46
1885	48,326,000	112,791,000	28,191,000	20,486,000	209,794,000	23·04	53·76	13·44	9·76
1890	42,235,000	123,721,000	30,774,000	22,824,000	219,554,000	19·24	56·35	14·02	10·39
1895	40,236,000	133,512,000	28,355,000	25,389,000	227,492,000	17·68	58·70	12·46	11·16

NOTE.—The figures for 1798 are not actual returns, but estimates prepared by Mr. Pitt.

The first column, "Agricultural lands," includes not only lands which are or could be used for agricultural purposes, but also ornamental grounds and parks and open spaces vested in local authorities, gardens attached to houses when exceeding one acre in extent, farm houses and farm buildings, tithes rentcharges, tithes not arising from lands, and a number of smaller items. The second column, "Houses," includes, broadly, all town buildings, whether used for residential or business purposes, together with the land used in connexion with them. The third heading, "Railways," speaks for itself; and the "Other properties," in the fourth column, comprise quarries, mines, ironworks, gas works, salt springs or works, alum works, waterworks, canals, fishings and shootings, markets, tolls, &c., &c.

## APPENDIX II.

**Memorandum by Mr. George Laurence Gomme, Statistical Officer of the London County Council on the Tables handed to him by the Chairman of the Commission during his Examination in June 1897.** [See Tables on pp. 259-61, and also MINUTES OF EVIDENCE, VOL. I., QUESTIONS 8878, 8905, 8959, 8965, 9101. FOR THE EXAMINATION OF THE WITNESS UPON THE MEMORANDUM see QUESTIONS 12,606-12,666 IN THIS VOLUME.]

## I. MEMORANDUM.

A.—*Exchequer Contributions, 1895-6, &c.*

The figures in column 1 of Lord Balfour's return, No. 1, agree with those given in the Council's return, "*Exchequer Contributions, 1893-4*,"\* p. 15, columns 19-21, and throw no further light on London's position. The percentage of London to the total, 18·4, also agrees with that on p. 3 of the Council's return, column 19, which is for 1893-4; but no later information is given as to rates raised. The proportion of local taxation borne by grants, 13·7 per cent. in London as compared with 17·67 per cent. in the whole country, therefore remains undisputed.

The figures as to education grants do not agree with those in Part II. of the Council's return, as they include grants to voluntary schools and exclude science and art grants. They show London, however, in a much worse position as regards total grants (including education) than is shown in the Council's return, for instead of 19·61 per cent. of the total (p. 8, column 45), London is shown to get only 15·9 per cent. of the total.

In respect of this table, therefore, there is nothing which leads me to consider my figures are in any way incorrect; but on the contrary I am led to believe that my conclusions are confirmed where the same basis is used, and are not invalidated in the case of the education grant, where a different basis is used.

The cost of the Royal parks, quoted as a note to Table I. at 102,466*l.*, is not the cost of London parks only, but of all the Royal parks in the kingdom. The following table gives the Government estimated cost of the parks for 1897-8, the total net cost being 102,000*l.* :—

*Royal Parks—Estimated Cost, 1897-8†.*

Name of Park.	London.	Extra-London.	
	£	£	£
Bushey Park	—	3,954	
Edinburgh Royal Botanic Garden	—	7,020	
Greenwich Park	3,566	—	
Hampton Court Park	—	1,030	
Hampton Court Pleasure Gardens	—	2,637	
Holyrood Park	—	1,970	
Kensington Gardens	6,410	—	
Kew Gardens and Green	—	25,804	
Linlithgow Peel	—	329	
Regent's Park and Primrose Hill	10,850	—	
Richmond Park	—	4,750	
St. James's Park, Green Park, and Hyde Park	38,450	—	
	59,276	47,494	
Salary of Bailiff of the Royal parks			108,770
			768
			107,538
Less—Receipts			5,538
Total net cost			102,000

\* London County Council Return, Exchequer Contributions, 1893-4 (No. 313), P. S. King & Son, Great Smith Street, Westminster, S. W.

† See Parliamentary Paper, No. 33-1, "*Estimates, &c., Civil Services, for year 1897-8.*"

APP. II.

Imperial grants, proportion received by London and rest of England and Wales.

Royal parks, Cost of, in relation to Imperial grants received by London.

Of the total cost, only 59,276*l.* is in respect of parks in London, 30,554*l.* is in respect of parks in the county of Surrey, 7,621*l.* in respect of parks in the county of Middlesex, and 9,319*l.* in Scotland. It will thus be seen that the benefit which London receives from the Royal parks is not so great as was suggested to me in my previous examination. It cannot be suggested that parks outside London should be paid for by London. All that London would do to serve her own interests would be to secure parks within her own area, and therefore the inclusion of such places as Richmond Park and Kew Gardens as properly a London charge is not admissible. In any case they cannot be considered as a benefit conferred upon London by the Government as a set off against the position occupied by London in respect of grants from the Imperial Exchequer, because in apportioning the grants the Exchequer deals separately with the county of Middlesex and the county of Surrey, and these parks should be credited to the counties in which they are situated.

Another point put to me was that the capital cost of the parks would be very considerable if London had to provide them for herself, but in answer to this, I would submit that the Government have not been charged with any capital cost for the parks; one, Hyde Park, having been public ground for all time, and the others being parks attached to the palaces of the sovereign. In the case of Regent's Park there was also some sort of public right in Marylebone Fields, which were formed into part of the park. It appears therefore that the suggestion of the capital cost of these parks being entered as a benefit to London in favour of the Government cannot be substantiated.

These views are entirely independent of what has already been expressed in my evidence on the general question of Exchequer grants, and I only put them forward in order to place before the Commission the other view of the case which may be taken upon the specific question of the amount of benefit conferred by the Royal parks upon London.

In Tables II. and III. the questions of dividing the grants according to rateable value and according to population are raised. These points have already been dealt with in my evidence before the Commission.\*

#### B.—Police—Exchequer Contributions and Rates.

There is a preliminary observation which I should like to make with reference to the police grants as they appear in Lord Balfour's tables. It was put to me in examination by Lord Balfour that the cost of a service was not a safe or wise basis upon which to make grants from the Exchequer to local taxation, and I endorsed that view.† But the police grant is based upon the cost of service, and the criticism that it tells favourably to London is one which I am prepared to hear is the case, and if other grants were similarly apportioned London would be much better off.

Proportion of London's share of Exchequer contributions received by London County Council and by Metropolitan Police.

But the criticism on Lord Balfour's table goes far beyond this point. The proportion of the cost of the police borne by Exchequer contributions is no criterion of the treatment of London in regard to Exchequer contributions. The cost of the Metropolitan Police borne by Exchequer contributions (except as regards the pension grant) falls upon the metropolitan counties and not upon the Government Exchequer contributions, that is to say, the counties pay to the police, out of the Exchequer grants allotted to them, an annual sum which increases according to rateable value. Therefore the element which governs the proportion between London and the rest of the country is not the amount received by the police but the amounts received by the counties. It is a complaint of the London County Council that whereas by the Act of 1888 the contributions to London became a fixed proportion of a total sum, the amount required to be paid to the police out of that fixed proportion goes on increasing from year to year in proportion to rateable value. (See Return, *Exchequer Contributions*, 1893-4, p. iv.)

The following table shows this position. If, as is suggested in Lord Balfour's memorandum, the police receive Exchequer contributions nearly equal to the local rates raised, the fact remains that the Exchequer contributions falling to other local authorities touched by the police district are proportionately decreased:—

\* See Minutes of Evidence, Vol. I., Questions 8921-9, 9015-31.

† *Ibid.* Questions 8882-96.

APP. II.

		London's Share of Exchequer Grants.		Amounts received by			
				London County Council.		Metropolitan Police.	
		Amount.	Percentage to Total England and Wales.	Amount.	Percentage to Total England and Wales.	Amount.	Percentage to Total England and Wales.
1889-90	Licenses - - - -	£ 417,689	13·9	£ 357,698	11·9	£ 59,991	2·0
	Grants - - - -	397,774	22·0	—	—	397,774	22·0
		815,463	17·0	357,698	7·5	457,765	9·5
1890-91	Licenses - - - -	418,090	13·8	418,090	13·8	—	—
	Police Superannuation Grant	122,175	40·7	—	—	122,175	40·7
	Other grants - - - -	586,567	22·0	121,118	4·5	465,449	17·5
		1,126,832	18·8	539,208	9·0	587,624	9·8
1891-92	Licenses - - - -	424,709	13·9	424,709	13·9	—	—
	Police Superannuation Grant	117,852	39·3	—	—	117,852	39·3
	Other grants - - - -	672,959	22·0	199,452	6·5	473,507	15·5
		1,215,520	18·9	624,161	9·7	591,359	9·2
1892-93	Licenses - - - -	426,754	13·7	426,754	13·7	—	—
	Police Superannuation Grant	117,754	39·2	—	—	117,754	39·2
	Other grants - - - -	593,817	22·0	111,817	4·2	482,000	17·8
		1,138,325	18·6	538,571	8·8	599,754	9·8
1893-94	Licenses - - - -	427,592	13·5	427,592	13·5	—	—
	Police Superannuation Grant	117,298	39·1	—	—	117,298	39·1
	Other grants - - - -	587,864	22·0	98,527	3·7	489,337	18·3
		1,132,754	18·4	526,119	8·5	606,635	9·9
1894-95	Licenses - - - -	428,227	13·5	428,227	13·5	—	—
	Police Superannuation Grant	116,705	38·9	—	—	116,705	38·9
	Other grants - - - -	524,382	22·0	33,605	1·4	490,777	20·6
		1,069,314	18·2	461,832	7·9	607,482	10·3
1895-96	Licenses - - - -	438,644	13·5	438,644	13·5	—	—
	Police Superannuation Grant	116,261	38·7	—	—	116,261	38·7
	Other grants - - - -	576,825	22·0	80,345	3·1	496,480	18·9
		1,131,730	18·4	518,989	8·4	612,741	10·0

Metropolitan  
Police and  
other  
districts.  
Percentage of  
Exchequer  
contributions  
to rates.

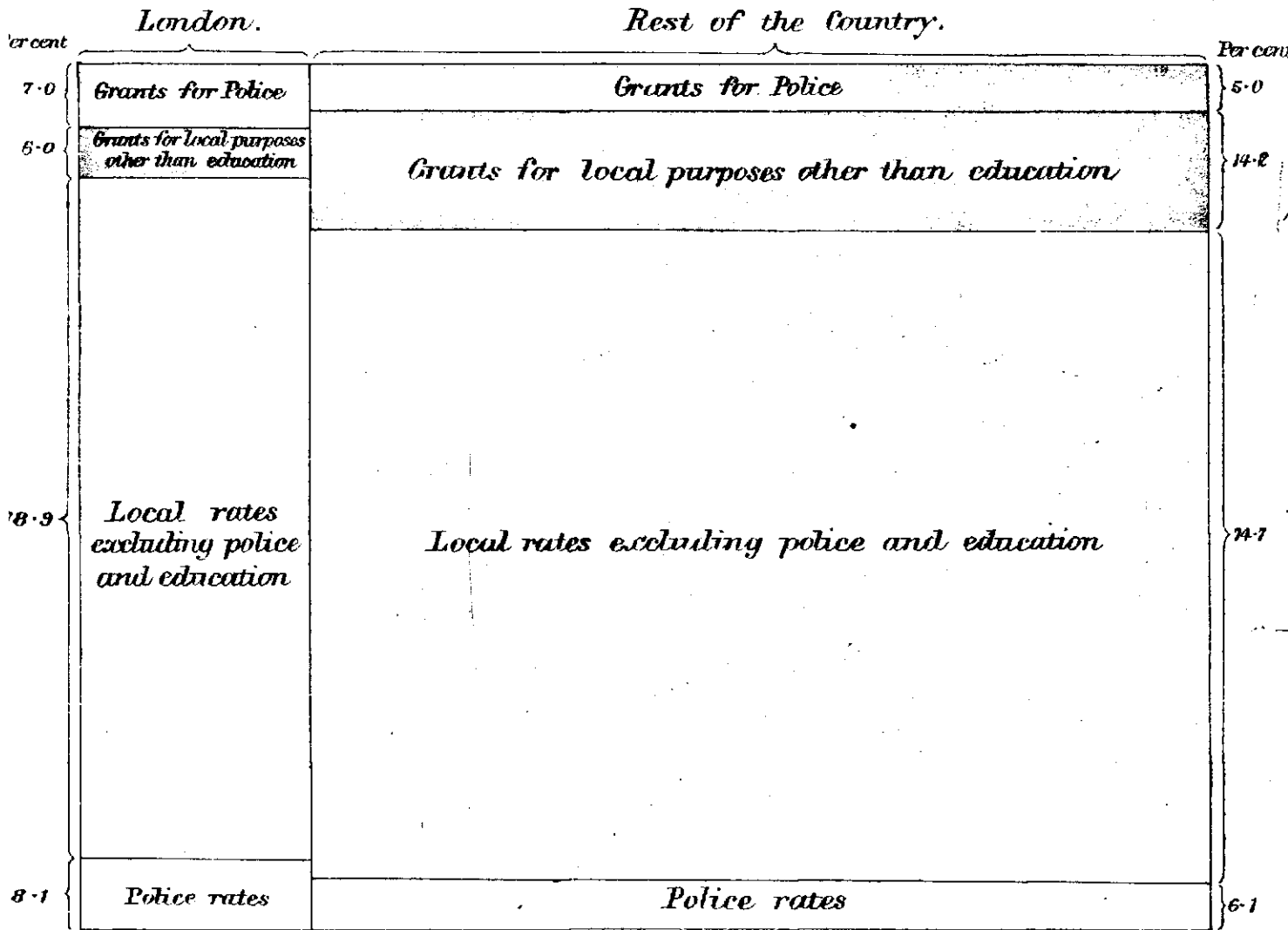
Lord Balfour's memorandum compares the percentage of Exchequer contributions to police rates. This comparison does not appear to me to be the correct one, and in my return on *Exchequer Contributions* I have adopted local taxation as the proper basis of comparison.

Apart from the basis of comparison, however, I would point out that Lord Balfour's calculation has not taken count of two important factors. These are, first, that the Metropolitan Police levy indirect taxation, in the form of public carriage and other licenses, amounting in all to 37,176*l.* in 1895-6; when this is taken into consideration the percentage to rates would be only 94·6 instead of 99. Secondly, there are the rates levied in the City of London to be considered. A note in Lord Balfour's memorandum states that these amounted in 1895-6 to 94,759*l.* These rates are levied in the administrative county of London without any corresponding grant from the Exchequer, and in estimating the position of London from the point of view of police rates and police grants, it is obvious that so important a part of London police finance cannot be omitted. When this element is taken into account the percentage of Exchequer grants to rates in London would be 85, as the equivalent to the 83 in the rest of the country. A further criticism, however, occurs here, namely, that portions of the Metropolitan Police district are not in the county of London, and the rates and grants in respect of these portions should be calculated as for the rest of the country. Making this adjustment the 83 per cent. for the rest of the country in Lord Balfour's



## ROYAL COMMISSION ON LOCAL TAXATION.

**DIAGRAM** Showing, for the year 1893-4, the proportion of "local taxation" borne by Exchequer contributions and by local rates in London and in the rest of England and Wales, distinguishing the contributions and rates for police purposes.



*Base line in proportion to rateable value.*

*G.L. Gomme*  
*Statistical Officer.*

*London County Council,*  
*Statistical Department,*  
*County Hall,*  
*Spring Gardens S.W.*  
*July 1897.*



table becomes 85, and the 99 per cent. of London becomes 81. Therefore the true relationship of grants to rates in respect of the police is 81 per cent. in London as compared with 85 in the rest of the country, instead of 99 per cent. in London and 83 in the rest of the country.\*

There is also another consideration which should be taken account of here. It is true that the proportion of the amount of police expenditure borne by Exchequer contributions to the amount borne by rates is 81 per cent. in London as compared with 85 per cent. in the rest of England; but it must be borne in mind that the police expenditure forms only a small portion of the total local expenditure and it is therefore ineffectual to compare the police figures without at the same time comparing the figures relating to other services. In 1893-4, the last year for which the figures are available, the rates for police purposes formed only 8 per cent. of the total rates raised, and the effect of the Exchequer contributions as regards other services is therefore far more important. Turning then to the other services (excluding education), we find that the proportion of Exchequer contributions to rates was only 8 per cent. in London as compared with 19 per cent. in the rest of the country. Adding the two together we find that the percentages of all grants to rates (excluding education) was 15 per cent. in London as compared with 24 per cent. in the rest of the country.

The accompanying diagram illustrates this point. It shows (i.) the proportion of local taxation borne by rates and grants respectively in London and in the rest of the

Police and other services. Ratio of grants to rates in London and rest of England and Wales.

\* In accordance with a request made in Questions 12,642-54, the witness subsequently forwarded the following statement:—

(i.) Metropolitan Police District.

	Amounts.		Ratio per cent. of Exchequer Contributions to Rates.	
	Metropolitan Police District.	Rest of England.	Metropolitan Police District.	Rest of England.
Exchequer Contributions ( <i>Chairman's figures</i> ) - - - -	£ 790,909	£ 1,176,810		
Local Rates ( <i>Chairman's figures</i> ) - - - -	798,639	1,409,912	99	93
Add—Indirect taxation levied by Metropolitan Police. ( <i>See Part II. of Appendix to Vol. I. of Minutes of Evidence, p. 301.</i> )	37,176	—		
	835,815	1,409,912	94·6	83
Add—Cost of City of London Police falling on rates ( <i>Chairman's figure</i> )	94,759	—		
	930,574	1,409,912	85·0	83

(ii.) Administrative County of London.

	Amounts.		Ratio per cent. of Exchequer Contributions to Rates.	
	London.	Rest of England.	London.	Rest of England.
Exchequer Contributions—				
Ordinary Police expenditure borne by Exchequer contributions. ( <i>See Return, Local Taxation (England) Account, 1895-96 [House of Commons Paper, No. 335, of 1896] p. 5.</i> )	£ 496,480	£ 1,171,239		
Pension Grant (proportion). ( <i>See footnote in Return, Local Taxation (England) Account, 1895-96, p. 19.</i> )	116,261	183,739		
	612,741	1,354,978		
Local Rates—				
Metropolitan Police District. (These amounts are the actual rates charged to London and Outer London. <i>See Part II. of Appendix to Vol. I. of Minutes of Evidence, p. 301.</i> )	625,071	181,516		
Midland, northern and southern districts ( <i>Chairman's figure</i> ) -	—	1,409,912		
	625,071	1,591,428		
Add—Indirect taxation (estimated proportions collected within and without London).	34,176	3,000		
Add—Cost of City of London Police falling on rates - - -	94,759	—		
	754,006	1,594,428	81·3	85·0

APP. II. country, and (ii.) the division of rates and grants between police and other services. The figures upon which this diagram is based are as follows :—

1893-94.	London.		Rest of the Country.		Total (England and Wales).	
	Amount.	Percentage to Total Local Taxation.	Amount.	Percentage to Total Local Taxation.	Amount.	Percentage to Total Local Taxation.
Rates—	£		£		£	
Police - - -	700,090	8·1	1,583,161	6·1	2,283,251	6·6
Other - - -	6,837,015	78·9	19,495,395	74·7	26,332,410	75·7
Total - - -	7,537,105	87·0	21,078,556	80·8	28,615,661	82·3
Grants—						
Police - - -	606,634	7·0	1,303,540	5·0	1,910,174	5·5
Other - - -	526,119	6·0	3,704,285	14·2	4,230,404	12·2
Total - - -	1,132,753	13·0	5,007,825	19·2	6,140,578	17·7
Total Local Taxation—						
Police - - -	1,306,724	15·1	2,886,701	11·1	4,193,425	12·1
Other - - -	7,363,134	84·9	23,199,680	88·9	30,562,814	87·9
Total - - -	8,669,858	100·0	26,086,381	100·0	34,756,239	100·0
Ratio per cent. of Grants to Rates—						
Police - - -		87		82		84
Other - - -		8		19		16
Total - - -		15		24		21

### C.—Education Grants.

Education Grants. Proportion received by London and rest of England and Wales.

The figures given by Lord Balfour include board and voluntary schools and, being later than any published, cannot be verified, but the proportion of London to the rest of England appears to be about the same as in previous years. In my evidence I have included the grant to voluntary schools under the heading of taxation in the hands of private bodies,\* and this distinction seems to me an important one in considering the effect of a grant based on results. London's proportion is low as regards education grants generally, because these are practically dependent upon the number of scholars in the schools, and this again is dependent upon population. The proportion of London's population to that of the whole country was in 1891 14·6 per cent., while the proportion of children in average attendance at board and voluntary elementary schools in 1894-5 was only 13·3 per cent., which practically corresponds to the proportion of education grants. The proportion of children aged between 5 and 15 in London in 1891 was 13·2 per cent., so that it would appear that in respect of education London receives its due proportion of a national tax.

Education being a service which is carried out over the whole country with a considerable amount of uniformity, this basis of apportionment may be considered to fairly meet the needs of the several counties and boroughs. But no such general system can apply to many other services which are far more extensive and costly in urban districts than in rural, and to the needs of which therefore the test of population, or, indeed, any scale involving uniform application, is not a true guide.

### Generally.

Summary of principal points in evidence.

I should like to take this opportunity of summarising the principal points to which my evidence has been directed. They are these :—

First, that the incidence of taxation in London is unduly burdensome upon some parts of London by reason, partly of different administrative action in different rating areas, and partly of special causes due to the present state of the law with regard to rating. The former is a matter for the rating authorities themselves, and could be

\* See Part II., of Appendix to Vol. I. of Minutes of Evidence, p. 230.

removed by them if it were necessary; the latter is forced upon the rating authorities, and can only be removed by fresh legislation. This then is, I presume, the point for consideration by the Commission.

Secondly, that the present system of making grants from Imperial Exchequer, while retaining for imperial purposes certain taxes levied upon local property, is injurious to London, and contains false principles of taxation. This can only be remedied by legislation, and the lines best adapted for the purpose are suggested in my evidence-in-chief, if the Commission would consider this part of the subject.

Thirdly, that certain services, police, education and poor law, contain such large elements of national character as opposed to local character that they should be met by some process of equalising the rate burden over the whole country (as suggested in my evidence-in-chief) to the benefit of those urban districts which, like London, are now unduly affected by the heavy charge caused by these services.

G. L. GOMME,

*Statistical Officer of the London County Council.*

II.—TABLES HANDED TO THE WITNESS BY THE CHAIRMAN OF THE COMMISSION DURING HIS EXAMINATION IN JUNE 1897.

A.—TABLE I.—STATEMENT showing for the Administrative County of London and the rest of England and Wales, the extent to which Local Taxation was relieved by Exchequer Contributions in 1895-6, the Rateable Value in 1893-4,\* and the Population in 1891 and 1895.†

	Exchequer Contributions for Purposes other than Education.‡	Elementary Education Grants to Board and Voluntary Schools (excluding Grants from Science and Art Department.)§	Total Grants (excluding Grants paid to Science and Art Department.)§	Rateable Value for Borough and County Rates, 1893-94.*	Population at Census of 1891.	Population estimated to middle of 1895.†
	£	£	£	£		
County of London—						
Amount or number	1,131,730	891,226	2,022,956	33,625,861	4,232,118	4,410,000
Percentage	18·4	13·6	15·9	20·7	14·6	14·5
Rest of England and Wales—						
Amount or number	5,032,943	5,652,630	10,685,573	128,468,993	24,770,407	25,984,078
Percentage	81·6	86·4	84·1	79·3	85·4	85·5
Total, England and Wales—						
Amount or number	6,164,673	6,543,856	12,708,529	162,094,854	29,002,525	30,394,078
Percentage	100·0	100·0	100·0	100·0	100·0	100·0

N.B.—The cost of the Royal parks in and around London is not included in the above table. For the year 1895-96 the total cost was 102,466*l.* (See Estimates for Civil Services, 1896-97; House of Commons Paper, No. 7 of 1896, pp. 8 to 11.)

\* The rateable values of the county boroughs and the counties are taken from the Local Taxation Returns, 1893-94. See House of Commons Papers, Nos. 436 of 1895 (pp. 20 to 25), and 330 of 1895 (pp. xix. to xxiv.). The rateable value in London is taken from the Return (Exchequer Contributions, 1893-4) of the London County Council, No. 313 of 1896 (p. v.).

† The Administrative County of London comprises the Registration County of London and the Civil Parish of Penge (see Census of England and Wales, 1891, Vol. I., Parliamentary Paper, C. 6,948 of 1893, p. 217). The population of Penge in 1891 was 20,375 (*Ibid.*, p. 221), and the estimated population of Registration London in the middle of 1895 was 4,392,346 (see Report of Local Government Board, 1895-6. Parliamentary Paper, C. 8,212 of 1896, p. 487), giving a total of 4,412,721 (or, say, 4,410,000) for the Administrative County of London. The estimated population of England and Wales is obtained from the same Report.

‡ From the Local Taxation (England) Account, 1895-96. See House of Commons Paper, No. 335 of 1896 (pp. 19 and 23). The figures are exclusive of 145,200*l.* paid out of the Probate Duty Grant and Estate Duty to the Cattle Pleuro-pneumonia Account.

§ The expenditure of the Science and Art Department during the year 1895-96 amounted to 745,470*l.* Expenses of administration amounted to 47,402*l.*, leaving 698,068*l.* paid in aid of science and art instruction, and of museums, &c. (See Report of Department of Science and Art, 1895; Parliamentary Paper, C. 7,941 of 1896, p. lxxvi.).

APP. II. TABLE II.—STATEMENT showing for the Administrative County of London and the rest of England and Wales, the extent to which Local Taxation would have been relieved by Exchequer Contributions in 1895-6, had the Distribution of the Grants (*excluding* Education) been upon the Basis of (1) Rateable Value in 1893-4; (2) Population in 1891, or (3) Population in 1895.

	Division of Grants ( <i>excluding</i> Education), on basis of—					
	Rateable Value in 1893-94.		Population in 1891.		Estimated Population in 1895.	
	Amount and Percentage to Total Grants.	Percentage Increase or Decrease as compared with Division actually made ( <i>see</i> Table I.).	Amount and Percentage of Total Grants.	Percentage Increase or Decrease as compared with Division actually made ( <i>see</i> Table I.).	Amount and Percentage to Total Grants.	Percentage Increase or Decrease as compared with Division actually made ( <i>see</i> Table I.).
County of London	£ 1,278,834 20·7	+13·0	£ 899,564 14·6	-20·5	£ 894,457 14·5	-21·0
Rest of England and Wales	4,885,839 79·3	-2·9	5,265,109 85·4	+4·6	5,270,216 85·5	+4·7
Total, England and Wales	6,164,673 100·0	—	6,164,673 100·0	—	6,164,673 100·0	—

TABLE III.—STATEMENT showing for the Administrative County of London and the rest of England and Wales, the extent to which Local Taxation would have been relieved by Exchequer Contributions in 1895-6, had the Distribution of the Grants (*including* Education\*) been upon the Basis of (1) Rateable Value in 1893-4, (2) Population in 1891, or (3) Population in 1895.

	Division of Grants, including Education*, on Basis of—					
	Rateable Value in 1893-94.		Population in 1891.		Estimated Population in 1895.	
	Amount and Percentage to Total Grants.	Percentage Increase or Decrease as compared with Division actually made ( <i>see</i> Table I.).	Amount and Percentage to Total Grants.	Percentage Increase or Decrease as compared with Division actually made ( <i>see</i> Table I.).	Amount and Percentage to Total Grants.	Percentage Increase or Decrease as compared with Division actually made ( <i>see</i> Table I.).
County of London	£ 2,636,328 20·7	+30·3	£ 1,854,459 14·6	-8·3	£ 1,843,932 14·5	-8·8
Rest of England and Wales	10,072,201 79·3	-5·7	10,854,070 85·4	+1·6	10,864,597 85·5	+1·7
Total, England and Wales	12,708,529 100·0	—	12,708,529 100·0	—	12,708,529 100·0	—

B.—STATEMENT showing the Amounts received (i.) from Local Rates, and (ii.) from Exchequer Contribution Account, towards the Cost of the Police in the Metropolitan Police District and the rest of England and Wales, excluding the City of London† during the Year ended 29th September 1896, with the Percentage that the Exchequer Contributions bore to the Amount obtained from Local Rates.

District.	Amounts received towards Cost of Police from—			Percentage of Total Exchequer Contributions to Amount obtained from Local Rates.
	Local Rates.‡	Exchequer Contribution Account (Pay and Clothing).‡	Local Taxation (Customs and Excise) Duties (Police Pension Fund.)§	
Metropolitan Police district	£ 798,639	£ 640,909	£ 150,000	99
Midland, northern and southern districts.	1,409,912	1,026,810	150,000	83
		790,909		
		1,176,810		

\* But excluding grants made to Science and Art Department.

† The cost of the City of London Police to local rates was 94,759*l.* in 1895-96. The force receives no contributions from the Imperial Exchequer. See "Reports—Police (Counties and Boroughs) England and Wales" for year 1895-96, p. 282. House of Commons Paper, No. 207 of 1897.

‡ See "Reports—Police (Counties and Boroughs) England and Wales," for year 1895-96, pp. 270-283. House of Commons Paper, No. 207 of 1897.

§ Amounts paid in accordance with the provisions of section 4 (1) of the Local Taxation (Customs and Excise) Act, 1890. See "Local Taxation (England) Account, 1895-96," pp. 8-10. House of Commons Paper, No. 335 of 1896.

C.—STATEMENT showing the Amounts paid as Elementary Education Grants to the Board and Voluntary Schools of England and Wales and London respectively, during the Year ended 31st August 1896, and the Percentage of the Total for England and Wales of the Total for London.\*

APP. II.

	Day Schools.		Evening Schools.	Total.
	Annual Grant.	Fee Grant.	Annual Grant.	
Total for England and Wales - - -	£ 4,217,506	£ 2,196,808	£ 129,542	£ 6,543,856
Total for London - - - - -	582,660	294,505	14,061	891,226
Percentage of total for England and Wales of the total for London.	13·8	13·4	10·9	13·6

\* Furnished by the Education Department.

## APPENDIX III.

Memorandum prepared for the Commission by Mr. William Francis Dewey, Vestry Clerk of the Parish of St. Mary, Islington. [See MINUTES OF EVIDENCE, QUESTIONS 13,001-13,241.]

*Introductory.*

I am the Vestry Clerk, and Clerk to the Vestry of the parish of St. Mary, Islington. I am also Clerk to the Assessment Committee. I was appointed Vestry Clerk in 1883, having previously from 1869 been the Chief (or Assistant Vestry) Clerk.

APP. III.

1. Islington is a single parish, not in union. It contains 3,109 statute acres, and about 45,000 rateable hereditaments, and is divided into 11 wards and 13 rate-collecting districts. The population at the census of 1895 was 336,764. It is now estimated at 342,000. The rateable value as shown by the Supplemental Valuation List which comes into force on April 6th, 1898, is 1,798,927*l*. It is governed for all except poor law, education, and county purposes by the Vestry created under the Metropolis Management Act of 1855, and now elected pursuant to the provisions of the Local Government Act of 1894. The Vestry make and collect all rates by virtue of the Islington Local Act of 1857 (20 & 21 Vict. c. 118). They are the overseers for the purpose of "compounding" under the Poor Rate Assessment and Collection Act, 1869, and they appoint the Assessment Committee of the parish pursuant to the Valuation (Metropolis) Act, 1869.

Islington, area, population, rateable value, and functions of Vestry.

I.—*System adopted in making the Valuation List.*

2. In February of each quinquennial year a skeleton list for each collecting district, containing the rateable hereditaments in the district, their extent and description, their existing gross values, and the names of the occupiers, all extracted from the rate books then in force, is prepared. About the same time the forms supplied by the Inland Revenue\* under the Valuation (Metropolis) Act are served by each of the 13 collectors at each rateable hereditament throughout his district, 44,352 such forms being thus delivered in 1895, of which 36,552 came back in the shape of returns on first issue. To meet the cases of houses empty at first service, or changes of tenancy, a second issue is served in March or April on all houses from which no returns have been received, 7,800 being so served in 1895, from which further returns to the extent of 3,750 were received. The contents of these returns as regards the names of the occupier and owner, rent paid, conditions of tenancy, &c., are entered in the skeleton list as they are received. The skeleton or draft list is then dealt with by a Valuation Committee appointed by the Vestry, who, with the assistance and advice of the collectors,

Islington, preparation of Valuation List.

\* See pp. 249-50.

## APP. III.

settle the gross values. In doing this they have regard not only to the rent paid, the terms of the lease, and other conditions of tenancy, but, and this applies especially where houses are occupied by the owners, to the rents paid or values established in the case of adjoining properties of a similar character, particularly as regards blocks or terraces of houses. In the case of public-houses they take the rent, plus a varying percentage on half the premium, plus 10 per cent. for repairs, as representing the gross value. In the case of railways, tramways, gas and water undertakings, &c., the rent which a hypothetical tenant would give is calculated upon the most recent accounts, the necessary allowances being made not only for working expenses but for what are termed statutory allowances, occupiers' profit, repairs, and depreciation on a liberal scale. Certain exceptional properties, such as hospitals, Board schools, workhouses, baths and washhouses, and other parochial buildings where there is practically no beneficial occupation are, as a rule, assessed upon a rateable value calculated at 3 per cent. upon the cost of the land and buildings. In many cases the Committee view the properties, especially where alterations have recently taken or are taking place, or where doubt exists. The determination of the class and the rate of deduction per cent., and the consequent calculation of the rateable value is then carried out by experienced clerks in accordance with Schedule 3 of the Valuation Act, 1869 (the Committee reserving to themselves the settling of the rate of deduction per cent. in manufactories and in the case of special properties) and these having been entered in the skeleton list, a fair copy in duplicate is made. The Committee are guided in their dealing with various classes of property by the regulations agreed to by a conference convened by the London County Council in 1893.\* These regulations incorporate a scale showing the rates of deduction per cent., and the rateable value calculated in accordance with Schedule 3 of the Valuation (Metropolis) Act, which had been in use in Islington since the passing of that Act. Where increases upon the gross or rateable values existing in the current rate books appear in the list, notices of such increases are served upon the premises, 9,246 such notices being served in 1895. A copy of the list is then deposited with the surveyor of taxes, and a notice is published that the other copy may be inspected at the Vestry Hall within certain limits as to time prescribed by the Valuation Act.

## II.—Principles adopted by the Assessment Committee in dealing with the Valuation Lists.

3. The list having been deposited is (so to speak) out of the hands of the vestry as overseers, and is subsequently dealt with by the Assessment Committee. This Assessment Committee is appointed annually by the Vestry pursuant to the Valuation (Metropolis) Act of 1869. Having regard to the number of objections to the list received within the statutory limit, the Assessment Committee fix and publish their dates for hearing such objections. The objections to the Quinquennial Valuation List of 1895 received up to July 3rd of that year, the last day appointed for receiving them, numbered 2,935; 604 were received subsequently, but were, notwithstanding, dealt with by the Committee. With the exceptions to be hereafter mentioned, and in a few other rare cases, the Committee of their own motion make no alteration in the list. Where, however, an objection is heard to one of a block of similar properties, the Committee, if satisfied that it should be reduced, do not hesitate to reduce in a like manner, if there be no objection, the values of the similar properties adjoining, even though they be empty. Nor do they hesitate to raise assessments where from evidence tendered upon an objection with a view to reduction, it appears that the assessment is too low. In dealing with objections the Assessment Committee follow much the same principles with regard to different kinds of property as have been already referred to as governing the Valuation Committee acting as overseers. The regulations already mentioned as having been agreed to at a conference convened by the London County Council are adhered to so far as circumstances permit. I would here refer to a class of property omitted in speaking of the work of the Valuation Committee. I mean weekly property, whether let in separate rooms or otherwise, and where a non-resident landlord pays all rates. In Islington the rule is to double the weekly shillings in rent and consider the result as the gross value in pounds per annum. Thus 10s. per week becomes a gross value of 20l. This it will be seen is the same result as is arrived at by following the calculations in Tables V. or VI. of the regulations referred to. The Committee frequently view property before deciding upon an objection.

\* London County Council Return, Assessment Conference, 1893-4. Resolutions, &c. (No. 168), P. S. King & Son, Great Smith Street, Westminster, S.W.

Valuation of licensed houses, railways, hospitals, schools, and other exceptional properties.

Determination of rateable values in Valuation List.

Notices to occupiers of increases in valuation.

Islington, principles observed by Assessment Committee when hearing objections. Resolutions of London County Council Conference are observed.

III.—*Action of Surveyors of Taxes.*

APP. III.

4. By arrangement the surveyors of taxes sit with the Assessment Committee on the hearing of objections, and express their views but do not vote. Objections to the list by the surveyors of taxes and the formal proceedings consequent thereon are rendered unnecessary by an understanding that all alterations of assessment desired by the surveyors shall be the subject of conference, when, if the Committee are satisfied there are *prima facie* grounds for them, they adopt them as their own, and serve notices of them upon the occupiers accordingly. The Committee, as the result of suggestions by the surveyors of taxes, increased the gross and rateable values in the list as deposited by the overseers by 2,561*l.* gross and 2,138*l.* rateable value.

Islington, Surveyor of Taxes sits with Assessment Committee when hearing objections.

IV.—*Number of Objections heard by the Assessment Committee : Number of Appeals heard against their decisions, &c.*

5. The Committee sat on 33 days in 1895 to hear objections, the sittings usually commencing at 10.30 a.m. and frequently not terminating until a late hour in the evening ; 3,175 objections were dealt with at these hearings, in 1,353 cases the assessments being reduced, in 309 increased, and in the remainder the overseers' values were confirmed. The result of the Committee's alterations was to reduce the gross value in the list from 2,144,321*l.* to 2,133,790*l.*, and the rateable value from 1,780,347*l.* to 1,771,420*l.* One appeal to petty sessions and 11 to quarter sessions were lodged against the Committee's decisions. These were principally on behalf of public companies, public houses, and large assessments. The result of these appeals, eight of which were settled out of Court, was further to reduce the totals of the valuation list by 733*l.* gross and 682*l.* rateable values.

Islington, number of objections and appeals, and total results.

V.—*Steps taken with a view to securing uniformity of Assessment throughout the Metropolis.*

6. I have already referred to certain regulations adopted at a conference convened by the London County Council in 1893-94. This conference was the outcome of a conference of Assessment Committees of the Metropolis convened by the same authority in 1890. I took part as representing the Assessment Committee of Islington at both these conferences, and the want of uniformity in the administration of the Valuation (Metropolis) Act, 1869, by both overseers and Assessment Committees was the theme of discussion at both. It was apparent not only that different practices prevailed as regards fixing the gross values, especially where properties were let on lease or occupied by the owners, or, on the other hand, let at weekly rents, including rates and taxes, but that even in arriving at the rateable values certain parishes paid little or no attention to the limits of deduction laid down by Schedule 3 to the Valuation (Metropolis) Act. It also transpired that there was great difference in practice as regards the insertion of empties, parochial buildings, and charitable institutions in the list, and while certain parishes inserted the two latter at nominal values, others did not insert them at all. Among the results of these conferences was the agreement as to the regulations already referred to, including the scale for rates of deduction per cent., and rateable values prepared in accordance with Schedule III. of the Valuation (Metropolis) Act. A further result was the introduction of a Bill\* by the London County Council in 1893 and 1894 for "better securing uniformity in the valuation and assessment of rateable property in the administrative county of London ; to establish a tribunal to deal with assessment appeals ; and for other purposes." One of the defects of the Act of 1869 is that it makes very slight provision for the supervising or controlling of local authorities in assessing themselves to common charges. The opportunities afforded for inspection of and objection to the lists of other parishes by it are utterly useless, and I do not think that, with one exception, they have ever been put into force. A further difficulty is the practice of the Court of Quarter Sessions as regards appeals against totals. The Bill in question sought to give some control in the matter to the London County Council by enabling them to make byelaws binding on overseers and Assessment Committees, and to be represented at meetings of overseers and Assessment Committees, by the provision of a triplicate Valuation List for consideration by a Valuation Committee of the Council, and also made provision for the creation of what may be termed Courts of Summary Valuation. The Bill, however, though revived in 1896,†

Metropolis (Valuation) Act, 1869. Lack of uniformity in administration of, before London County Council Conferences.

Valuation Bill introduced by London County Council, objects of.

\* Nos. 79 of 1893 and 130 of 1894.

† No. 141 of 1896.

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—  
London  
County  
Council,  
enter ob-  
jections to  
certain  
Valuation  
Lists.

ultimately dropped through. I am not aware that, beyond the regulations before-mentioned, any steps are taken to ensure uniformity in the preparation of the Valuation Lists, except perhaps that in certain cases the London County Council, where they have a *locus standi* as ratepayers, enter objections to lists where apparent irregularities have occurred.

VI.—*As to changes in the Method of preparing the Valuation List and in the Authority who should discharge that Duty, &c.*

Valuation in  
metropolis  
should be  
administered  
by an inde-  
pendent  
body for  
the whole  
county. In-  
justice  
caused by  
present  
system.

7. After considerable experience of the disadvantages attendant on the present administration of the Valuation Act, and having regard to the fact that the proportion of county and other central or consolidated charges out of every 100*l.* raised by way of local taxation has increased since 1869 in the County of London from 33 per cent. to 67 per cent. (or in some parishes more), I have come to the conclusion that the Valuation Act should be administered by an independent body or official for the whole county, or that each body of overseers and each Assessment Committee, in dealing with its own Valuation List, should have upon it representatives from other bodies of overseers and Assessment Committees in the county; but, failing either of these suggestions being adopted, I certainly think some control in the matter should be given to the London County Council, or to some central authority. I pointed out in a report upon the above Bill, which I submitted to my Assessment Committee in 1893, the opportunities for under-assessment afforded by the present system, and the difficulty of detecting it or of dealing with it when detected, in words which I will venture to quote. Referring to the bodies represented at the Conference I said:—

“They differed, even at the Conference, on such points as whether they may or may not exceed the maximum deductions from gross to arrive at rateable; whether the rent paid under lease is the equivalent of the gross or of the rateable value; and as to whether ‘empties’ should or should not be included in the Valuation List; and as to whether town halls, baths, and washhouses, and other parochial buildings are required to be rated; and it need hardly be pointed out that if this was so at a conference, how much more likely they would be, when preparing the Valuation Lists or hearing appeals by their own ratepayers, to construe these and other points in their own favour. The temptation to do this is, it will be remembered, much greater now than when the Act was passed. The common charges then only amounted to about one-third of the total amount collected in the shape of rates, while in the current year they amount to about three-fifths. The reduction of the rateable value by even a pound upon each hereditament is a very simple matter, and one not likely to attract attention outside. It tends to satisfy the ratepayer who is appealing, but, if carried out systematically, it results in the reduction of the basis of contribution in a parish of the size of Islington by 40,000*l.* It need hardly be added that, under the present system, it is almost as difficult for the parishes which are being injured by these and similar practices to detect them, especially during a quinquennial year, as it is easy to put them into practice; and that it is even more difficult to prove a series of minute under-valuations in the present Court of Quarter Sessions, the maxim *de minimis non curat lex* having full weight there as elsewhere.”

VII.—*Valuation of Railways, Water Mains, &c.*

Valuation of  
railways, gas  
and water-  
works, &c.  
A central  
authority  
specially  
desirable to  
deal with  
such  
properties.

8. A point which certainly requires immediate attention is the necessity for one common or central valuation for the whole county of such rateable hereditaments as railways, tramways, gas and water works, electric lighting undertakings, telephones, &c., and the apportionment by the same authority of the value of the whole among the several parishes entitled to share it. The absurdity of the present mode of procedure could not be better illustrated than by reference to the appeals of the Gas Light and Coke Company against a number of Metropolitan Valuation Lists in 1891–2, as to which I will quote from some remarks made by me at the Surveyors’ Institute in December 1893, in dealing with a paper read by Mr. Castle, Q.C., upon the Bill of the London County Council previously referred to. I said:—

“Another point of equal importance to which I had expected the paper would have referred more fully, is the necessity for what I would venture to call summary valuation courts in connexion with the quinquennial valuation. That there exists at present a very able court, presided over by a judge of very great ability, no one doubts; but such is its procedure that very costly litigation results in no



“ enunciation of principle which would be useful in guiding overseers or Assessment Committees. I might illustrate this by referring to the recent appeals of the Gas Light and Coke Company against a number of Valuation Lists. The appeals lasted 23 days, extending over a period of 18 months; 15 or 20 counsel were engaged, and probably a larger number of expert witnesses; and the costs of all parties have been estimated to amount to about 30,000*l.* The expert witnesses on either side gave very widely-differing estimates of value, and in the result it might almost be imagined that the court in fixing the value of the Company's mains and works took the figure halfway between the extreme on the one side and the extreme on the other. In the end, nothing but the most barren results have been the outcome of this enormous expenditure of time, trouble, and money.”

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### VIII.—*Effect upon Islington of Under-assessment in other Parishes in the Metropolis.*

9. I have reason to believe that Islington has suffered greatly in the past from the failure on the part of other parishes to properly administer the Valuation Act. In my remarks in 1893 at the Surveyors' Institution before referred to, I called attention to the fact that the London County Council in 1891 had entered appeals against under assessments in certain Metropolitan Valuation Lists to the extent of 737,379*l.* These appeals, I may mention, were never heard upon their merits, the County Council being restrained by the High Court from proceeding with them, on the ground that the appeals were not in reality against “ totals ” but against individual assessments. Before, however, the restraining order was issued the Council had settled certain appeals out of Court, and these resulted in an increase in the rateable value of eight parishes to the extent of 36,612*l.* I pointed out at the time that an under-assessment of nearly three-quarters of a million was equivalent to an over-payment on the part of Islington to county and central charges of 5,000*l.* per annum, or 25,000*l.* during the quinquennial period. An under-assessment of 100,000*l.* at the present time would represent an over-payment of 1,090*l.* per annum, equivalent to a rate of one-seventh of a penny in the pound on the part of the parish of Islington.

Under-assessment in metropolis.

Islington would lose 1,090*l.* per annum if other parishes were under-assessed by 100,000*l.*

### IX.—*Method of levying and collecting Rates.*

10. In Islington the rates are made and collected by the vestry under the powers of the Islington Local Acts of 1824 and 1857 (5 Geo. 4. c. 125 and 20 & 21 Vict. c. 118). By the former the old open vestry were authorised to make certain rates once a year, or oftener if necessary, but the collection was in the hands of the trustees of the parish. The Metropolis Management Act of 1855 transferred the powers of the open vestry as to the making of the rates to the vestry constituted by that Act, and by the later parish Act of 1857 the powers of appointing collectors and for the recovery of the rates previously vested in trustees were also transferred to the vestry as constituted under the Metropolis Management Act. One of the advantages of the latter Act is that it recognises one justice of the peace as sufficient for hearing and adjudicating upon warrants for the enforcement of the rate. In practice the vestry now make the following rates half-yearly, viz. :—From Lady Day to Michaelmas and from Michaelmas to Lady Day—“ Poor ” (including guardians, county council, police, and Metropolitan Asylums Board charges), “ General ” (including vestry administration, highways, and school board charges), “ Lighting ” and “ Sewers ”—but exercising the powers given by sec. 15 of the Poor Rate Assessment and Collection Act of 1869, they make each half-year's rates payable in two quarterly instalments. The rates for the year now ending amount to 5*s.* 8*d.* in the £, of which 2*s.* 9½*d.* was levied in February 1897 for the half-year to Michaelmas 1897, and made payable by two quarterly instalments due on April 1st and July 1st, of 1*s.* 4½*d.* and 1*s.* 5*d.* respectively, and 2*s.* 10½*d.* in August 1897, payable in like manner on October 1st and January 1st by instalments of 1*s.* 5*d.* and 1*s.* 5½*d.* respectively.

Islington, rates are made and collected by the Vestry, and are made half-yearly and collected quarterly.

11. As before mentioned, the parish is divided into 13 collecting districts, each averaging about 3,200 rateable hereditaments, including “ empties ” and “ compounds.” The collector makes two calls (where the rate is not paid on the first) each quarter. After delivering his second call towards the end of the second month of each quarter he issues summonses, which are heard during the first and second weeks of the third month of the quarter. One shilling is charged under the local Acts for each summons, but, notwithstanding this, a large number of summonses (over 6,000) are issued per quarter. The greater part of the persons summoned pay upon the issue of the summons, the remainder, with the exception of the small number excused on account

Islington, number of rate summonses issued.

## APP. JII.

Quarter's rates practically collected within the quarter.

Percentage of losses.

of poverty, have a week or two's time granted, but all are required to pay before the end of the quarter. So that, as a matter of fact, the whole of each quarter's rates are collected (with very few arrears outstanding) within the quarter. Owing to this prompt collection and enforcement of the rates the avoidable losses are extremely small and the hardships to individuals scarcely appreciable. This may be illustrated by the following extract from the vestry's annual report for the year ended Lady Day 1897:—

"The total debit, or amount to be collected, during the year was 494,628*l.* 1*s.* 7*d.* Of this amount 480,265*l.* 19*s.* 3*d.* was actually collected, and 177*l.* 9*s.* 3*d.* was carried forward as recoverable arrears. The remainder (14,184*l.* 13*s.* 1*d.*) is accounted for principally by empty property, and, to some extent, by allowances for reduced assessments, commission to owners, rates excused, and 'runs.' These last two items, which are practically the bad debts of the vestry, amounted to 747*l.* 6*s.* 2*d.* only, or less than  $\frac{1}{2}$ *d.* in the  $\pounds$  of the total debit.

"During the past year the average number of empties per quarter has been 876, as against 1,130 for last year, and 1,342 for the year 1894-5.

"The following table gives details in regard to empties and losses generally:—

Year ending Lady Day.	Amount to be collected.	Amount collected to audit.	Total amount uncollected (including arrears).	Percentage of amount uncollected.	"Empties," Reduced Assessments, Commission, &c.	Percentage of "Empties," &c.	"Runs" and excused.	Percentage of "Runs" and excused.	Recoverable arrears carried forward.
1897	£ 494,628	£ 480,266	£ 14,362	2·90	£ 12,726	2·57	£ 1,459	·295	£ 177
1896	485,251	466,586	18,665	3·84	16,747	3·45	1,678	·346	240

"During the year 25,149 summonses were issued for the recovery of rates, an average of 6,287 per quarter. This is an increase of 440 upon the figures of last year, which were 222 less than those for the year 1894-5. The average number of persons who appeared each quarter before the justices to ask for time was 1,223 only, the remainder treating the summons simply as the final demand for payment; 3,154 warrants of distress were issued, but in 200 cases only was it found necessary to levy, the rates being mostly paid to the broker upon application. In 20 cases goods have been removed and sold. Committal warrants were obtained in 81 cases, and of these 39 paid prior to arrest, 27 absconded or died, 12 were conveyed to Holloway Prison, and three warrants were outstanding at the end of the year."

12. It will be seen from these figures that the avoidable losses, that is excluding "empties," reduced assessments, and commission, amount to less than 3 per cent., or under 6*s.* in every 100*l.* I doubt whether so low a record is to be obtained in any other parish of the kingdom.

13. The vestry, as overseers, enter into agreements with owners under section 3 of the Poor Rate Assessment and Collection Act, 1869. Before doing so, however, they ascertain from the rate collectors what are the circumstances attending the collection, and it by no means follows that they enter into agreements as regards all the property in the parish coming within the limits of the section. In very few cases do they allow the maximum (25 per cent.) permitted by the section—15 per cent. is the usual rate of deduction allowed. The number of agreements in existence at Lady Day 1897 was 230, covering 3,049 rateable hereditaments of a rateable value of 35,712*l.*

14. It will be gathered from what I have said that I do not think that any change is necessary as to the authority by whom the rates are collected in Islington. I am of opinion, however, that the body entrusted with the making and collection of rates should in all cases be a body directly elected by and responsible to the ratepayers, and not, as in some parishes, a limited and comparatively irresponsible number of overseers or trustees.

### X. Properties exempted from payment of Rates.

15. The only properties exempted by Statute are, as far as I know, churches and chapels, ambassadors' houses, and drill halls, and, by a recent Statute,\* voluntary schools and the offices attached. The vestry have the power to excuse payment of

Islington, Vestry allow compounding in certain cases, the usual deduction being 15 per cent.

Islington, collection of rates. No change necessary.

Exemption of churches, drill hall, schools, and partially the Regent's

\* 60 Vict. c. 5.

rates by Sunday and ragged schools, but there are no hereditaments occupied solely for these purposes in Islington. The Regent's Canal, which passes through Islington, is partially exempt from rates, in that it is only liable to be assessed under a special Act, upon its value, as agricultural land. Crown and Government property, although not rateable, contributes to the rates, the contribution being equivalent to the rates for the time being upon an agreed rateable value. In my opinion all exemptions from liability to pay rates are unwise, and should be abolished.

APP. III.  
Canal. All exemptions should be abolished.

#### XI. *Liability of empty property to be Rated.*

16. I am unable to make up my mind that the advantages to be gained from rating empty property in Islington at least, would at the present time outweigh the disadvantages. The percentage of "empties" in 1897 was slightly over 2 per cent. on the rateable value, and is therefore not a heavy item. On the other hand, the leaseholds of many of these "empties" are no doubt owned by persons of comparatively moderate means, whom it would be a hardship to charge with rates at a time when, from their property being unlet, they would be least in a position to meet them. Nor do I understand that any great advantage is alleged to be derived by the owner of an empty house from the expenditure of the rates. *Qua* owner of an empty house he neither benefits by poor relief, board schools, highways, sewers, sanitation, nor to any extent by lighting or police. It may no doubt be said that there is a beneficial occupation of the land upon which an empty house stands so long as a ground rent is paid, and so far it might not be unjust that the annual value of the site should be assessed and rated, but if this were done I think the receiver and not the payer of the ground rent should be made liable to pay the rates to be levied.

Empty property. Hardship to owner, if rated.

Questions of advantages derived by such property from expenditure of rates.

#### XII. *Whether the effect of the Equalisation of Rates Act is beneficial to the localities as a whole.*

17. Upon this point I hesitate to express an opinion. That the parish of Islington has benefited, is, I suppose, not to be doubted. I will however submit some figures. Islington has received since the date of the passing of the Equalisation Act larger net grants from the fund owing to its population than any other parish in the metropolis, with the exception of Camberwell. In 1895-6 the net grant amounted to over 21,739*l.*, and in 1896-7 to over 23,196*l.* As a rate of 1*d.* in the £ in Islington is estimated to raise about 7,320*l.*, it follows that these grants were each equivalent to a rate of about 3*d.* in the £. The rates, however, in Islington have not decreased in proportion. In 1894-5 they amounted to 5*s.* 8½*d.*, in 1895-6 to 5*s.* 7½*d.*, and in 1896-7 to 5*s.* 6½*d.* in the £, while during the current year, with a net grant from the fund of 23,505*l.*, they have gone up to 5*s.* 8*d.* in the £. Islington has never been a highly rated parish from the rate in the £ point of view. There are some 76 or 77 parishes, exclusive of the City, in the county of London, the rates of which varied in 1895-6 from 4*s.* 9*d.* (St. James, Westminster) to 8*s.* 5*d.* (Rotherhithe) in the £. Islington was the lowest but five of these, with 5*s.* 7½*d.* in the £. This was no doubt to some extent due to the twofold action of the Equalisation Fund during that year; but for many years previously Islington had always been among the 10 or 12 lowest rated parishes in the metropolis.

Equalisation of Rates Act. Rates in Islington have not decreased in proportion to benefit received from Equalisation Fund.

#### XIII. *Suggested improvements in the present system of levying and collecting Rates.*

18.—(1.) I attach the utmost importance to a quarterly collection of the rates, and to the quarter's rates being collected, and if necessary enforced, within the quarter. Not only are the losses from "runs," "excuses," &c., considerably minimised by this mode of collection, but less hardship is felt by persons of moderate or small incomes in meeting the demands of the collector, and, if the system adopted in Islington of compelling each collector to close his quarterly account before the collecting books for the next quarter are handed to him is followed, a great temptation to irregularity is avoided. I may instance the fact that in 1878, the year immediately before the adoption of this system in Islington the avoidable losses on a possible debit of 238,000*l.* were 9 (or 18*s.*) per cent., while in 1897 with a possible debit of 495,000*l.*, the avoidable losses are, as previously stated, under 3 (or 6*s.*) per cent.

Quarterly collection of rates advisable.

## APP. III.

Uniformity in demand notes and rate receipts. Purposes of rates should be made clearer.

(2.) I would suggest there should be more uniformity in the county of London, at all events, in the forms of rate demands and rate receipts; and, to make the demands more explicit and intelligible to those to whom they are addressed, and thus save unnecessary trouble to the officials who have to explain them, I am of opinion that names more definitely conveying the purposes of the rates should be substituted for those now in use, some of which, such as the "poor" and "general," having at present little signification. I submit the following:—

- (a.) Poor rate to meet the precept of the guardians.
- (b.) Asylums rate to meet the precept of the Metropolitan Asylums Board.
- (c.) County rate to meet the precept of the County Council.
- (d.) Education rate to meet the precept of the School Board.
- (e.) Police rate to meet the precept of the Commissioner of Police.
- (f.) District rate to defray the expenses of the Local Authority.

There is no necessity, so far as I am aware, for retaining the present names on the ground of "incidence," as the incidence of all rates in the metropolis is practically the same.

All precepts should be sent to body acting as overseers.

(3.) I would further suggest that all precepts for payment out of the rates should be addressed and sent direct to the body acting as overseers (the precepts of the London County Council are required by the Local Government Act of 1888 to be sent to the guardians), so that that body may be enabled to make the best financial arrangements possible for the preparation of their estimates and the making and levying of the rates at the earliest possible date.

Tenement houses, whether occupiers or landlords liable for payment of rates. The law on this point should be made clearer.

(4.) Finally, I would call attention to a difficulty in connexion with the collection and recovery of rates on a certain class of property, which, although it has not yet to any extent affected Islington, appears to be spreading in certain parts of the metropolis. I allude to the rates upon what are commonly known as "let-out" or "tenement" houses—houses which are occupied by two or more families, although there is no structural separation or special accommodation for such a purpose, and which are so let out by non-resident landlords. Where such houses are assessed at under 20*l.*, there need be no difficulty, as the non-resident landlords might be rated under and pursuant to the Poor Rate Assessment and Collection Act, 1869. The large proportion of such houses, however, not only in Islington, but in other parts of London are assessed at over 20*l.*, and consequently do not come within the before-mentioned Act. No one of the occupiers can be rated for the whole hereditament, because no one of them occupies it, neither owing to the short and continually changing character of their occupation, does it seem desirable, even if possible, that the one hereditament should be broken up into several separate ratings or assessments. I am aware that numerous legal decisions have been given during the past 10 or 12 years, which appear to point to its being the duty of the overseers so to rate the separate occupations; but if these decisions are carefully examined, it will, I think, be seen that the question before the courts was, in almost every case one of registration rather than of rating. It has always appeared to me that the apparent difficulty is met by the proviso contained in section 7 of the Representation of the People Act, 1867. Section 7, it will be remembered, repealed the compounding provisions of Sturges Bourne's, and other similar Acts, but contained the following exception:—"Where the dwelling-house or tenement shall be wholly let out in apartments or lodgings not separately rated, the owner of such dwelling-house or tenement shall be rated in respect thereof to the Poor Rate." This has never, to my knowledge been repealed, and having regard to the recognition by section 9 (2) of the Representation of the People Act, 1894, of "dwelling-houses," in respect of which the owner or some person other than the occupier, is rated or liable to be rated, I have never felt any hesitation in advising my vestry that they have the power in the case of such houses to rate the non-resident landlords, and this has always been, and is at the present time, done in Islington. Having regard, however, to the difficulties met with in other parishes, and to the opinions of eminent legal authorities upon the point, it seems very desirable that, if necessary, it should be made clear by legislation.

## APPENDIX IV.

Memorandum prepared for the Commission by Mr. Wm. Chambers Leete, Vestry Clerk of Kensington. [See MINUTES OF EVIDENCE, QUESTIONS 13,242-13,434.]

*Introductory.*

APP. IV.

I have had nearly 20 years' official experience of work performed by Metropolitan Local Authorities.

From 1883 to 1889 I held the position of Chief Clerk or Assistant Vestry Clerk under the Vestry of Islington, an authority exercising jurisdiction over one of the largest parishes in the Metropolis, and, in fact, in the United Kingdom.

Since 1889 I have occupied the position which I at present hold as Vestry Clerk of Kensington. Both the Vestry of Kensington and the Vestry of Islington act as overseers for the making and collecting of the Poor Rate in their respective parishes.

It may be expedient that I should preface my evidence by the statement that I am speaking in my individual capacity, and not as giving expression to the views of the Vestry of Kensington.

I have been furnished with a series of points\* upon which the Commission desire to have information, and it occurs to me that it will be convenient that I should, as far as practicable, deal with these points *seriatim*.

I.—*The System adopted in making the Valuation List.*

1. The parish of Kensington being a union within itself, the Vestry appoint the Assessment Committee, and I, as Vestry Clerk, act as Clerk to that Committee.

Vestry of Kensington are Overseers for valuation purposes and appoint Assessment Committee.

2. The Vestry of Kensington being, as before stated, the overseers for valuation and rating purposes, the actual duty of making the Valuation List is deputed to a committee consisting of 32 members of the Vestry, with the six chairmen of the other Standing Committees, and the churchwardens and overseers appointed by the justices (if vestrymen) as *ex officio* members.

3. The parish is divided into nine districts for rate-collecting purposes, and the Valuation List is made up in nine parts corresponding with those districts. It will be readily understood that the labour involved in the preparation of the Valuation List, containing some 24,000 rateable hereditaments, is very onerous, and looking to the time in which that work has to be completed, a considerable tax is imposed upon the members of the Valuation and Rating Committee at this particular period. The course which has been followed by the Vestry's Valuation and Rating Committee at the last two quinquennial periods has been to divide themselves into three sub-committees, each sub-committee taking three collecting districts. At the meetings of these sub-committees the rate collector of the district was required to attend to furnish such information as was in his possession as regards the properties dealt with. Although by statute no right is given to the surveyor of taxes to be represented at meetings of the overseers, it has been found in practice convenient to admit the attendance of a representative of the surveyor of taxes to the meetings of the Valuation and Rating Committee when making a Valuation List, and to consider any representations made by him relative to the valuation placed upon any particular hereditament. This course has undoubtedly had the effect of considerably reducing the number of objections which might otherwise have been lodged with the Assessment Committee in respect of the Valuation List. The assistance of an expert valuer is engaged to advise the Committee in valuing the undertakings of the several public companies and other special properties in the parish.

Vestry appoints a Committee for preparation of Valuation List. Procedure of Committee.

Surveyor of Taxes attends meetings of Committee.

Special properties valued by an expert valuer.

4. Upon the Valuation List being completed, the same is submitted to and approved by the Vestry prior to its deposit and transmission to the Assessment Committee.

5. The work connected with the preparation of the Supplemental and Provisional Valuation Lists made during the quinquennial period is also carried out by the same Committee, subject to the Lists prepared by them being approved by the Vestry.

Provisional and Supplemental Lists.

## APP. IV.

II.—*The Principles adopted by the Assessment Committee in dealing with the Valuation List and determining the Gross Estimated Rental and Rateable Value of different Classes of Property.*

6. In order that the principles to be followed by the overseers in making, and by the Assessment Committee in revising, the Valuation List may be consistent the one with the other, it has been found expedient at the last two quinquennial periods for the Vestry's Valuation and Rating Committee to meet the Assessment Committee in conference, and to consider with them as to the procedure to be adopted by the respective committees, and to lay down general rules for their guidance. This course has undoubtedly tended to diminish the labours of the Assessment Committee in revising the list.

7. At the last of such conferences, namely, that held in 1895, the committees had the benefit of having before them the resolutions which had been passed at the conference between the Local Government and Taxation Committee of the London County Council and the Assessment Authorities of the Metropolis in 1893-94,\* to which, no doubt, the attention of the Commissioners has already been called, and came to the conclusion that such resolutions might safely be taken for the guidance of the two bodies in connexion with the quinquennial work.

8. In brief, in Kensington, the following principles are adopted :—

- (a.) That in the case of quarterly or annual tenants, or where the property is held under three years' agreements with no liability upon the tenant for repairs, the rent is taken as the gross value.
- (b.) That where property is held on agreement or lease, which throws the responsibility for repairs upon the occupier, 10 per cent. is added to the rent to arrive at the gross value.
- (c.) That in the case of freehold properties where no assistance is derived from the letting value of similar property, 4 per cent. on the value of the land, together with 5 or 6 per cent. on the value of the building, is taken as the gross value.
- (d.) That as regards the assessing of public-houses, no properties present greater difficulties to the overseers and Assessment Committee in arriving at the proper gross and rateable values to be placed thereon ; as a general practice the course laid down in the resolutions of the conference referred to is adopted.
- (e.) That as regards the deduction to be made from the gross value to arrive at the rateable value, in Kensington, as, I believe, in every other metropolitan parish, the *maximum* deduction as laid down in the Third Schedule of the Valuation (Metropolis) Act, 1869, is allowed in each case.

III.—*The Action taken by the Surveyor of Taxes under the Valuation (Metropolis) Act, and its result on the Valuations.*

9. As already mentioned, the practice is to allow the attendance of the surveyor of taxes at the meetings of the Valuation and Rating Committee at the initial stage of the preparation of the quinquennial valuation list, a course which has led to the objections raised on behalf of the Crown being reduced to a minimum. At the last quinquennial valuation 32 objections were lodged by the surveyor of taxes upon the deposit of the list, no less than 30 referring to the valuations placed upon public-house property. As a result of the hearing by the Committee of these objections, in eight cases the valuations placed on the properties were increased to the amounts suggested by the surveyor. In nine other cases the valuations placed upon the hereditaments by the overseers were somewhat increased, but not to the amounts desired by the surveyor of taxes, and in 12 cases the overseers' valuations were confirmed or the objections withdrawn. In three cases the Committee decided, after considering the evidence put forward by the surveyor of taxes, and by the occupiers of the premises, to dismiss the objection, and to reduce the valuation slightly below the overseers' figures.

IV.—*Objections before Assessment Committee and Appeals to Sessions.*

10. The number of objections received from ratepayers at the Quinquennial Valuation of the parish in 1895 was 3,250. The first meeting of the Committee held to consider such objections was on the 27th June, and between that date and the 30th September

\* London County Council Return, Assessment Conference, 1893-94, Resolutions, &c. (No. 168).—P. S. King and Son, Great Smith Street, Westminster, S.W.

Valuation and Rating Committee meet Assessment Committee in conference, the resolutions of the Assessment Conference convened by the London County Council being followed.

Principles adopted in arriving at gross value of various classes of property.

Maximum deductions allowed in arriving at rateable value.

Objections by Surveyor of Taxes. Assessment Committee's decisions.

Number of objections and appeals. Results of appeals.

no less than 46 meetings were held by the Committee. Two notices of appeal were given to the special sessions, in one of which cases the Committee allowed a slight reduction and the appeal was withdrawn; in the other case the appeal was not proceeded with. Six notices of appeal to quarter sessions were given, three relating to undertakings of the Water Companies having areas of supply in the parish, and one to the cemetery at Kensal Green. Only two related to ordinary hereditaments. I hand in a statement showing the result of these appeals,\* which will enable the Commissioners to see that of those appeals settled by consent no serious departure was made from the valuations placed upon them by the parish authorities.

V.—*Suggestions for securing Uniformity of Valuation throughout the Metropolis.*

11. With regard to the preparation of the Valuation Lists, and the authorities discharging that duty, I have no changes to suggest, but I recognise that it is essential that uniformity should prevail as regards the principles to be followed by the various assessing authorities in arriving at the valuation of properties in their districts, and that some central authority should be vested with certain powers which should tend to promote that uniformity.

Central authority for making regulations as to valuation desirable.

12. The present position of matters as regards the intervention of the London County Council in valuation matters without any direct statutory authority I consider to be eminently unsatisfactory. I refer to the action taken by the Council in their attempts to supervise and control the work of the various assessment authorities. I do not ignore the fact that some good may have resulted from the Council's action, but I feel quite sure the ends achieved have been in no way commensurate with the expense which the Council has incurred in its self-imposed task, whilst its action has undoubtedly tended to create an unfortunate feeling of friction as between the Council as one of the central authorities and the various rating authorities.

London County Council. Intervention of, in valuation has produced some good, but expense has been too great and Council's action has created friction.

13. The most politic step taken by the Council in this matter was, in my judgment, the convening of the Conferences of the various assessment authorities in 1890 and 1893-94, as no doubt the effect of these Conferences did tend to promote, to an appreciable extent, that uniformity of assessment throughout the Metropolis which is so much to be desired.

I may state that, as one who took part in the last Conference, and in the consideration of the Bill for the amendment of the Valuation (Metropolis) Act, 1869, which was then brought forward, and which the Local Government and Taxation Committee of the Council were at that time desirous of promoting in Parliament, in the main I approve of the changes proposed under that Bill as it left the hands of the Conference. The Bill embodying the proposals of the Conference was introduced in the House of Commons in the Session of 1894.†

Valuation (Metropolis) Amendment Bill in the main satisfactory.

14. I venture to suggest that considerable care will have to be exercised in granting to a central authority the necessary supervising power, so as to ensure that there will be the minimum degree of interference with the powers at present vested in the various assessment authorities.

Central authority for valuation purposes discussed.

\* APPEALS TO QUARTER SESSIONS (1896), in the PARISH of SAINT MARY ABBOTS, KENSINGTON.

Name of Occupier.	Property.	Values in force up to 5th April 1896.		Values at which Hereditament was inserted in List by Overseers.		Values as fixed by Assessment Committee on Objection.		Values contended for by Appellants.		Remarks.
		Gross.	Rate-able.	Gross.	Rate-able.	Gross.	Rate-able.	Gross.	Rate-able.	
Grand Junction Waterworks Company.	Pipes, &c. - - - Works - - - Office - - -	£ 8,000 3,600 100	£ 6,686 3,160 84	£ 17,887	£ 13,566	£ 17,887	£ 13,566	£ 12,436	£ 11,192	Reduced by agreement to 17,700l.-13,416l.
West Middlesex Waterworks Company.	Pipes - - - Reservoir, &c. - - -	17,100 1,200	14,250 1,050	23,992	19,685	23,013	18,606	18,387	15,500	Reduced by agreement to 22,000l.-18,000l.
Chelsea Waterworks Company.	Pipes, &c. - - -	5,700	4,750	7,358	6,132	7,051	5,825	5,700	4,750	Reduced by agreement to 6,700l.-5,526l.
General Cemetery Company.	Cemetery at Kensal Green.	4,000	3,334	4,965	4,138	4,600	3,772	4,000	3,400	Reduced by consent to 4,530l.-3,700l.
Dixon, Arthur - -	16, Holland Villas Road	200	167	200	167	190	159	147	125	Reduced by consent to 165l.-130l.
Sassoon, Edward - -	25, Kensington Gore	1,450	1,209	1,450	1,208	1,320	1,100	1,000	834	Reduced by consent to 1,100l.-968l.

† Valuation (Metropolis) Amendment Bill, No. 130 of Session of 1894.

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15 In respect of the undertakings of the public companies, the idea which found favour at the Assessment Conference before referred to was that a separate Valuation List, containing the gross and rateable values respectively of all of such undertakings as might be situate in two or more parishes, should be prepared by the central authority, and that the values appearing in the list should then be apportioned by the central authority between the several parishes in which the undertakings were situate, and the amount so apportioned entered in the Valuation Lists of such parishes.

Whilst there is no doubt much to be said for this procedure, I am not certain that it would result in the rating of the said undertakings being more efficiently or more equitably carried out than is the case under the existing procedure.

VI.—*The Method of levying and collecting Rates.*

16. In Kensington the rates are ascertained and made half-yearly, in the early part of April and October, and are for the period from Lady-day to Michaelmas and from Michaelmas to Lady-day respectively.

Kensington, like many other of the metropolitan parishes, has its own local Acts, and it is one of these local Acts which prescribes the procedure followed by the vestry in collecting the rates.

I venture to hand in a copy of regulations\* laid down by my vestry for the guidance of the rate collectors of the parish, which will show the successive steps taken in the collection of rates, and from a perusal of which it will be seen that the various processes for the recovery of the rates are resorted to before the expiration of the half year for which the rates are made.

17. I have not assumed that any purpose would be served by giving statistics as regards the amount of rates levied in the parish of Kensington, but it occurs to me that the following particulars as to the per-centage of rates collected, the per-centage of rates lost on empty houses, and the per-centage discharged as irrecoverable from various causes for the last three years may be of interest:—

Year.	Collected.	Empty Houses.	Commission allowed to Owners under 32 & 33 Vict. c. 41. s. 4.	Discharged for runs, poverty, and otherwise irrecoverable.	Recoverable Arrears carried forward.
1896-97 - - -	92.36	6.47	0.51	0.42	0.24
1895-96 - - -	90.70	7.96	0.51	0.45	0.38
1894-95 - - -	90.29	8.19	0.50	0.54	0.48

18. The number of summonses issued in the parish in connexion with the recovery of rates during the year ended Lady-day last was 5,168. In 1,379 cases distress warrants had to be issued, and in 139 cases the extreme course of applying for the committal of the person rated had to be resorted to. These figures may be regarded as in no way abnormal, but on the contrary as representing the average annual number.

\* COPY of REGULATIONS laid down by the Vestry of Saint Mary Abbots, Kensington, for the guidance of the Rate Collectors in the collection of Rates for the Parish.

(a) That the Collectors be required to issue the whole of the demand notes for their respective Districts within eight weeks from the making and allowance of the Rate.

(b) That they be required to make their second calls or personal applications for payment of Rates throughout the whole of their respective districts within thirteen weeks from the making and the allowance of the Rate.

(c) That they be required to issue the "final notices" under the hand of the Vestry Clerk not later than the 25th July and 25th January, to all persons who have not paid the rates.

(d) That immediately after the issue of the final notices, arrangements be made by the Vestry Clerk for the holding of the Half-yearly Rate Sessions for the granting of distress warrants for the recovery of Rates from those persons against whom summonses have to be issued.

(e) That the Collectors be required to see that the distress warrants which are issued are executed with all promptitude, and that warrants with regard to which "nulla bona" returns have to be made are returned to the Vestry Clerk within one month from the close of the half year, with a view to the directions of the Finance Committee being taken as regards the issue of warrants of committal against the parties in default.

(f) That in special cases the Collectors shall report the facts to the Finance Committee immediately upon the failure to execute the warrant of distress, with a view to warrants of committal being obtained and put in force prior to the close of the half year.

WM. CHAMBERS LEETE,  
Vestry Clerk.

29th July 1896.

In Kensington rates are made and collected half-yearly. Procedure for collection.

Per-centage of rates uncollected from various causes.

Number of summonses and warrants issued.



VII.—*Composition Allowances and Deductions.*

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Compounding controlled by Overseers.

Compounding is compulsory in Kensington and the owners of a large proportion of compounded properties are voluntarily rated whether the properties be occupied or not. Amount of further deductions allowed in these cases.

19. Dealing with this point, it should be noted that the provisions of sections 3 and 4 of the Poor Rate Assessment and Collection Act, 1869, which relate to composition allowances and abatements or deductions in regard to rates levied, are put in operation by the overseers, and that the action of the overseers relative thereto is in no way controlled by the Assessment Committee, the matter being one relating purely to the collection of rates, and not to the assessment upon which the rates shall be levied.

20. In Kensington section 4 of the Poor Rate Assessment and Collection Act was adopted shortly after the passing of the Act, and has been in force ever since. Under this section, as the Commissioners are no doubt aware, the overseers are empowered, in the case of all properties of a rateable value of 20*l.* or under, to rate the owners, it being a condition that an abatement or deduction of 15 per cent. shall be allowed from the amount of the rate levied on such owners. Under the same section of the Act provision is also made whereby the owner of any such rateable hereditament may give notice to the overseers of his willingness to be rated for the property, whether occupied or not, and in any such event the overseers may make a further abatement or deduction not exceeding 15 per cent. In practice my vestry deal with these notices upon their merits, and allow such a further abatement as the circumstances may in each case justify.

21. As reference is made to composition allowances, I may point out that such allowances are made under section 3 of the Act, the provisions of which cannot be operative in a parish where section 4 has been adopted by the vestry.

22. The number of properties in the parish of Kensington rated at 20*l.* and under to which section 4 of the Act of 1869 applies at the present time is 2,765, being 11 per cent. of the rateable hereditaments of the parish. The number of such properties in respect of which the owners are voluntarily rated for the properties, whether the same be occupied or not, is 2,193, the deductions allowed beyond the statutory 15 per cent. being 5 per cent. in the case of 356 properties, 10 per cent. in the case of 452 properties, and 15 per cent. in the case of 1,385 properties.

VIII.—*Properties exempted from payment of Rates.*

23. The following classes of property are exempt from rates :—

(a.) Rates are not paid on empty houses, *i.e.*, houses which are unfurnished and unoccupied, although the premises are included in the Valuation List. Apart from consideration of equity the legal cause of rates not being paid on empty houses is that there is no occupier within the meaning of the statute of Elizabeth. It is unnecessary for me, I take it, to enter upon the legal question whether, in the case where a caretaker lives in a house that is otherwise empty, the owner is rateable. The authorities on the point conflict, but it appears to be good law that the caretaker is not an occupier who can be rated.

Exempted properties. Empty houses.

(b.) Property in the occupation of the Crown is not rated. It is the practice of the Treasury to make contributions in aid of local rates in respect of this property. The values placed upon it are settled by an official of the Treasury, after hearing the views of the vestry. The difficulty of obtaining what my vestry and what other authorities considered adequate contributions has led to the question being discussed in Parliament, with the result that recently the valuation of Government property in the Metropolis upon which the contributions of the Government are based has been appreciably increased.

Government property. Contribution made by Treasury in lieu of rates.

(c.) By an Act of 1833 (3 & 4 Will. IV. c. 30) no person is to be rated in respect of any church or chapel exclusively appropriated to public religious worship.

Churches and chapels.

(d.) Under an Act of 1869 (32 & 33 Vict. c. 40) every rating authority may, but need not, exempt Sunday schools or ragged schools from any rate, the authority have power to levy.

Sunday and ragged schools.

(e.) By the Voluntary Schools Act, 1897 (60 Vict. c. 5), voluntary elementary schools are exempt from being assessed or rated to or for any local rate, except to the extent of any profit derived from the letting thereof.

Voluntary elementary schools.

(f.) By an Act of 1843 (6 & 7 Vict. c. 36) no person is rateable in respect of land, houses, or buildings belonging to any society instituted for the purposes of science, literature, or the fine arts exclusively occupied for carrying

Scientific, Literary, &amp;c. Societies.

## APP. IV.

into effect its purposes, provided that the society is supported wholly or partly by annual voluntary contributions, and may not make any dividend, and provided that the society has obtained a certificate from the central office constituted under the Friendly Societies Act, 1875 (38 & 39 Vict. c. 68).

- (g.) By the Agricultural Rates Act, 1896 (59 & 60 Vict. c. 16), the occupiers of agricultural land pay half only of the rates in respect of such land for a period of five years from the 31st March 1897. The Act does not apply to any rate to which the occupier of agricultural land is liable, as compared with occupiers of other hereditaments, to be assessed or to pay in the proportion of one half or less than one half. In connexion with the Agricultural Rates Act, I may mention that the vestry, not being included among the authorities to whom the amount lost by the provisions of the Act is to be repaid by the Treasury out of the Local Taxation Account, actually lose a small sum annually in respect of the General Rate. The guardians being among the authorities referred to, the amount lost on the Poor Rate is recovered.
- (h.) Rates are not recoverable from ambassadors or other public ministers of any foreign prince or State in respect of property occupied by them, although the property is included in the Valuation List. This rule follows from the Statute of 1708 (7 Anne, c. 12), under which, in effect, diplomatic agents are privileged from all liability to be sued in civil actions. In the case of some legations the rates are paid by the Treasury as a matter of grace, in accordance, as I understand, with some international custom.
- (i.) Parks and open spaces are exempt from being rated.
- (j.) By the Volunteer Act, 1863 (26 & 27 Vict. c. 65. s. 26), storehouses appointed under that Act for the safe keeping of the arms, ammunition, or stores of a volunteer corps are exempt from local rates. Since the passing of the Act it has, moreover, been decided that premises occupied by a volunteer corps, even though not falling within the Act, are exempt from rating, by reason of their being Government property.

24. I have now, I think, mentioned the principal cases where either property is exempt from rating or rates are not recoverable in respect of property which is included in the Valuation List, but there may be cases of special exemptions conferred by local Acts with which I am not acquainted. Moreover, questions of the rateability of various classes of hereditaments have frequently been before the courts, and with those cases the time at my disposal has not permitted me to deal.

25. From the foregoing statement it will appear that exemptions from rates are divided into two main classes: (1) where property is entirely exempt from rating, and (2) where property is included in the Valuation List, but the rates in whole or in part are not recoverable. The first kind comprises (a) Government property, (b) churches and chapels, (c) Sunday and ragged schools, (d) voluntary elementary schools, (e) literary and scientific institutions, (f) parks and open spaces, and (g) volunteer storehouses. The second kind comprises (a) empty houses, (b) agricultural land, and (c) foreign embassies. An important difference between the cases of empty houses and foreign embassies and the others arises from the fact that in the former cases an inequitable distribution of rates levied by central bodies and paid out of local rates takes place as between the various parishes and districts. For instance, two parishes assessed at 100,000*l.* would contribute the same amount to central taxation, but if in the one case the property included in the Valuation List from which rates were not recoverable amounted to 10 per cent. of the whole and in the other only to 5 per cent. of the whole, it is obvious that the ratepayers of the former parish are burdened with a larger amount than in equity they should bear as regards common charges. This is a practical hardship, and one which is severely felt by my parish, where the amount of empty property and other property included in the Valuation List but not yielding rates is greater than in most of the other metropolitan parishes. I may point out to the Commissioners that this grievance as regards empty properties was considered at the Conference of Metropolitan rating authorities with the Local Government and Taxation Committee of the London County Council in 1893-94, it appearing from a return submitted to such conference that in some parishes the properties were assessed as soon as structurally completed, whilst in others they were not assessed until occupied, in defiance of the law as laid down in *Regina v. Overseers of Malden* (L.R. 4 Q.B. 326), and the Conference, in passing a resolution to the effect that all hereditaments structurally completed and ready for occupation although not occupied should be

Agricultural land. Partial exemption of.

Ambassadors, &c Rates paid by Treasury in some cases.

Parks, &c. Volunteer headquarters.

Inequitable distribution of the burden of rates levied by central bodies caused by certain properties that are exempt from the payment of rates being included in the Valuation List.

included in the Valuation List, expressed the opinion that to encourage uniformity of practice in this respect allowances should be made by the central authorities in their precepts for the value of the unoccupied property in the parish or district in the previous year, and that the law should be amended to allow of this being done.\* I venture to submit this point as one of some importance, and worthy of consideration by your Commissioners. With regard to the embassies and Government property, whilst much has recently been done by the Treasury to lessen the inequity under which the metropolitan parishes suffer, I do not consider that the present position as regards these properties can be regarded as satisfactory. In the case of the embassies it is true that the Treasury, in response to pressure brought to bear upon them, have recently conceded the principle that the rates on certain of those properties should be borne by the Imperial Exchequer, but this is only done in regard to the legations of those countries which, as I understand, come under some arrangement made with the Foreign Office. It appears to be not too much for the local authorities to ask that if on international grounds the representatives of foreign powers are granted exemption from the payment of rates on the houses they occupy, the loss which accrues shall not be borne by the ratepayers of the parish in which the rateable property is situate, but shall be met by the Imperial Exchequer. Dealing with the second class of property in which the Government are interested, viz., the property actually occupied by them, which at present is not strictly speaking rateable, but which in deference to public opinion has been treated as such by the Government paying contributions in lieu of rates thereon, I am at a loss to perceive any valid grounds why these properties should not be assessed by the authorities, and consider that legislation with that object is needed.

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Loss caused by exemption of embassies should be borne by Exchequer. This is done in certain cases.

Government property should be valued by the local authorities.

#### IX.—*Whether Empty Property should be liable for any portion of the Rates.*

26. The question as to whether empty properties should be called upon to contribute towards local rates has frequently been raised, and there is, no doubt, much to be said on both sides of the subject. Without venturing to go so far as to express a decided opinion upon the question, I may, perhaps, point out some of the arguments which may, it seems to me, be adduced in favour of empty properties being called upon to make at least some contribution towards local rates—

Empty properties. Arguments in favour of the payment of some portion of the rates.

- (a.) That the principle has been conceded in the past by the Legislature in various statutes that empty houses should be assessed at half the rate, and that owners should be rated therefor to that extent.
- (b.) That this principle has also been followed in the Water Companies' Acts, power being given to the companies to levy half rate on empty properties.
- (c.) That a hardship is undoubtedly inflicted upon the rated occupiers of a parish being called upon to pay the rates upon the unoccupied properties therein, particularly as regards the proportion of rates raised to meet the expenditure of the Central Authorities.
- (d.) That whilst it is recognised that properties when empty do not require the services of the Local Authority to any appreciable extent, they may be said to receive benefit from such services as the maintenance of the highways, the lighting and sewerage of the streets, and the police.
- (e.) That the placing of some liability to contribute, at least in some proportion, to local taxation upon owners of empty properties would, it is suggested, tend to prevent properties being intentionally kept "empty," and would serve also as an incentive to all owners to secure tenants for their houses.

#### X.—*Whether the System of the Equalisation of Rates is beneficial to the Localities as a whole.*

27. The question here raised is one upon which I venture to submit a great deal of misapprehension exists, and is one also which requires to be approached and dealt with in a most judicial manner.

That in the peculiar circumstances of the parishes of the Metropolis there must be certain expenditure in the administration of its affairs, whether such administration is carried out by a central authority or by a local authority, which should be borne equally by the rateable occupiers of the whole administrative county of London, no

Local expenditure in Metropolis.

\* See London County Council Return, Assessment Conference, 1893-94, Resolutions, &c. (No. 168).  
—P. S. King & Son, Great Smith Street, Westminster, S.W.

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Certain expenditure should be a common charge over the whole county.

Common charges. Richer districts contribute more than poorer districts.

London (Equalisation of Rates) Act, 1894, not satisfactory.

person who has given any consideration to the question will dispute. The principle has been widely recognised in regard to the Metropolitan Common Poor Fund, the expenditure of the London County Council, the Metropolitan Asylums Board, the School Board for London, and the Metropolitan Police. It has been still further extended by the London (Equalisation of Rates) Act, 1894, upon the working of which, I shall desire presently to somewhat enlarge.

28. I ask permission in the first place to point out a fact which, of course, ought to be apparent to everybody, but to which I consider sufficient importance is not attached, viz., that, by reason of the fact that all the expenditure of the central bodies is apportioned among the various parishes and districts on the basis of their rateable value, there is much more than equalisation of rates effected, and that is, the ratepayer of the parish or district in which "rents are high," whether he be a wealthy resident occupying a mansion, or a clerk or artisan occupying an 8 or 10 roomed house, is called upon to assist by contribution the ratepayer of the parish or district in which "lower rents" prevail. I may perhaps be allowed to make my point clearer by a simple example.

29. Two persons whose circumstances shall be equally good have eight-roomed houses affording exactly similar accommodation, the one in Kensington and the other in Islington. In the one case a rent of 50*l.* is paid, and in the other the rent is 40*l.* The Kensington ratepayer not only pays an equal rate in the £ with the Islington ratepayer, but he has to pay that rate on the increased amount at which he is assessed by reason of his higher rent. I recognise that the retort to this may be that the rent must be taken as evidence of the extent of capacity to bear taxation, and that a departure from this long accepted principle would necessitate the entire overhauling of the incidence of local taxation. My reply is that a complete overhauling of the incidence of local taxation is needed.

30. Dealing with the London (Equalisation of Rates) Act, 1894, I have no hesitation in pronouncing it a crude attempt to give effect to a principle in favour of which much may be said, but it is an attempt which in its actual operation has, I venture to submit, failed to achieve the object for which the Act was passed.

I have not, up to the present, discovered anyone who could tender any valid arguments in support of the crude method followed in regard to the distribution of the rate levied under this Act.

31. If it is suggested that the Act was to assist to equalise the actual rates in the £ levied in the various metropolitan parishes and districts, a reference to the last returns published by the Statistical Office of the London County Council will prove that it has been abortive in this respect.

32. If, on the other hand, the object of the Act is to provide that contributions should be paid by the richer parishes to meet the expenditure of the poorer parishes, then again a reference to the published returns setting forth the grants paid from the fund will show that the parishes receiving the largest grants are not the poor parishes of the East End, but such parishes as Camberwell and Islington, which parishes, until the Act was passed, had certainly never been regarded as too poor to pay for their own local services.

33. In my opinion the basis of population does not afford a satisfactory criterion of the comparative need of a district of assistance from other districts. And if a comparison be made between the results of the system adopted for the purposes of the Metropolitan Common Poor Fund, and for the purposes of the London Equalisation of Rates Act, it will be at once seen that a very great disparity exists in regard to the districts which respectively pay and receive.

The case of Islington is the greatest anomaly, that parish having always been a contributor to the Metropolitan Common Poor Fund, whereas it is the recipient of the largest grant under the Equalisation of Rates Act.

34. Another serious blot in the Act is the vagueness of its provisions as to the application of the grants made to the various receiving parishes and districts. Anything more crude than the provisions of section 1 (sub-section 6) of the Act I cannot well imagine. When one compares the provisions of this Act with those of the Metropolitan Poor Act, 1867, the contrast is most striking, and is not, I venture to think, favourable to the more recent handiwork of the Legislature.

Whilst it is true that an account of the expenditure under the heads to which the grant is to be applied has to be furnished by the sanitary authority to the Local Government Board, I do not consider that adequate security is provided by the Act

Equalisation Fund. Distribution according to population not satisfactory.

London (Equalisation of Rates) Act, 1894. Provision as to application of grants not sufficiently specific.

that the grants made shall be wisely and legitimately expended. If Kensington is called upon to contribute to the expense of Islington's local administration, may the former parish not in justice ask to have some better assurance than is provided under the Act as regards the due application of the contribution?

35. One matter which has been left in abeyance by the London County Council is the main road question, in regard to which I would submit that if the Council had carried out its duty under the Local Government Act, something perfectly legitimate and equitable in the direction of equalising the burdens of the various districts of the metropolis might have been effected.

36. It appears to me that, looking to the intercommunication as regards traffic which exists between the various parts of the Metropolis, substantial grants in aid from a common fund should be made to the various road authorities. I speak of grants in aid rather than the payment to the authorities of the actual expenditure incurred by them in the maintenance of the main roads in their district, as it will readily be appreciated that if the latter course were adopted it would almost of necessity lead to an unduly extravagant expenditure of the rates by the withdrawal of all incentive to study economy in the maintenance of the roads of any particular district. Another feature, of course, is the difference of material of which the roadways are formed; for instance, it may be found to serve all purposes that certain roads in particular districts should be paved with granite setts, and the said roadways would, in all probability, whilst the maintenance of such roads is defrayed by the particular district continue so to be paved. But if the maintenance of the said roads was made a charge upon a common fund and the district was contributing to the cost of more expensive description of roadways in other parishes, it is not unreasonable to assume that the residents of the districts with cubed roads would speedily require that all such roads should be paved with the latest improved paving material as were roads in other districts.

37. To meet this difficulty it appears to me that the proper course to pursue would be to take the minimum cost of the maintenance of a highway constructed with the most economical material in good and substantial repair as the basis of the grant, leaving it to the road authorities to indulge in such extra expenditure on their roads as the exigencies of their particular district might demand.

38. I trust that in bringing this matter before the Commission I shall not be thought to be digressing too much, but the point I desire to submit is that it is in this direction that equalisation should be effected rather than in the way it is attempted to be done under the London (Equalisation of Rates) Act, 1894.

I have only instanced the expenditure on main roads, but there are, of course, other items of expenditure of the local authority to which the same principle could be applied.

The great difficulty to be overcome is, of course, placing some check or control upon the expenditure to be borne by the Common Fund, and to institute this check without unduly hampering the local authorities in the administration of their municipal affairs.

## APPENDIX V.

**Memorandum prepared for the Commission by Mr. W. H. Warner, of Messrs. Lofts and Warner, Estate Agents and Surveyors.**  
[See MINUTES OF EVIDENCE, QUESTIONS 13,435-13,645.]

1. It is almost invariably the custom of tenants taking houses for a term at rentals, or even when buying, to inquire what the probable amount of the local rates and Imperial taxes will be—

The real occupation rental paid for houses is that which includes the sum payable for local rates and taxes.

A person taking, for investment, a plot of land on which to build a house would estimate—

1. The ground rent.
2. A fair interest on his outlay.
3. The rates and taxes payable in respect of the occupation.

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Equalisation of burdens in Metropolis. This might be satisfactorily accomplished by making substantial grants in aid of the maintenance of main roads from a common fund.

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Ground lessee estimates ground rent, interest on outlay, and rates and taxes, when taking land.

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The total would be such sum as he could expect to receive if he undertook all burdens.

The amount of ground rent plus the interest on outlay required would be the guiding factor in the assessment for local rates.

It is usual for the ground lessee to undertake to pay the ground rent free from all local rates and taxes, and he fully understands this as part of his bargain, and in making his calculation for the return of his outlay this is fully taken into consideration, and he takes the risk of a rise or fall in his return by reason of a decrease or increase in local burdens. Similarly, as an investor in, say railway stock, takes the risk of a rise or fall in dividends by reason of unforeseen circumstances.

In the case of flats, which are being largely built in the present day, it is one of the elements of attraction that the rents paid include all rates and taxes, and, before a builder takes a plot of land upon which to build flats, he carefully considers and calculates whether he can so arrange the flats as to obtain rents to cover all the burdens beyond such interest as he hopes to receive for his outlay.

The rent alone is not the only factor in the letting value of houses.

2. I do not think the question of the rates being high or low affects the occupier so much as the owner, as in districts where the houses are similar, and there are no special attractions, the occupier would give the least rent to the owner in the district where the rates were highest, and *vice versa*.

Rental value is governed by three sets of circumstances:—

1. Situation.
2. Character of building, and its adaptability to the requirements of its position.
3. The outgoings for rates, &c. which would be payable by the occupier.

In circumstances that were similar in other respects, the amount receivable in respect of Nos. 1 and 2 would be affected by the amount, more or less, of No. 3. As the higher the local burdens for rates were the less would be the return to the owner under Nos. 1 and 2.

Speaking generally, it would be difficult to say that higher or lower rates by themselves govern rent, as other circumstances are much more important factors. For instance, take Oxford Street, where the rates are similar for both sides of the street, yet shops on the north side are much more valuable than on the south side, and there are many instances where buildings, side by side, of equal cost produce very different rents by reason of one set of premises being better arranged for the requirements of the neighbourhood than the other.

3. As regards the incidence of local rates present and ultimate:

(a.) When a tenant takes a house on an ordinary lease, say, 7, 14, or 21 years (which he can usually break at the end of the 7th or 14th year), he calculates what the rates and taxes will amount to in addition to the rent he pays to the owner, and, if the rates were to increase abnormally, he would in all probability re-adjust his rent at the earliest period of termination of his lease and ask for a reduction of rent, and, unless the owner felt he could maintain the original rent in the face of increased taxation, he would have to submit to a lower rent. This is a transaction which frequently takes place from causes other than increased taxation.

(b.) In the case of a leaseholder who takes a plot of land and builds his own house, or who buys a house on long lease subject to a ground rent which is paid to the ground landlord free from rates and taxes, his position is that of a buyer of a class of investment subject to the risk of being better or worse, in the same way as an investor in railway stock would be by reason of the increase or decrease of burdens which might affect his dividend. If there was a large increase of rates he would be much more affected by the difference in the return on his outlay than by the slight increase in the value of the site.

(c.) The building lessee is a person who most frequently takes land on building leases for the purposes of investment and speculation, in the hope of obtaining a profit on expenditure on land so taken. His principle would be to consider whether, subject to the condition of his taking it with the burden of paying the rates and taxes which would arise in respect of his expenditure, as well as on those in respect of the ground rent, he could obtain such a return for his expenditure as would satisfy him, and the price he would pay for the land as rent would be guided by such considerations. In most instances this would be the guiding influence, whether the land was taken for the purposes of an occupying lessee or a speculative builder, and in forming his estimate he

Owners receive lower rents in districts where rates are high.

Incidence of local taxation as between owners and occupiers.

would consider if he could obtain a rent (or price which would be guided by rent) to cover the ground rent and the rates and taxes (whether paid by him or the tenant) and leave a margin of sufficient profit for his expenditure.

This is exemplified in the cases of builders erecting flats, when the question of local taxation has to be carefully considered, as rates and taxes are universally paid by the landlord.

In the case of the builder who builds houses to sell, he estimates the ground rent he will pay in proportion to the rental value of the houses to be built, which would be influenced by the amount per poundage (more or less) of the local burdens.

- (d.) The ground landlord. The rent to be received by the owner of land available for building is entirely guided by the class of property that can be profitably erected on the land, and this must be guided by the return that can be obtained plus the local burdens, that is, the rental value.

4. Land as building land cannot produce any value for rent, unless there is a demand for its development for the purpose of erecting buildings, and it is this demand which gives it a rental value according to its situation, and assuming two plots of land of similar value, one liable to and the other free from rates and taxes, the rental value of the latter would be increased to the owner by the amount of the rates and taxes that the former was subject to.

Vacant building land, rating in respect of.

The value of land in most cities increases in the inverse ratio to its distance from that part of the city which has most attractions for commercial or residential purposes, and this would govern its value to a far greater extent than the incidence of higher or lower taxes.

Position of land in a city governs value to a greater extent than rates.

5. So far as the proportion of rates to rents is concerned, going back to 1881, I find in St. George's Union the rates were then 3s. 7½d. in the £, or, about 20 per cent., and they are now, in 1898, 5s. 9d. in the £ in one parish, and 5s. 6d. in two parishes, or nearly 29 per cent. and 27.5 per cent. respectively.

Proportion of rates to rents.

As the rates exist at present there is not a wide divergence in the principal unions, and they seem to bear no regular proportion to the rateable values of the districts.

The net result is, that in most of the parishes, in any particular street where the houses are of similar value the rates absorb the rental value of one house out of three.

Such a condition, if continued, is likely to paralyse the investment of money in building operations, and it must tend sooner or later to the substitution of bad building for good, as it practically amounts to a tax of about 3 per cent. on outlay before any return can be obtained for the capital expended on the buildings, and this, in the face, too, of the constantly increasing cost of labour and materials.

6. In 1881 the rateable value of St. George's Union was 2,098,902l., and the rates 3s. 7½d. in the £.

Increase in rates has a tendency to reduce rents.

In 1898 the rateable value is 2,875,166l. and the rates 5s. 9d. in the £ in one parish, and 5s. 6d. in the other two.

Where other circumstances have not increased the value of property in the union, I think that the increase of the rates has reduced the rental values to a considerable extent, and that the tendency has been for tenants to seek residences in districts where, the rents being lower, the taxes are correspondingly less in bulk.

In many cases, owing to the method of assessment, occupying owners are assessed at rental values beyond the actual letting value of the premises they occupy.

7. I do not think the expenditure of money raised by rates has rendered property more valuable, as the expenditure in that respect has probably been equal per foot frontage in rich and poor districts.

The adaptation of property to requirements has increased value more than expenditure from rates.

What has increased rents in many districts is adaptation of the properties to suit the requirements of the community who for various causes affect those districts.

For instance, I could quote a street in the West End which has recently been rebuilt. In 1881 the gross rateable value was 21,340l. In 1898 the rateable value is 35,167l., and yet there has not been any increased expenditure falling on the rates, as, although the street has been widened by the landlord giving up a large slice of land (worth about 50,000l.), the parish authorities have invariably made the tenants pay the cost of making up the additional roadway and pavement. The increased rental value has been created by the tenants improving the buildings under building leases, and probably not one of them is dissatisfied with his bargain.

APP. V. I may here remark that on the expiration of the old leases it was open to the owner to have possessed himself of the property, worth about 20,000*l.* a year, instead of, as now, only receiving a ground rent of about 8,000*l.* a year, and so obtaining a capitalised value of only about 250,000*l.* instead of about 500,000*l.*

At the same time it cannot be argued that an outlay on the improvement of an important thoroughfare does not increase the letting value of adjoining property; but this would not apply as regards property in general, as the principal benefit would accrue to the community using such thoroughfare.

Ground values, rating of, in case of existing contracts.

8. It is quite impossible to define what is real ground value in the case of buildings and land, where the actual ground rent is not taken as the basis of such value, and any division of the rates on this basis would only be the means of transferring money from the pocket of one man who had made his bargain, to the pocket of the man with whom he had made it.

It is a common occurrence for A. to let land to B. at a fixed rent, say 100*l.*, free from rates and taxes, with the option to B. to purchase at a fixed number of years' purchase, and after having erected suitable premises, B. exercises his option. He then sells to C. a ground rent secured on the premises at 300*l.* a year free from rates and taxes, and to D. the property subject to such ground rent. D. buys the property on a basis to return him, say 5 per cent. on his outlay; but the ground rent of 300*l.* covers more than the rental value of the bare land without the building; and C. looks upon it as a secure investment, as, after D. has secured to himself all the interest for which he bargained, there is a prospect to C. of a reversion to a higher rental, say 80 or 90 years hence.

Assuming D. is enabled to deduct from the sum he pays to C. a proportion of the rates and taxes, he profits by that transaction to C.'s loss. C. deducts from B. the proportion of rates and taxes on the amount he pays B. at B.'s loss.

This is distinctly an unfair transaction, and the occupier who pays the rent for his holding, probably benefits nothing by the transaction.

In this case, what can be taken as the true ground value?

9. As regards the three elements of rental value, viz. :—1. Lands, 2. Buildings, 3. Local burdens, the fact of the latter being an arbitrary sum of so much in the £ upon the rental value based upon the combination of the two former, which are matters of free bargain, has such a guiding influence, that according as No. 3 rises or falls, it must have a corresponding influence on Nos. 1 and 2.

10. As a further instance showing the injustice of taxing ground rents, which are a form of investment secured by free bargain between two parties, each being fully aware of the transaction they enter into, and the bargain being largely influenced by demand and supply, I will give the following figures :—

Two people, A. and B., have a sum of 20,000*l.* for investment; A. decides to purchase freehold ground rents, and invest his money so as to give him a return of 3½ per cent., viz.—

Two people, A. and B., have a sum of 20,000 <i>l.</i> for investment; A. decides to purchase freehold ground rents, and invest his money so as to give him a return of 3½ per cent., viz.—	£700
This being his income, he considers he can take a house at a rental of	£100
Rates and taxes amount to 6 <i>s.</i> in the £ -	30
	130

A.'s income to live on - - - - - £570

£ s.

His ground rents are charged with rates and taxes 6*s.* in the £ on £700 - - - - - 210 0

but as he can deduct from his rent of 100*l.* a year the rates in respect of the amount of the ground value of such occupation rent, say 25*l.*, at 6*s.* - - - - - 7 10

202 10

he has therefore deducted from his income - - - - - 202 10

£367 10

His net income is therefore reduced to



	£	s.	
B. invests his 20,000 <i>l.</i> in railway debenture stock to pay him 3½ per cent.			700 0
	£	s.	
This being his income, he considers he can take a house at a rental of			100 0
Taxes amount to 6 <i>s.</i>			30 0
			<hr/> 130 0
But as he is allowed to deduct for ground value, as in A.'s case			7 10
			<hr/> 122 10
He only pays			
Net income			<hr/> <u>£577 10</u>

He therefore has an income of 577*l.* 10*s.*, as against A.'s income, of 367*l.* 10*s.*

Of course, had A. any conception he would be arbitrarily taxed on his investment to the extent shown, he would not have paid so much for the income he was to receive.

11. I am of opinion that a taxation of ground rents would confer no benefit on the occupiers of houses who have always in their own hands the settlement of how much they will or will not pay for houses or properties they choose to occupy, and that such a tax would only injure one class of investor to the advantage of the other, and not benefit the general community. Ground values, rating of, would be an injustice.

As regards the proposed taxation of ground rents, a quotation from John Stuart Mill would not be inappropriate. In book 5, chapter 2, section 3 of the Principles of Political Economy (volume 3, page 356 of the second edition) John Stuart Mill uses the following language with regard to an inclusive tax on what is called realised property; such as, for instance, ground rents:—

“Except the proposal of applying a sponge to the National Debt no such palpable violation of common honesty has found sufficient support in this country during the present generation to be regarded as within the domain of discussion . . . The burthen thus exclusively thrown on the owners of the smaller portion of the wealth of the community would not even be a burthen on that class of persons in perpetual succession, but would fall exclusively upon those who happened to compose it when the tax was laid on.” (That is to say, owners of ground rents.) “As land and those particular securities would thenceforth yield a smaller net income relatively to the general interest of capital and to the profits of trade, the balance would rectify itself by a permanent depreciation of those kinds of property. Future buyers would acquire land and securities at a reduction of price equivalent to the peculiar tax, which tax they would therefore escape from paying, while the original possessors would remain burthened with it even after parting with the property, since they would have sold their land or securities at a loss of value equivalent to the fee simple of the tax. Its imposition would thus be tantamount to the confiscation for public uses of a per-centage of their property equal to the per-centage laid on their income by the tax.”

12. The question has been raised as to the rating of vacant land which has either directly or indirectly a building value, and statements are frequently made that land which is available for building purposes is withheld by the owners in order that it may obtain an enhanced value by reason of surrounding improvements created by the money of the ratepayers. Vacant building land, rating in respect of, discussed.

My experience is that very few owners are foolish enough to withhold land from tenants willing to take it for building purposes at its fair value, taking into consideration all surrounding circumstances, and in the few cases there may be of lands so withheld, it is to the loss of that owner.

It is impossible for any owner of land in the neighbourhood of any town to force his land into the market as building land, and change it from agricultural land into building land, unless there is a demand for such a change by reason of the requirements of the community, and many an owner to my knowledge has suffered great loss in his anxiety to anticipate public demand by large expenditure in making roads and sewers with the hope of attracting builders to develop the land, and it is not an

APP. V.

unusual sight to see such roads grown over with grass and almost obliterated before a development arrives, and all this means loss of interest and capital to such owner.

Unless land which becomes building land has accidentally a frontage to a public road, all the outlay of making roads and sewers for its development falls upon the owner, as the parish will never take over such roads and sewers until they are made up and completed at the owner's expense, and they will not usually take them over until some buildings are erected to create a rating value towards the expenses of maintaining the same.

Expenditure of rates on improvements follows the development of building land and does not precede it.

13. It is the requirements of an ever increasing population which alone give a building value to land in the neighbourhood of large towns, and as a rule money expended from the rates does not take place until after a building value has been created by such requirement, and such expenditure only follows upon success of a speculation jointly shared by the owner of the land and his building tenant, and it cannot be contended that public expenditure thrown upon the rates is the pioneer to the development of increased value to an owner by the conversion of agricultural land near a town to building land.

Many a prudent man buys land near a large town at a price to give him a nominal return, in the hopes that in the progress of time he may reap a benefit, similarly as another man buys railway stock paying little or no dividend at a price bringing him little or no immediate return, in the hopes of an increased value by reason of the probable requirements of the public at some date rendering such line a profitable undertaking.

When such land becomes building land it contributes its fair quota to the rates so soon as building operations take place upon it until when the owner can get no adequate return in the shape of rental.

Assuming even the case of a man owning land in a neighbourhood where he could obtain a fair return for his capital, but preferring to allow it to lay idle, what reason is there in this instance to tax him for an investment upon which he obtains no return, more than in the case of a man who chooses to take 10,000*l.* in gold and store it in his cellar in the hope that in the course of time each £ will be more valuable than at the time it was incarcerated. In each case, so soon as the capital value is utilised for profit it contributes its quota of taxation.

Properties having only a latent value should not be rated.

14. So far as the law at present stands, taxes are only chargeable upon capital (whether employed in land, houses, or trade) which can be shown to return a profit, and not on dormant or latent value, or otherwise you might as well rate land under which coal was lying, but which there was no immediate opportunity of bringing to useful purposes, but which had a latent value (which the owner had probably paid for), dependable upon the requirements of an increased population or the probable failing of existing coal supplies at present worked on a profitable basis.

## APPENDIX VI.

**Resolutions of the London School Board handed in on behalf of that body by Sir Charles Elliott, Mr. H. Morgan-Browne, and Mr. T. J. Macnamara.** [*See MINUTES OF EVIDENCE, QUESTIONS 18,139-18,475.*]

- APP. VI.
1. That such reforms may be instituted as to secure that more equitable relations may be maintained between the proportion of the cost of Elementary Education borne locally and centrally respectively; and that such reforms shall provide for an equitable relation between London and the rest of the Country as regards Contributions to Imperial Revenues and Receipts from Treasury Subventions.
  2. That the Treasury be recommended to assist more adequately in support of the obligations thrown upon School Boards in respect of certain specific classes of children, especially, as a result of legislation, in respect of Blind and Deaf children and children in Truant and Industrial Schools.
  3. That the School Board Rate should be so levied as to include some direct charge on the Owners of Site Values.
  4. That it is in the interests of the Ratepayers that the system of Assessment for rating purposes should in all cases be equitable and uniform.



## APP. VII.

## SCOTLAND.

Population in Burghs of 10,000 inhabitants and over :—

	In 1881.	In 1891.	Increase in 10 Years.
	1,640,000	1,995,000	21 per cent.

Assuming for the five years 1891-96 an increase of 9 per cent., this will give us an urban population for Scotland in 1896 of 2,175,000.

## IRELAND.

In Ireland, although the general population has decreased, the urban population has probably increased.

Population in Towns of 10,000 inhabitants :—

	In 1881.	In 1891.	Increase in 10 Years.
	810,000	845,000	35,000

Assuming for the five years 1891-96 an increase of 10,000, we have 855,000 in 1896.

Thus the urban population of the United Kingdom for 1896 may be estimated at 22,750,000, or 57·5 per cent. of the total.

3. The urban population of England and Wales (19,720,000) for 1896 represents 64 per cent. of the total population of England and Wales in 1896 (30,750,000).

4. The population of London, 4,433,000, represents :—

11·2	per cent.	of the population of the United Kingdom.
14·4	"	" " " England and Wales.
19·5	"	" " urban population of the United Kingdom.
22·5	"	" " " England and Wales.

5. Various estimates of the rateable value of London, in relation to that of the United Kingdom, are :—

[i.] Valuation for Poor Rate, showing :—

	United Kingdom.	London.	London's per-centage.
Gross Estimated Rental	£ 289,100,000	£ 42,300,000	17·6
Net Rateable Value	205,500,000	34,700,000	17·0

[ii.] Valuation for Income Tax Schedule A., showing gross annual value of property assessed :—

	United Kingdom.	London.	London's per-centage.
Gross Annual Value	£ 210,600,000	£ 38,200,000	18·1

C. Scot.,  
1881, p. lv.  
C. Scot.,  
1881, p. xliii.

C. Ire.,  
1881, p. 17.  
C. Ire.,  
1891, p. 327.

L.S., p. 147.

I.R.R.,  
p. 127.

6. Various estimates of the rateable value of London, in relation to that of England and Wales, are :— APP. VII.

[i.] Valuation for Poor Rate, showing :— I.R.R.,  
p. 127.

	England and Wales.	London.	London's per-centage.
Gross Estimated Rental . . . . .	£ 199,400,000	£ 42,300,000	21·2
Net Rateable Value . . . . .	165,800,000	34,700,000	21·0

[ii.] Valuation for Income Tax, Schedule A., showing gross annual value of property assessed :—

	England and Wales.	London.	London's per-centage.
Gross Annual Value . . . . .	£ 175,900,000	£ 38,200,000	21·7

7. London's proportion of the net annual value of the property charged under Income Tax, Schedule A. :— I.R.R.,  
p. 125.

	£		
London . . . . .	31,900,000		
United Kingdom . . . . .	159,700,000	-	London's per-centage 20·0
England and Wales . . . . .	132,800,000	-	" " 24·0

8. London's proportion of the Gross Assessments to Income Tax, Schedule A. (Houses, Tenements, &c. only). I.R.R.,  
p. 125.

	£		
London . . . . .	37,900,000		
United Kingdom . . . . .	154,500,000	-	London's per-centage 24·5
England and Wales . . . . .	135,900,000	-	" " 28·0

9. London's proportion of the annual value of premises charged to inhabited house duty. I.R.R.,  
p. 154.

[i.] Shops, Warehouses, &c. :—

	£		
London . . . . .	6,738,700		
Great Britain . . . . .	21,917,000	-	London's per-centage 30·7
England and Wales . . . . .	21,335,000	-	" " 31·6

[ii.] Dwelling-houses, &c. :—

	£		
London . . . . .	19,317,000		
Great Britain . . . . .	48,249,000	-	London's per-centage 40·0
England and Wales . . . . .	44,590,000	-	" " 43·3

10. London's proportion of the Assessment to Income Tax, Schedule D, Part I. (Trades and Professions). I.R.R.,  
p. 138.

[i.] Gross Assessment :—

	£		
London . . . . .	55,800,000		
United Kingdom . . . . .	170,300,000	-	London's per-centage 32·7
England and Wales . . . . .	146,500,000	-	" " 38·0

[ii.] Net Assessment :—

	£		
London . . . . .	45,400,000		
United Kingdom . . . . .	121,000,000	-	London's per-centage 37·5
England and Wales . . . . .	105,100,000	-	" " 43·2

**11. London's proportion of the Assessment to Income Tax, Schedule E. (Salaries of employees of corporate bodies, &c.).**

APP. VII.  
I.B.R.,  
p. 143.

	United Kingdom.	London.	London's per-centage.
Gross Assessment - - - -	£ 35,800,000	£ 13,400,000	37·4
Net Assessment	23,200,000	9,800,000	42·1

**12. The net amount raised by Imperial taxes and the Postal Services in 1895-96 was as follows:—**

	Imperial Account.	Local Taxation Account.	Total.
	£	£	£
C.R., p. 25. Customs - - - - -	20,762,000	203,000	20,965,000
I.R.R., p. 2. Excise - - - - -	26,827,000	4,768,000	31,595,000
" Death Duties - - - - -	11,640,000	2,449,000	14,089,000
" Stamps - - - - -	7,339,000	—	7,339,000
" Income Tax - - - - -	15,983,000	—	15,983,000
" Land Tax - - - - -	1,020,000	—	1,020,000
" House Duty - - - - -	1,487,000	—	1,487,000
P.O.R., p. 25. Post Office - - - - -	11,760,000	—	11,760,000
" Telegraphs - - - - -	2,880,000	—	2,880,000
S.A., p. 32. Total - - - - -	99,698,000	7,420,000	107,118,000

S.A., p. 9. Besides the above amounts, further revenues were received into the Exchequer from Crown lands, Suez Canal Shares and Miscellaneous to the amount of £2,638,000. Moreover, the above £99,698,000 represents net receipts for Exchequer Account; the actual payments into the Exchequer on account of the items which make up this sum were £99,336,000.

**13. The question which it is first proposed to discuss here is what may be reasonably estimated to be London's contribution to the total of £107,118,000, shown in paragraph 12.**

C.R., p. 19. **14. London's contribution to the Customs revenue.** In the first place England and Wales paid £16,978,000 out of £21,240,000 gross Customs revenue received; that is to say, 80 per cent., although the proportion of population is only 78 per cent. (see above paragraph 1). The next point is that an urban population certainly consumes more tea, spirits, wine and tobacco in proportion than a rural population. What the true proportion is it is impossible to say, it is therefore necessary to make a rough estimate. The £20,965,000 net produce of the Customs is made up as follows:—

	£
C.R., p. 25. Tea - - - - -	3,746,000
S.A., p. 32. Wine and spirits - - - - -	5,675,000
Tobacco - - - - -	10,749,000
	£20,170,000
Other articles - - - - -	795,000
	£20,965,000

Practically, then, whatever proportion we assume as London's consumption of tea, wine and spirits, and tobacco, we may equally assume for the whole of the Customs, as the other articles form a very small per-centage of the total. We will assume then that in proportion an urban population consumes 10 per cent. more of dutiable articles than a rural population, in other words we assume that the 64 per cent. of urban population in England and Wales consume 66 per cent. of the Customs articles, and, therefore, contributes 66 per cent. of the Customs revenue paid by England and Wales, leaving the

remaining 34 per cent. to be consumed and paid for respectively by the 36 per cent. of rural population. These figures are reached as follows:—

If 64 urbans consume on the average 10 per cent. more individually than 36 rustics, their respective shares of a common fund would be:—

$$\frac{64 \times 11}{(64 \times 11) + (36 \times 10)} \quad \text{and} \quad \frac{36 \times 10}{(64 \times 11) + (36 \times 10)} =$$

$$\frac{704}{1064} \quad \text{and} \quad \frac{360}{1064}$$

These fractions represent .661 and .339, respectively, hence 66 and 34 per cent. as above.

Now England's share (80 per cent.) of the Customs Revenue = £16,772,000.

The share of the urban population of England and Wales out of this (66 per cent.) = £11,070,000.

And London's share of this on a population basis (22.5 per cent., see above par. 4) = £2,491,000.

15. London's contribution to the Excise Revenue. The Excise Revenue is made up I.R.R., p. 10. as follows:—

	£
Beer duty	11,131,000
Spirit duty	16,380,000
Licenses	3,818,000
Railway passenger duty	260,000
Sundries	6,000
	£31,595,000

On the question of the consumption of drink there is strong corroboration of the assumption that the town consumes more in proportion than the country, in the fact that on the basis of the census population of 1891 charges of drunkenness in 1896 were made in the following proportions in different parts of England and Wales:—

*Proceedings for Drunkenness in 1896:—*

District.	Pop. Census, 1891.	Proportion of Cases.
London (Met. Pol. Dist.)	5,714,000	1 in 145 of population.
Northern Counties	10,686,000	1 „ 120 „
The rest of England and Wales	12,681,000	1 „ 227 „

M.P.R., p. 58.  
P.R., pp. 252-257.

We shall therefore continue to assume that the 64 per cent. urban population of England and Wales consume 66 per cent. of dutiable articles consumed in their part of the United Kingdom.

*With regard to Beer*, England's share of the quantity retained for Home consumption in 1895-96 was 28,518,000 barrels out of a total of 32,971,000, or 86.4 per cent. (see I.R.R., p. 14. p. 10 of Mr. Bateman's recent return on Alcoholic Beverages). Upon this England paid in duty £9,627,000.

*With regard to Spirits*, England's share of the quantity retained for Home consumption as beverage was 20,376,000 gallons out of a total of 31,088,000 gallons, or only 66 per cent.: and 66 per cent. of the Spirit Duty = £10,811,000. I.R.R., p. 25.

England's share then of the Beer and Spirit Duties amounts to £20,438,000. Of this the urban population contributes 66 per cent. (see above, paragraph 14) or £13,489,000; and of this again London contributes 22.5 per cent. (see above paragraph 4), that is £3,035,000.

*With regard to Licenses*, London paid £439,000, or 13.4 per cent. of the total L.S., p. 55. paid by England and Wales.

*With regard to the Passenger Duty*, only £30,000 of the total came from urban traffic in England, of this London's share (22.5 per cent.) is about £7,000.

*With regard to Miscellaneous*, England pays about five-sixths of it, of which London's share is about £1,000.





a proportion of about 70 per cent. ; but in Part II. of this Schedule the assessment is no guide to the actual contributions of Londoners ; and for this part we must estimate 37·5 per cent. of the tax paid in the United Kingdom. APP. VII.  
Para. 10.

Under Part I. (trades and professions only) London's net assessment represents 15·2 per cent. of the total assessment for Schedule D. throughout the United Kingdom.

Under Part II. the net assessments for the United Kingdom represent 59½ per cent. of the total net assessments for Schedule D.

Consequently, London's contribution under Schedule D. is :—

Part I. 15·2 per cent of tax paid, <i>i.e.</i> :—£8,587,000 =	£ 1,305,000
Part II. 37·5 per cent of 59·5 per cent. of tax paid in the United Kingdom.	
59·5 per cent. of £8,587,000 =	£5,109,000
37·5 per cent. of £5,109,000 =	1,916,000
London's contribution under Schedule D.	<b>£3,221,000</b>

*Under Schedule E.*—Under salaries of employees of corporate bodies London's net assessment = 26·7 per cent. of the total assessment for the United Kingdom under the Schedule (£9,767,000 out of £36,643,000) ; and 26·7 per cent. of the total tax paid (£1,124,000) = **£300,000.** I.R.R.,  
p. 143.  
I.R.R.,  
p. 115.

Assuming for the other part of Schedule E. (Salaries of Public Officers, &c.), that London pays in the same proportion as for the first part, *i.e.*, on 42·1 per cent. of the net assessment for the United Kingdom, London's contribution under the whole of Schedule E. will be 42·1 per cent. of the tax paid. Para. 11 (ii.)

42·1 per cent. of £1,124,000 = **£473,000.**

Hence, London's contribution to the Income Tax is as follows :—

	Total Produce of Tax.	London's Rate of Contribution.	London's Payment.
Schedule A.	£ 4,794,000	20 per cent.	£ 959,000
" B.	178,000	—	1,000
" C.	1,300,000	40 per cent.	520,000
" D.	8,587,000 [= 37·5 %]	{ Pt. I. 15·2 % Pt. II. 37·5 % of 59·5 %	1,305,000 1,916,000
" E.	1,124,000	42·1 per cent.	473,000
	£15,983,000	32 per cent.	<b>£5,174,000</b>

19. To the Land Tax London's contribution is insignificant and may be neglected.

20. London's contribution to the Inhabited House Duty.

London's per-centage of the duty paid on shops, &c., is 30·7 per cent. of the amount paid by Great Britain, and 40 per cent. of the amount paid on dwellings, &c.

The produce of the tax on shops = about 25 per cent., and that of the tax on dwellings = about 75 per cent. of the total (£1,487,000). We have, therefore :— I.R.R.,  
p. 155.  
I.R.R.,  
p. 153.

30·7 per cent. of 25 per cent. of £1,487,000 =	£ 114,000
40        "        75        "        1,487,000 =	446,000
	<b>£560,000</b>

21. London's contribution to the Postal services.

Of the letters delivered in the United Kingdom 1895-6 (1,834,000,000) London received 537,500,000, or 30 per cent. P.O.R., p. 43.

Of the telegrams forwarded in the United Kingdom 1895-6 (78,839,000) London sent 27,025,000, or 34 per cent. P.O.R., p. 74.

We shall therefore estimate London's contribution to the Postal and Telegraph revenue at 30 per cent. of the former, and 34 per cent. of the latter.

30 per cent. of £11,760,000 =	£ 3,528,000
34 per cent. of £2,880,000 =	962,000
	<b>£4,490,000</b>

P.O.R., p. 25.

APP. VII. 22. London's contribution to Imperial revenue may therefore be estimated as follows:—

	Total Revenue.	London's Share.	Per Cent.
	£	£	
(i.) Customs - - - - -	20,965,000	2,491,000	12·0
(ii.) Excise - - - - -	31,595,000	3,482,000	11·0
(iii.) Death Duties - - - - -	14,089,000	4,459,000	31·6
(iv.) Stamps - - - - -	7,339,000	2,650,000	36·0
(v.) Income Tax - - - - -	15,985,000	5,174,000	32·0
(vi.) Land Tax - - - - -	1,020,000	-	-
(vii.) House Duty - - - - -	1,487,000	560,000	37·6
(viii.) Post Office - - - - -	11,760,000	3,528,000	30·0
(ix.) Telegraph - - - - -	2,850,000	962,000	34·0
<b>Total - - - - -</b>	<b>£107,118,000</b>	<b>£23,306,000</b>	<b>21·75</b>

23. If, now, we analyse the results obtained in the preceding paragraph we have:—

	Total Revenue.	London's Share.	Per Cent.
	£	£	
Indirect Taxation (i. and ii.) (57 per cent. of total).	52,560,000	5,973,000	11·4
Direct Taxation (iii. to vii.) (43 per cent. of total)	39,918,000	12,843,000	32·2
<b>Total taxation - - - - - £</b>	<b>92,478,000</b>	<b>18,816,000</b>	<b>20·34</b>

## II. London's Receipts from Treasury Subventions.

24. We come now to the estimate of what London receives in the way of subventions from the Treasury. In the foregoing calculations to determine the amount of London's contribution to Imperial Revenues, the year 1895-6 was taken as a basis, because it is the latest year for which certain details of the accounts are available. The following calculations are based for the most part upon the estimates for 1897-8. With regard to London's contributions to the Exchequer, there has been no material change in taxation since 1895-6 to vitiate the estimate arrived at in paragraph 23 above; but with regard to London's receipts from the Exchequer, recent legislation has materially affected London's proportionate share of Treasury subventions in relation to the rest of the United Kingdom.

25. The total contributions from the Exchequer in aid of Local Taxation were estimated as follows for 1897-8:—

	£
C.S. Est. Abst., p. xiv. A. Charges transferred from Local Funds, &c. (excluding rates on Government property) - - - - -	2,943,000
C.S. Est. Abst., p. viii. B. (i.) Public Education, and Grants from Science and Art Department - - - - -	10,452,000
F.S., p. 6. (ii.) Grants to Voluntary Schools and Necessitous Board Schools - - - - -	726,000
C. Local Taxation Account (Budget statement of Chancellor of Exchequer, 29th April 1897) - - - - -	8,979,000
<b>Total - - - - -</b>	<b>£23,100,000</b>

C.S. Est. Abst. pp. xii. and xiii. 26. With regard to A—Certain payments for Rates on Government property, amounting to £414,000 are not included as not properly speaking a subvention of any kind.

With regard to B (i.)—In the total of £10,452,000, some £326,000 of grants to the British Museum, National Galleries, &c., is not included, as these grants are for national rather than local purposes. These two sums—£10,452,000 and £326,000—make up the total of £10,778,000 shown at p. viii. of the C.S. Est. Abst. already cited.

A.R.B., p. 3. With regard to C—This sum includes the amount payable to local authorities under the Agricultural Rates Act of 1896; England's share for 1897-8 being £1,333,000.

**27. Charges transferred from Local Funds**—England's share of the total of £2,943,000 is £772,000, made up as follows:— APP. VII.

	£	
Diseases of Animals	22,000	
Poor Law Unions, County Councils, &c.	59,000	
Criminal Prosecutions	18,000	
Metropolitan Police	6,000	
Prisons, Reformatories, &c.	626,000	C.S. Est. Abst.
School Boards	41,000	
	£772,000	

From this, London may be said to benefit to the extent of £96,000, *i.e.*, £6,000 for the Metropolitan Police and £90,000 for prisons and reformatories (being in proportion to population—14·4 per cent. of the total for England and Wales). Consequently, London's receipts under this form of Treasury subventions may be estimated at **£96,000**, or 3·2 per cent. of the total received by the United Kingdom. Para. 4.

**28. Public Education and Grants from Science and Art Department.**—(i.) Of the total amount, £10,452,000, England's share is £8,117,000. Here, again, London would practically benefit in proportion to population. [For instance, in 1895-6 the London School Board, with 416,000 children in average attendance, or 9·4 per cent. of the total number of children in average attendance at Public Elementary Schools in England and Wales (4,423,000), received in fee and annual grants (day schools) £607,000, or 9·5 per cent. of the total amount of these grants received in England and Wales (£6,368,000).] Consequently, London's receipts from the Treasury under this head (including, of course, the grants received by non-Board Schools) may be estimated at 14·4 per cent. of £8,117,000, or **£1,169,000**, or 11·2 per cent. of the total for the United Kingdom. (ii.) Of the £726,000, £110,000 goes to necessitous Board Schools, and of this, London gets nothing; of the remainder, £616,000 for Voluntary Schools, it may be estimated that London will receive at the rate of 5s. 9d. per head of, say, 228,000 children in average attendance at Voluntary Schools, or **£65,000**. Therefore London receives from the Treasury in aid of public education **£1,234,000**, representing 11 per cent. of the total grant made, namely, £11,178,000. L.S.B.R.,  
p. 18.  
Ed. R., p. li.  
L.S.B.R.,  
p. 168.  
Ed. R., p. li.  
Para. 4.  
L.S.B.R.,  
p. 18.

**29. Local Taxation Account.**—A Parliamentary Return (No. 370 of 1897) shows that England received in 1896-7 £6,277,000 in the form of Treasury subventions on this account. A table at the end of the Finance Accounts 1896-7 shows that England received £6,991,000 on this account. The difference is in the Estate Duty, and practically represents the amount contributed by the Government under the Agricultural Rates Act, included in the latter sum, but not accounted for in the L.T.A. Return above quoted. L.T.A.,  
p. 23.  
F.A., p. 101.

The estimate under "Local Taxation Account," for the United Kingdom 1897-8 of £8,979,000 represents an increase of £730,000 upon the payments for 1896-7 (£8,249,000). This is practically entirely due to the operation of the Agricultural Rates Act, 1896. We shall, therefore, take the actual payments made in 1896-7 on Local Taxation Account (excluding those under the Agricultural Rates Act) as the estimate for 1897-8. With regard to payments under the Agricultural Rates Act, there is another return showing the amounts payable to each spending authority in England and Wales (No. 369 of 1897). We have, therefore, to consider (i.) Local Taxation Account proper, and (ii.) Agricultural Rates Act, 1896. Para. 25.  
F.A., p. 101.

(1.) London's receipts (based on actuals for 1896-7) may be estimated as follows:—

	£	
Local Taxation Licence Duties	452,000	L.T.A., p. 4. L.T.A., p. 4.
Share of Estate Duty	381,000	
Share of Customs and Excise Duties—		
Portion of £150,000 paid to Metropolitan Police	£	L.T.A., p. 19, note §.
Pension Fund	117,000	
Share of residue	185,000	L.T.A., p. 19.
	302,000	
	<b>£1,135,000</b>	

APP. VII.

(ii.) According to the return already cited, London's exact share of the grant under the Agricultural Rates Act, 1896 (approaching £2,000,000) is as follows:—

	£	s.	d.
A.A.R., p. 4. London County Council	931	10	2
A.A.R., pp. 9 Metropolitan Boards of Guardians	184	15	0
-11. 78 per cent. of amount paid to Receiver for Metropolitan			
A.R.R., p. 11. Police District (£4,389 14s. 8d.)	3,424	0	0
L.T.A., p. 19, note §. [N.B.—£117,000 = 78 per cent. of £150,000.]			
A.R.R., p. 18. London School Board	705	10	0
	<b>£5,245</b>	<b>15</b>	<b>2</b>

that is to say, in round numbers, **£5,000** out of £1,333,000 for England and Wales.

Therefore, we may estimate London's receipts out of the total Treasury Grants on Local Taxation Account (including those under the Agricultural Rates Act) at **£1,140,000**, or **12·7** per cent. of the total (£8,979,000).

**30.** Summarising the last three paragraphs, we have London's total estimated receipts from Treasury subventions in 1897-98:—

	Total Grants.	London's Receipts.	Per cent. of Total.
	£	£	£
Charges transferred from Local Funds	2,943,000	96,000	3·2
Education Grants	11,178,000	1,234,000	11·0
Local Taxation Account	8,979,000	1,140,000	12·7
<b>Total</b>	<b>23,100,000</b>	<b>2,470,000</b>	<b>10·7</b>

**31.** The contrast between London's contribution to Imperial Revenues and London's receipts from Treasury subventions, as here estimated, is striking in whatever way the figures are examined. Here are the foregoing calculations brought to a point:—

	London pays	London receives
Para. 22. To Imperial Revenues	- 21·75 %	From Imperial Grants
Para. 23. " Taxation	- 20·34 %	(above par. 30)
		- 10·7 %

**32.** But the above comparison is the least favourable to London's reasonable claim to more liberal treatment by the Treasury. When we come to analyse the Treasury subventions we find them to be of two chief kinds—earned grant, and unearned grant. To the former class belong the Education Grants dependent on results (including the Fee Grant, which is conditional on the abolition of fees); to the latter class belong all other grants or payments made on local account. We may, therefore, divide the grants as follows:—

	Total.	London's Portion.	Per cent. of Total.
	£	£	
Para. 28(i.) (Treasury subventions)			
Paras. 28(ii.) & 30. Earned grant	10,452,000	1,169,000	11·2
Unearned grant	12,648,000	1,301,000	10·3

**33.** We have now the material for a double antithesis:—

	London pays	London receives
	<i>Of Indirect Taxation</i>	<i>Of Earned Grant</i>
Para. 23. London pays as she consumes	11·4 per cent.	London receives as she earns
		11·2 per cent.
	<i>Of direct Taxation</i>	<i>Of Treasury Subventions</i>
Para. 23. London pays out of pocket	32·2 per cent.	London receives
		10·3 per cent.

34. There are, of course, many other points worth looking into, but the chief point is that upon the foregoing facts and estimates London receives far less assistance from the Imperial Exchequer than she is entitled to on the basis of her contributions towards Imperial Revenues. Translated into money, we may put the matter thus.

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35. Taking the contrast as shown in paragraph 31 as our basis, we have:—

	£	
Total subventions from Treasury	23,100,000	Para. 25.
London's share according to Taxation (20·34 per cent.)	4,698,000	Para. 23.
„ actual receipts (10·7 per cent.)	2,470,000	Para. 30.
Further subvention to which London is entitled	<u>£2,228,000</u>	

This is equivalent to a rate of nearly **1s. 3d. in the £.** Of this, upon the basis of the existing distribution of the grants, Education should receive about half, or £1,114,000, of which about two-thirds, or **£743,000**, should go in reduction of the School Board Rate, reducing the same by **5d. in the £.**

36. Taking the contrast as shown in paragraph 33 as our basis, we have:—

	£	
Total subventions from Treasury (unearned grant)	12,648,000	Para. 32.
London's share according to direct taxation (32·2 per cent.)	4,072,000	Para. 23.
London's actual receipts (10·3 per cent.)	1,301,000	Para. 32.
Further subvention to which London is entitled	<u>£2,771,000</u>	

This is equivalent to a rate of over **1s. 6d. in the £.**

## APPENDIX VIII.

Memorandum prepared for the Commission by Mr. T. J. Macnamara, Member of the London School Board. [See MINUTES OF EVIDENCE, QUESTIONS 18,412-18,475.]

### I. On Resolution I. of the Board.

APP. VIII.

“That such reforms may be instituted as to secure that more equitable relations may be maintained between the proportion of the cost of Elementary Education borne locally and centrally respectively; and that such reforms shall provide for an equitable relation between London and the rest of the Country as regards Contributions to Imperial Revenues and Receipts from Treasury Subventions.”

Resolution I.

1. I wish to point out that according to the Appendix (p. 558) to the Report of the Committee of Council on Education for 1896-97, the aggregate amount raised from the local rates by school boards in England and Wales for the year ended September 29th 1896, was 4,571,260*l.* 12*s.* 8*d.* During the same period the total amount of Exchequer Grants received (including 22,582*l.* 19*s.* 8*d.* received by school boards from either town or county councils under the Technical Instruction Act, 1889) was 3,172,120*l.* 14*s.* 5*d.* According to the same Report the amount raised from the local rates in London during the same period was 1,728,162*l.* 0*s.* 2*d.* and received from the Imperial Exchequer 657,491*l.* 16*s.* Subtracting these amounts from the aggregates for England and Wales, it appears that England and Wales,

Exchequer Grants.  
Proportion of expenditure on education met by grants smaller in London than in rest of England and Wales.

APP. VIII.

excluding London, raised 2,843,098*l.* 12*s.* 6*d.* for local rates and received 2,514,628*l.* 18*s.* 5*d.* from the Imperial Exchequer. *This gives a percentage of nearly 53 borne by the local rates and of just over 47 borne by the Imperial Exchequer. The percentages for London alone are 72 per cent. borne by the local rates and 28 per cent. borne by the Imperial Exchequer. These ratios have been fairly constant for the last five years.*

Exchequer Grants. London contributes one-sixth of Exchequer income, but does not receive back one-sixth of grants under Agricultural Rates Act and Voluntary Schools Act.

2. The disproportion, as far as London is concerned, between the amounts raised locally and contributed from central sources is intensified as the result of recent legislation. Of the total Exchequer Grant payable under the Agricultural Rates Act, a moderate computation—based upon the estimate that London contributes one-sixth of the Exchequer income—gives London's contribution at 375,000*l.* per annum. In return for this contribution London receives for the current year Exchequer Grants of, say, 5,000*l.* on behalf of agricultural land within its municipal area. Again, under the Voluntary Schools Act, a sum of 710,685*l.* is to be disbursed this year in the form of special aid to the Managers of Voluntary Schools. Of this total, London—upon the same estimate—contributes, roughly, 123,200*l.*, and receives back on behalf of the voluntary schools within its own area, at the rate of 5*s.* 9*d.* per head of the children in the schools, a sum of 44,725*l.* It should be observed that the net loss here (over 78,000*l.*) is distributed as special aid from the Imperial Exchequer to schools situated in districts *which, in many cases, raise absolutely nothing locally for education, and, in the great majority of cases, contribute altogether insignificant amounts from their local resources.*

Exchequer Grants. Necessitous School Boards relieved from Imperial funds to which London contributes, but receives nothing under this head in return.

3. The matter is rendered even more unfair from the point of view of London from the fact that under the Necessitous School Boards Act of 1897 London is compelled to contribute to the relief of local rates in provincial school board districts a sum estimated at 22,000*l.* a year, receiving nothing in relief of local taxation itself in return. In this connexion it is worthy of note that of the 2,493 school boards in the country, 794—according to Parliamentary Paper [C-8422] 1897—receive special aid from the Imperial Exchequer in relief of local taxation, either under the Necessitous School Boards Act or under section 97 of the Act of 1870; *and of these 794 no fewer than 520 are rated, for school purposes, lower than London, whilst in 75 of the cases of the school boards receiving such special consideration from the Imperial Exchequer the rate is either under, or does not exceed, 6d in the £.*

## II. On Resolution III. of the Board.

Resolution III.

“That the School Board Rate should be so levied as to include some direct charge on the Owners of Site Values.”

Site values, taxation of, for education purposes desirable. System in force in Scotland.

It has no doubt been represented to the Commission that the site value of London during the past 66 years has increased from 3,000,000*l.* in 1830 to 15,096,620*l.* in 1896 (*see Report by Valuer to L.C.C., 18th January 1897*). This is the property which it is now proposed—as is the case already in Scotland—to bring under direct contribution to the school charge. I need not remind the Commission that on the 8th March 1895 a motion for the taxation of ground values was adopted by the House of Commons, without a division, in the following terms:—

“That no system of taxation can be equitable unless it includes the direct assessment of the enhanced value of land due to the increase of population and wealth and the growth of towns.”

The subject is admittedly a difficult one. There seems to be no means of gauging how far, in the long run, if at all, the owner is rendered contributory to local taxation; and it is of course open to argument that the taxation of site values will come back upon the occupier in the shape of increased rent. But it must be pointed out that the school board rate is the creation of the past 27 years, and that there must be a vast number of leases drawn before 1870, and still running, *where clearly the whole burden of the rate falls upon the occupier.*

In Scotland, as I have said, the obligation of the owner is directly fixed. Section 44 of the Scotch Education Act of 1872 reads as follows (the italics being mine):—

“Any sum required to meet a deficiency in the school fund, whether for satisfying present or future liabilities, shall be provided by means of a local rate within the parish or burgh in the school fund of which the deficiency exists.”

"The school board of each parish and burgh shall annually, and not later than the twelfth day of June in each year, certify to the parochial board or other authority charged with the duty of levying the assessment for relief of the poor in such parish or burgh the amount of the deficiency in the school fund required to be provided by means of a local rate, and the said parochial board or other authority is hereby authorised and required to add the same under the name of "school rate" to the next assessment for relief of the poor, and to lay on and assess the same, *one half upon the owners and the other half on the occupiers of all lands and heritages*, and to levy and collect the same along with the assessment for relief of the poor when that assessment is so imposed and levied, and to pay over the amount to the school board . . ."

For London the only authoritative specific suggestions already made, so far as I can gather, are :--

- (a.) That the term "Site Value" be defined as follows:—"The annual rent which at the time of valuation might reasonably be obtained for the land comprised in any hereditament, as a cleared site, if let for building by an owner in fee; or, if the land be not built on or let for building, a proportion equal to 4 per cent. of the price which, at the time of valuation, might reasonably be obtained for the land by such owner."
- (b.) That the tax should commence at a rate of one shilling in the pound upon the Site Value assessments.
- (c.) That the L.C.C. should be empowered to alter the tax from time to time by an amount not exceeding 2d. in any one year, so that the rate shall not exceed two shillings in the whole.

Site values.  
taxation of.  
Definition  
of "Site  
Value" and  
suggested  
scheme for  
taxation.

These are the fundamental suggestions of the L.C.C. Local Government and Taxation Committee of 29th November 1893.

### III. On Resolution IV. of the Board.

"That it is in the interests of the Ratepayers that the system of Assessment for rating purposes should in all cases be equitable and uniform."

Resolution  
IV.

The Members of the Commission will be aware, of course, that certain classes of property are allowed partial or total exemption from rating—a circumstance which, I need not add, increases the burden upon the properties fully rated.

Exemptions  
from rating  
increase the  
burdens  
falling upon  
other proper-  
ties.  
Properties  
exempt.

These consist of :--

- (a.) Properties at and below 20*l.* in value, which are allowed a deduction of 15 per cent. from the rates when the rates are paid by the landlord, and a further deduction up to a maximum of 15 per cent. if the rates are paid whether the premises are occupied or empty.
- (b.) Property not occupied, which in the city of London is exempt to the extent of half; in the rest of London wholly exempt.
- (c.) Land in respect of which only two-thirds of the sewers rate is levied, and certain other property, chiefly land, in respect of which only one-fourth of the lighting rate is levied.
- (d.) Certain classes of property exempt from rating by statute.

It is impossible to ascertain with absolute accuracy the aggregate value which wholly or partially escapes rating in London; but a County Council Return\* shows that under (a.) the rateable value which may be exempt—and the great bulk of which, no doubt, is exempt—amounts to 554,380*l.* Under (b.) unoccupied properties on April 1896 were valued at 1,162,395*l.* Under (d.) there are a variety of properties partially or wholly exempt under a considerable number of statutes, and I take the last only—the Voluntary Schools Act—under which properties of the rateable value in 1896 of 27,612*l.* are now exempt from rating.

\* See App. (Part II.) to Vol. I. of Minutes of Evidence, pp. 282-292.

## APPENDIX IX.

**Memorandum prepared for the Commission by Mr. Charles William Tagg, Clerk to the Camberwell Vestry. [See MINUTES OF EVIDENCE, QUESTIONS 18,476-18,781.]**

## APP. IX.

Camberwell.  
Gross and  
Rateable  
Value and  
Rates levied  
and collected.

1. The parish of Camberwell has an area of 4,342 acres, and has 40,241 assessments. The gross and rateable value, according to the last quinquennial valuation list, was as follows:—

	£	s.	d.
Gross value	1,408,870	3	0
Rateable value	1,142,632	0	0

The rates for the year ending March 1897 were:—

Poor rate at 4s. 4d. in the £.

Vestry rates at 2s. 8d. in the £.

The amount actually collected for same period was:—

	£	s.	d.
Poor rate	236,917	10	9½
Vestry rates	145,783	17	7½

I.—*System adopted in making the Valuation List.*

Camberwell  
parish is an  
independent  
poor law and  
sanitary  
area.

2. The parish of Camberwell is a separate parish (not in union) for local government purposes, having a vestry constituted under Schedule A. of the Metropolis Management Act, 1855, and is a separate parish for assessment and rating purposes, having an assessment committee appointed under section 5 of the Valuation (Metropolis) Act, 1869.

Preparation  
of Valuation  
List and  
hearing of  
objections to  
List.

3. In the quinquennial year, returns are issued to the occupiers of property in the parish in the month of February in accordance with section 56 of the Valuation (Metropolis) Act, 1869. From these returns the overseers make and deposit the valuation list before the 1st of June. Notice of the deposit is given upon the church and chapel doors, and in every case of an increase in the gross and rateable values of any hereditament or insertion of any hereditament not previously assessed, notice is sent to the occupier. The overseers, within 14 days of the notice of deposit, transmit the same to the assessment committee. At any time after the deposit of the list, and before the expiration of 25 days after the notice of the deposit, any person who may feel himself aggrieved by the valuation list on the ground of unfairness or incorrectness in the valuation of any hereditaments included therein, or on the ground of the omission of any rateable hereditament therefrom, may give to the committee and the overseers a notice in writing of his objection, specifying the grounds thereof, and where the ground of any objection shall be unfairness or incorrectness in the valuation of any hereditament, in respect of which any person other than the person objecting is liable to be rated on the omission of such hereditament, also give notice in writing of such objection, and of the ground thereof, to such other person. The surveyor of taxes for the district also has the same right of objection to the valuation list for his district.

4. The committee then fix the times for hearing objections to the list, and notice of the same is given by the overseers in the same manner in which notice of the deposit of the list is given. The committee then hear and determine the objections, and make such alterations, insertions, and corrections in the list as they deem necessary, and approve the valuation list under the hands of three members of the committee present at the meeting at which the same is approved.

Valuation  
List, re-de-  
posit of, and  
hearing of  
subsequent  
objections.

5. Where the committee make any alteration in the valuation of any hereditaments included in the list, or insert any hereditament omitted therefrom, the list is re-deposited with the overseers, who give notice thereof in the same manner as in the first deposit of the list, the notice specifying the time the assessment committee will meet for hearing objections to the alterations, of which objections seven days' notice must be given by the objector.

6. The committee then hear the objections on the re-deposit, and, having determined such objections, finally approve the valuation list under the signatures of three



APP. IX.

members present at the meeting. A duplicate of the list is then sent to the clerk to the London County Council before the 1st November in the same year.

Ascertainment of gross and rateable values.

7. The principles adopted by the assessment committee of the parish of Camberwell for determining the gross and rateable values of the different classes of property are those framed and adopted by the conference of metropolitan assessment authorities in 1893-94.\*

Special properties, valuation of.

8. Special properties, such as railways, water and gas works, manufactories, &c. are valued by a professional valuer. I think the present practice of each parish employing its own valuer to value these properties for their respective parishes would be more beneficial to the local authorities.

Surveyor of Taxes. Action taken by Surveyor.

9. The surveyor of taxes for the two districts comprised in the parish of Camberwell attend the meetings of the assessment committee which are held for hearing objections to the valuation lists, and generally assist the committee in its duties in revising the lists. Where the surveyor of taxes has knowledge of the increase in the value of any hereditament in his district, notice thereof is sent to the overseers with a request to insert the same in a provisional list, and notice to this effect is also sent to the assessment committee.

Objections and appeals, number of.

10. The number of objections heard at the last quinquennial valuation was 2,376, the hearing of which occupied 18 days. There were nine appeals against the decision of the Assessment Committee, of which eight were settled out of court, and the remaining one was heard and the appeal allowed with costs.

Under-assessment in Metropolis. Effect on Camberwell if other districts under-assessed.

11. If the county of London (excluding Camberwell) were under-assessed to the extent of 100,000*l.*, there would be a total deficiency on a 1*s.* central rate of 5,000*l.* This would have to be met by the whole of London, and Camberwell would contribute its proportion, thus:—

$$\begin{array}{r} \text{£} \\ \text{(Camberwell)} \quad - \quad - \quad 1,158,038 \\ \text{(London)} \quad - \quad - \quad 36,098,722 \end{array} \times 5000 = 160\text{l.}$$

Another way of putting the same thing is to say that if London were fully assessed, instead of being under-assessed, a rate of only 11·97*d.* would have to be levied instead of a rate of 1*s.*, which would be a relief of 03*d.* in the £ to Camberwell (160*l.*).

The central rates for the current year amount to 4*s.* 3·07*d.* in the £, and on these the deficiency would be equal to a rate of 14*d.* instead of 03*d.*, and the extra charge on Camberwell would be 682*l.* instead of 160*l.* for every 100,000*l.* under-assessment.

## II.—Steps taken with a view to securing Uniformity of Assessment throughout the Metropolis.

Assessment Conference of London County Council. Overseers and Assessment Committee of Camberwell have adopted regulations drawn up by Conference.

12. The assessment committees in the metropolis feeling the urgent need of uniformity of the methods of assessing property, a Conference of the metropolitan assessment authorities was convened at the instance of the London County Council, for the purpose of promoting uniformity in assessments. The Conference was composed of representatives of assessment committees and overseers of the county of London and the members of the Local Government and Taxation Committee of the London County Council; 56 parishes were represented by overseers and 20 assessment committees at the conference, which met at Spring Gardens, and sat from March 1893 to March 1894. The Conference prepared rules and regulations\* for the guidance of overseers and assessment committees throughout the metropolis, which have been generally adopted as a uniform basis of assessment by the various assessment and rating authorities. The overseers and assessment committee of the parish of Camberwell have adopted the regulations as a basis of assessing property in the parish.

13. As regards the deductions allowed from the gross annual value for the purpose of arriving at the rateable value, these are shown in Table B, adopted by the Conference of rating authorities, and are the maximum allowances for classes 1, 2, 3, 4, and 5 of the third schedule of the Valuation (Metropolis) Act, 1869. As far as I know, the deductions allowed under the above schedule are uniformly adopted.

\* London County Council Return. Assessment Conference, 1893-94, Resolutions, &c. (No. 168).—P. S. King and Son, Great Smith Street, Westminster, S.W.

APP. IX.

III.—Method of levying and collecting Rates.

Camberwell. Rates made half-yearly and collected quarterly. Poor Rate and Vestry Rates.

14. The overseers make a poor rate, and sewers, lighting, and general rates for the period of half-a-year, payable by two quarterly instalments. The rate is allowed by two justices of the peace. Publication of the rate is made on the Sunday next following the making by affixing notices to the doors of the churches and chapels in the parish. Books containing between 200 and 300 demand notes\* and receipts attached are issued

\*The following is a copy of the Demand Note in use :—

District No. Demand for Rates, which must be produced on payment

PARISH OF CAMBERWELL.

Mr.

The Overseers of the Poor demand payment of the Poor and other Rates, made the 15th April 1898 (for the half-year ending Michaelmas, 1898), as below, now due from you :

Rateable Value, 38l.		£	s.	d.	
Amount of Poor Rate at 2s. in the Pound	-	-	3	16	0
Amount of Vestry Rate at 1s. 4d. in the Pound	-	-	2	10	8
			<u>6</u>	<u>6</u>	<u>8</u>

Particulars of the Rate, or purposes for which the same has been made at 3s. 4d. in the Pound.

Poor Rate.		£	s.	d.		
Guardians of Camberwell	(estimated)	37,352	19	5	} Estimated at in the £	1s. 0½d.
*Metropolitan Asylums Board	(do.)	14,560	0	0		
*South Metropolitan District Schools	(do.)	7,200	0	0		
*Metropolitan Police Rate	(do.)	12,220	0	0		
*London County Council	(do.)	34,379	0	0		
*Public Libraries (Vestry)	-	2,250	0	0		
*Baths and Washhouses (do.)	-	2,250	0	0	½d.	2s. 0d.
		<u>£110,211</u>	<u>19</u>	<u>5</u>		
Vestry Rates.		£	s.	d.		
Camberwell Vestry for Sewers Rate		1,030	18	10	} Estimated at in the £	1½d.
Do. do. Lighting do.		7,489	11	7		
Do. do. General do.		35,064	18	9		
*School Board for London do. do.		27,684	16	8		
		<u>£71,270</u>	<u>5</u>	<u>10</u>	7¾d.	1s. 2d.
					6¼d.	1s. 4d.

Total for Half-year - 3s. 4d.

The sum of 11,240l. 1s. 9d. is the estimated amount to be received by the Vestry of Camberwell from the London County Council out of the Equalisation Fund authorised by the London (Equalisation of Rates) Act, 1894. The amount of the Rate hereby demanded is by reason of such receipt less to the extent of about 2½d. in the £ than it otherwise would have been.

The Overseers are the Collecting Authority, those items marked thus \* do not bear any part of the cost of collection.

The rates may, if desired, be paid in two equal instalments, viz. : on the 19th April 1898, and the 28th June 1898.

Office Hours - - - { Tuesday Morning, 9 to 12.  
Thursday Afternoon, 3 to 8.

Collector :

The occupier of any rateable hereditament let to him for a term not exceeding three months shall be entitled to deduct the amount paid by him in respect of any Poor Rate assessed upon such hereditament from the rent due or accruing due to the owners, and every such payment shall be a valid discharge of the rent to the extent of the rate so paid.—The Poor Rate Assessment and Collection Act, 1869. Sec. 1.

Owners of small property who have undertaken to pay the rates in lieu of the occupiers will, on making default in the payment of one or more instalments, determine any existing agreement with the Overseers.

Ratepayers are particularly requested to see that they obtain an Official Receipt bearing a number corresponding with the number on this Demand Note, and also the official impress. No other form of receipt will be acknowledged by the Overseers.

Ratepayers moving from one part of the Parish to another are requested to inform the Overseers of the same forthwith, in order that their names may not be struck off the List of Voters. Removals from any part of the County of London into this Parish should also be notified.

A Stamped Envelope must be sent in all cases where a receipt or an answer is required from the Collector. Cheques to be crossed "London Joint Stock Bank (Peckham Branch)," and made payable to the order of the Collector.

The attention of the parishioners is directed to the following :—

FINE ART GALLERY AND MUSEUM, Peckham Road, S.E.,  
Open daily, 2 p.m. to 10 p.m.; Sundays, 3 p.m. to 9 p.m.

CAMBERWELL SCHOOL OF ARTS AND CRAFTS, Peckham Road, S.E.,  
For prospectus and particulars apply Headmaster.

PUBLIC LIBRARIES, "Central," Peckham Road; "Livesey," Old Kent Road; "Dulwich," Lordship Lane; "Nunhead," Gordon Road; "Minet," Knatchbull Road; and Neate Street (temporary).

PUBLIC BATHS, "Camberwell," Camberwell Green; "Dulwich," Goose Green.

PUBLIC WASHHOUSES, Harvey Road, Camberwell Green.

to the rate collectors, comprising the amounts of the poor and general rates payable in respect of each hereditament, and showing the various rates in detail. There are 13 collectors of rates, who collect both poor and general rates.

15. The collector detaches the demand note and serves the same upon the occupier of the property described thereon. Upon payment of the rates the receipt is then detached, leaving only a counterfoil in the book. At the close of the rate these books containing the counterfoils are sent to the rating office, and the rate books are then posted up therefrom.

Sums payable to various authorities therefrom.

16. In cases where the rates remain unpaid upon a certain date in each quarter, summonses are issued requiring the persons whose rates are unpaid to attend before two justices of the peace in petty sessions to show cause. An order is then made by the justices for payment to be made within seven or ten days. If the rates are still unpaid at the expiration of that time, and sufficient cause has not been shown why the rate should not be paid, warrants are signed by the justices for the recovery of the rates by distress, and if no sufficient distress can be obtained proceedings for a commitment are commenced, and a warrant signed accordingly.

Summonses and warrants. Cases where issued.

#### IV.—*Composition Allowances and Deductions.*

17. The commission allowances made to owners for compounding the rates is made by agreement with the overseers under section 3 of the Poor Rate Assessment and Collection Act, 1869, and varies from 10 per cent. to 25 per cent. according to the class of property, the maximum rateable value of compounded hereditaments being 20*l*. The total amount of commission allowed on property in the parish for the year 1896 was as follows:—

Compounding in Camberwell. Voluntary system in force. Allowances vary from 10 to 25 per cent.

	£	s.	d.
Poor rate - - - - -	7,463	7	6½
Vestry rates - - - - -	4,591	19	2½
	<u>£12,055</u>	<u>6</u>	<u>9</u>

The per-centage allowances are all fixed after the overseers have viewed, and regard is paid both to the situation and letting capability of the street.

18. In Camberwell, as in most other districts, the property that can be compounded varies greatly in character, and during the last four years it has been found that the only just way of dealing with this is to schedule all property at a certain per-centage, which must vary from time to time as districts rise and fall.

19. Composition allowances are advisable both for the parish and the owner when the right amount can be fixed, as the difficulty of collecting the rates from the very poor tenant who cannot pay his rent is very great, and entails much loss. Owners who have bad tenants frequently refuse to pay the rates, in order that the local authority should press for payment and rid them of such tenants.

20. With reference to uniformity in the compounding system, it was one of the questions set down for consideration at the London County Council Conference, but was finally voted out on the ground that the subject did not bear on the question of assessment, and was not really within the scope of the purposes for which the Conference was convened.

#### V.—*Properties exempted from Payment of Rates.*

21. Local rates are not paid in respect of the following properties situated in the parish of Camberwell:—

Exempted properties in Camberwell.

- (i.) Properties in the occupation of the Crown, viz., Lambeth County Court, three Post Offices, and the Inland Revenue Office. The Treasury makes a grant in lieu of rates in respect of these properties which is equivalent to the loss sustained by the parish by their exemption.
- (ii.) Properties under the control of the London County Council, viz., Peckham Rye Park and Keepers' Lodges, Dulwich Park and Keepers' Lodges, Myatts Park and Keepers' Lodges, and the Coroner's Court and Caretaker's Rooms.

## APP. IX.

- (iii.) Properties under the control of the local authority, viz., five public libraries, and the Fine Art Gallery and Technical Institute.
- (iv.) Miscellaneous properties, viz., Drill Hall (1st Surrey Rifles), Churches and chapels used for religious worship, Sunday and Ragged Schools, and Voluntary Schools.

VI.—*Whether Empty Property should be liable for any Portion of the Rates.*

Empty property should bear some proportion of rates.

22. "Empty" property should bear some proportion of local taxation. In many cases property is kept empty for various reasons, as in this parish we have now a large limited company keeping three large shops, of average value of 170*l.* each, empty until the extension of the company's business requires them to open. Another case of an owner who has kept a private house rated at 60*l.* empty since October 1889 with a view of ultimately retiring into it; he would not sell or let; estimated loss in rates, 161*l.* 10*s.* Another private house rated at 67*l.*, empty since October 1889, owner lives next door, estimated loss to parish 190*l.* 19*s.* Other cases could be given.

VII.—*Whether the System of the Equalisation of Rates is beneficial to the Localities as a whole.*

Equalisation of rates in Metropolis. Extension of system desirable.

23. In my opinion it is a system for equitably apportioning the rating burdens over the whole of the Metropolitan parishes. I think the principle should be extended in the direction suggested by the following resolution which was moved by myself, and adopted by the Conference of representatives of vestries and district boards on local government held at the London County Council in 1896:—

That the Council be requested to have a return prepared to show—(1) the gradual extension of the principle of equalisation of local expenditure in the Metropolis, and the extent to which such principle has now reached; (2) the effect of further equalising local expenditure by a system of grant from the county funds in payment of half the salaries and superannuation of all officials employed by vestries and district boards, an agreed sum per square yard for repairs and cleansing of public highways, and per yard run for repairs and cleansing of sewers, an agreed sum per tenement in respect of dust collecting, the entire cost of public lighting, one-half the charge in respect of debt incurred for sewers, paving, and local improvements, the entire costs of burial boards, public libraries, baths and washhouses; and (3) the effect of equalising the whole of the local expenditure by vestries and district boards with the exception of such special expenditure as that for church rates and other purely parochial functions which do not extend to more than one parish.

VIII.—*Suggestions for securing Uniformity of Valuation and Collection throughout the Metropolis, and for the rating of Advertising Stations.*

Returns as to rent paid. Further powers should be given to valuation authorities.

24. The assessment committee of the parish of Camberwell, on the 27th January 1898, passed the following resolution:—That the clerk be instructed to suggest to the Royal Commission on Local Taxation that the law should be so altered as to give overseers and assessment committees the right to demand, in the case of a change of occupation of a hereditament during the quinquennial period, the same facts as at the quinquennial valuation, and such demand to include the amount of premium paid for licensed premises.

Suggestions as to system of valuation and collection.

25. I also suggest—

- (i.) That there should be one value for all purposes, viz., the rateable value, and the gross value should be abolished.
- (ii.) That the overseers, instead of being appointed by the justices, should be directly appointed by the local sanitary authority as under the Local Government Act, 1894.
- (iii.) That assessment committees should be appointed by the same, viz., local sanitary authority, instead of by the unions as at present in many cases.
- (iv.) That for the purpose of obtaining uniformity in the methods of assessing property in the Metropolis, byelaws should be framed by a central authority similar to those framed by the Assessment Conference of 1893-4, and

that a central authority should be established for each county, who shall form the court for assessment appeals, and also enforce the general byelaws.

(v.) That the collection of all rates upon land or property should be carried out by officers directly appointed by the local sanitary authority, and that the separate collection by Queen's-tax collectors, guardians, overseers, and other collectors, should be abolished, but that the income tax on profits and income should be collected through the surveyor of taxes direct.

(vi.) That the Advertising Stations (Rating) Act, 1889 (52 & 53 Vict. c. 27.) should be repealed, and that all advertisements for posting on hoardings, &c. should bear a stamp of the local authority, for which the local authority should make a scale of charges according to the size and character of the advertisements, the person advertising, and not the bill poster, to be made liable for the charges. The local authority would thus be able to control the advertisements posted on the advertising stations, within the area under its jurisdiction, and the difficulty experienced under section 2 of the above Act, viz., that of finding the person in receipt of the rack rent of the lands or premises used for advertising purposes, would be abolished.

Advertis-  
ment Sta-  
tions, Rating  
in respect of.  
Suggested  
alterations.

## APPENDIX X.

**Memorandum prepared for the Commission by Mr. Henry George Hills, Clerk to the Board of Works for the Wandsworth District.** [See MINUTES OF EVIDENCE, QUESTIONS 19,698-19,837.]

### APP. X.

1. I have been Clerk to the Board of Works for the Wandsworth District for 13 years, and was for the previous nine years Assistant Clerk to the Board. The district comprises the parishes of Clapham, Putney, Streatham, Tooting Graveney, and Wandsworth. The area of the district is 9,285 acres (about 14½ square miles). The rateable value is 1,311,416*l*. The population at the Census of 1896 was 187,264. The population is now at least 200,000. The district forms part of the Wandsworth and Clapham Union, which comprises the five parishes above mentioned and the parish of Battersea.

Wandsworth  
Sanitary  
District.  
Area, rate-  
able value,  
population,  
&c.

2. The expenditure of the District Board of Works is charged to the respective parishes in which the works are executed, with the exception of the establishment expenditure and the School Board precepts. These are charged in proportion to the rateable values of the respective parishes. The establishment expenditure is less than one-thirtieth of the expenditure of the Board, exclusive of the School Board precepts. The School Board precepts amount to between one-third and one-fourth of the Board's expenditure.

Expenses of  
District  
Board and  
School  
Board.  
Method of  
apportioning  
between  
parishes.

3. The money required for the expenditure of the Board is raised by orders made by the Board upon the overseers of the several parishes in the district, and includes the general, the sewers, and the lighting rates. The rates are made and collected by the overseers. The poor rates are also made and collected by the overseers, but the orders for the poor rates are made upon the overseers by the guardians of the union.

Precepts of  
Local Au-  
thorities  
issued to  
Overseers.

4. A statement showing the rates made in the several parishes in the district during the last eight years is given in Table A.

Rates made  
in 1890-97.

**APP. X.**  
**Collection of rates.**

5. The collectors of the general, sewers, and lighting rates are appointed by the overseers and the collectors of the poor rates by the guardians of the union, except in those cases where all the rates are collected by the same collector, when the appointment of collector is made by the guardians and the overseers jointly. In two of the parishes in the district the poor rate is collected by one collector, and the general, sewers, and lighting rates by another collector. In the three other parishes the same collector collects all the rates.

6. I am of opinion that in every case all the rates should be collected by one collector.

7. The overseers pay over to the District Board the balances of the general, sewers, and lighting rates remaining in hand after payment of the amounts of the orders upon them and the cost of collection.

**Valuation lists, Preparation of.**

8. The District Board has nothing to do with the preparation of the valuation lists nor with the assessment of property. The valuation lists are prepared by the overseers, and the assessment committee is appointed by the Board of Guardians.

**Assessment Committees, Appointment of.**

9. I am of opinion that the assessment committees should be appointed by the local authorities and not by boards of guardians. In many of the larger parishes of London the assessment committee is appointed by the vestry, and this change would make the system uniform.

**Precepts should be served upon District Board.**

10. I am of opinion that the precepts of the London County Council, and all other precepts requiring the payment of money to be raised by rates, should be served upon the District Board, and that the only authority to serve precepts upon the overseers should be the District Board, in order that that Board should have official cognizance of all moneys raised by rates in the district.

**Overseers, Appointment of.**

11. The overseers of the several parishes in the district, with the exception of one parish, are appointed by the respective vestries. The overseers of the parish in question are appointed by the justices of the division from a list of persons nominated by the vestry of the parish. I think that the vestries should appoint the overseers in every case.

**London (Equalisation of Rates) Act. Further extension of principle not desirable.**

12. I am of opinion that the London (Equalisation of Rates) Act, 1894, has acted beneficially to the localities as a whole, but I am not in favour of an extension of the system upon the basis of that Act. Table B gives a statement of the sums received by the Board of Works for the Wandsworth District under that Act. The amount received last year was equal to a rate of about  $1\frac{1}{2}d.$  in the £. The School Board precepts have increased during the last four years  $2d.$  in the £, whilst the general rate (which includes the School Board precepts) has increased on the average of the several parishes in the district about four-fifths of a penny in the £ during that time. The general rate would therefore have increased over  $2d.$  in the £ had it not been for the operation of the Equalisation of Rates Act.

**Under-assessment in London. Effect upon Wandsworth.**

13. If other parishes in London are under-assessed to the extent of 100,000*l.*, the effect would be that the Wandsworth District Board would be called upon to pay, according to the latest figures, about 170*l.* a year less to the School Board, and would receive about 110*l.* a year more from the Equalisation of Rates Fund. This is in respect of the general rate only, and does not take into account many large sums which are raised by the overseers, but do not pass through the hands of the District Board, and which are based upon rateable value, as, for instance, the precepts of the London County Council, the Police, and the payments to the Metropolitan Common Poor Fund.

**Valuation (Metropolis) Bill, 1894.\***

14. The Board of Works for the Wandsworth District considered the Valuation (Metropolis) Bill, which was promoted by the London County Council in the Session of 1894, for better securing uniformity in the valuation and assessment of rateable property in London, and approved of the principle of the Bill.

TABLE A., showing the AMOUNT in the £ of the respective RATES therein mentioned which have been levied by the OVERSEERS of the several PARISHES in the WANDSWORTH DISTRICT during the last eight years, viz. :—

APP. X.

(See MINUTES OF EVIDENCE, QUESTIONS 19,772-19,784.)

Parish.	Year.	Poor Rate.		General Rate.		Sewers Rate.		Lighting Rate.		Totals.	
		s.	d.	s.	d.	s.	d.	s.	d.	s.	d.
Clapham	1890	3	4	2	2½	0	3	0	3	6	0½
	1891	3	0	2	6	0	3	0	3	6	0
	1892	3	0½	2	4	0	3	0	2½	5	10
	1893	3	6	2	6½	0	3½	0	3	6	7
	1894	3	8½	2	7½	0	3	0	3	6	10
	1895	3	8	2	8½	0	2½	0	3	6	10
	1896	3	7	2	8	0	2	0	3	6	8
	1897	3	7	2	7	0	1½	0	2½	6	6
Putney	1890	3	5	2	5	0	5	0	5	6	6
	1891	2	11	2	4	0	5	0	3	5	11
	1892	3	3	2	4	0	5	0	3	6	3
	1893	3	6	2	4	0	4½	0	3½	6	6
	1894	3	10	2	4	0	5	0	4	6	11
	1895	3	9½	2	5	0	4	0	4	6	10½
	1896	3	8	2	4	0	3½	0	3½	6	7
	1897	3	8	2	6	0	3	0	2	6	7
Streatham	1890	3	3	1	11	0	4	0	4	5	10
	1891	3	0	2	0	0	2½	0	2½	5	5
	1892	3	2	2	2	0	2	0	2	5	8
	1893	3	6	2	2	0	3	0	3	6	2
	1894	3	7½	2	2½	0	4	0	3	6	5
	1895	3	6	2	2	0	3	0	3	6	2
	1896	3	7½	2	3	0	3	0	3	6	4½
	1897	3	8½	2	4	0	3	0	3	6	6½
Tooting	1890	3	6	2	4	0	4	0	6	6	8
	1891	3	4	2	4	0	4	0	6	6	6
	1892	3	1	2	5	0	3	0	6	6	3
	1893	3	6	2	10	0	2	0	6	7	0
	1894	3	4	2	8	0	2	0	6	6	8
	1895	3	8	2	9	0	2	0	6	7	1
	1896	3	10	2	9½	0	4	0	4½	7	4
	1897	3	9	2	9½	0	4	0	3½	7	2
Wandsworth	1890	3	5	2	1	0	1	0	4	5	11
	1891	3	1	2	2	0	1	0	3	5	7
	1892	3	1	2	0	0	2	0	4	5	7
	1893	3	4	2	5	0	3	0	3	6	3
	1894	3	10	2	7	0	4	0	3	7	0
	1895	3	9	2	8½	0	2	0	4	6	11½
	1896	3	8	2	6	0	2	0	3	6	7
	1897	3	8	2	5	0	2	0	3	6	6

TABLE B., showing the SUMS which have been received by the BOARD under the Provisions of the LONDON (EQUALISATION OF RATES) ACT, 1894.

Date.	Clapham.	Putney.	Streatham.	Tooting.	Wandsworth.	Totals for the District.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
7th Feb. 1895	810 8 0	336 9 4	864 16 6	108 3 4	928 4 5	3,048 1 7
28th Sept. "	828 16 9	349 14 6	905 10 11	108 8 7	948 17 5	3,141 8 2
24th Oct. "	7 13 7	3 3 9	8 3 11	1 0 6	8 15 11	28 17 8
23rd Jan. 1896	828 16 9	349 14 6	905 10 11	108 8 7	948 17 5	3,141 8 2
26th Sept. "	853 3 11	373 14 2	987 7 9	132 15 2	1,055 15 4	3,402 16 4
10th Feb. 1897	771 8 1	337 17 8	892 14 8	120 0 8	954 11 2	3,076 12 3
27th Sept. "	937 19 8	410 13 4	1,108 19 6	146 7 1	1,152 3 1	3,756 2 8
28th Jan. 1898	937 19 8	410 13 4	1,108 19 6	146 7 1	1,152 3 1	3,756 2 8
Totals	5,976 6 5	2,572 0 7	6,782 3 8	871 11 0	7,149 7 10	23,351 9 6

## APPENDIX XI.

**Memorandum prepared for the Commission by Mr. B. F. C. Costelloe, on behalf of the London County Council.—[See MINUTES OF EVIDENCE, QUESTIONS 19,907-20,448.]**

APP. XI.

1. I am, and have for many years been, the chairman of the Local Government and Taxation Committee of the London County Council, in which office I succeeded Lord Farrer, then Sir Thomas Farrer, in the year 1890. With certain intervals I have occupied that position ever since. I have consequently had an intimate and continuous acquaintance with the proceedings and discussions which have taken place in the Council upon the question of taxation in its reference to London during the whole of the Council's existence.

2. Even before I stood as a candidate for the first Council, I had long taken a special interest in all matters which concern the land question. This subject, especially in its bearing upon the manner in which the local revenue of London ought to be raised, was a prominent topic in the first Council election, and has continued to be an important question in all subsequent elections. As a consequence the matter has been almost continuously before the Council itself in one form or another.

3. At and before the time of the election of the first Council the form in which it was commonly referred to in public utterances was "the taxation of ground rents," and it was undoubtedly felt at that time as a grievance that the large ground owners of London were in no way contributing to the very great and growing cost of London administration and improvement, which was being paid out of the pockets of the occupying ratepayers. At that time the question had not been thought out in all its bearings; but the grievance I refer to was a kind of object-lesson, which directed attention and stimulated closer inquiry. At the same time the efforts of a small but energetic party who held extreme views about the land question (such as Mr. William Saunders, the late M.P. for Walworth) pressed upon the consideration of certain sections of the public, and in particular of the first Council, the whole question of the unearned increment of London land, and of the injustice alleged to attend the present system of tenure. As a result of these forces two movements developed in the first Council. One movement proceeded from what I may call the more moderate party of reformers, represented by men like Lord Hobhouse, who were convinced that the present system of the incidence of local taxation in London was wrong, but who were not convinced of the desirability of such drastic changes as were suggested by the more extreme party. The result of this movement was a report, to which I shall refer presently, brought up to the Council from the sub-committee of the Local Government Committee, of which Lord Hobhouse was chairman. That sub-committee had been appointed when Sir Thomas Farrer was chairman of the Local Government Committee, but its sittings continued after I was appointed chairman on the transference of Sir Thomas Farrer to the chairmanship of the Standing Committee in September 1890, I having, in fact, served as vice-chairman from July; and it therefore fell to me formally to bring up the report, although I have never considered myself in fact responsible for it, and was not even at that time in agreement with many of its conclusions. For the sake, however, of completing the history of the transaction as it concerns the London County Council, I propose to put in a copy of this report, and shall presently describe the proceedings which took place upon it.

4. During the same period a converging movement was initiated by the more extreme party, who, although they were aware that they could not entirely carry the Council with them in any very radical policy, were yet anxious to lay the foundations for future action in Parliament. At their instance a special committee was appointed in relation to the valuation of land, under the chairmanship of Mr. J. F. Torr, now recorder of Deal, to which I shall refer presently.

5. This special committee sat for a considerable time, and took evidence both from the officials of the Council and others, their practical object being to determine the question whether it was really possible to separate, for the purposes of assessment with a view to local taxation, the ground values of London tenements from what I may call the building values. It was at that time contended, and still is contended, though I think more faintly, that the value of the site as such, and the value of the buildings upon it, are so inextricably bound up in the present assessments by which a gross and

Taxation in respect of Site Values. History of Report to London County Council from sub-committee of Local Government Committee in 1891.

Site value and structural value, separation of.

Land Valuation Committee of London County Council reported in 1889 that this was possible.



rateable value are arrived at, that it is really impossible to frame, on reasonable principles, any separate assessment of ground or site values such as all advocates of any taxation of such values presuppose. The Council's Special Committee on Valuation reported on the 18th June 1889 that such an operation had been proved to be perfectly possible by the evidence given before them. The history of these matters as it appears on the face of the minutes is as follows:—

6. One of the earliest motions carried when the first Council was definitely constituted was one by Mr. Saunders for the appointment of a Committee on the valuation of land. The notice was given on the 14th February 1889 in these terms:—"That a Committee be appointed to consider the best method of ascertaining the value of land throughout the metropolitan area, irrespective of the value of buildings and of improvements made by the owners."

7. On the 18th June 1889 this Land Valuation Committee reported and circulated copies of their report and the evidence to the members of the Council, and shortly afterwards it was resolved (on the 9th July 1889) that the report should be considered when the report from the Local Government and Taxation Committee on the same subject should come up for consideration. That report was the report of the parallel inquiry which had already been begun by what we called Lord Hobhouse's Sub-Committee.

8. The report of Lord Hobhouse's Sub-Committee was brought up by the Local Government Committee to the Council on the 7th July 1891. It was not set out in the report of the committee, but was printed and circulated as a separate document to the members of Council. The only recommendations which the Local Government Committee expressly made on their own responsibility were—(a) "that the Council do accept this report as an exposition of many questions relating to local taxation in London, and as propounding principles of reform worthy of the attention of Parliament;" (b) "that the report and the accompanying papers be sent to the Local Government Board, the vestries and district boards, the City Commissioners of Sewers, the boards of guardians, the London School Board, and the Asylums Board." On the date in question the consideration of it was deferred for a fortnight, and on the 21st July it was resolved, on the motion of Mr. Saunders, seconded by Mr. Fleming Williams: "That the reception of this report be deferred until after the recess; that it be then considered in connexion with the report of the Land Valuation Committee, the consideration of which was deferred by the Council on the 9th July 1889, and that in the meantime the chairman of the Local Government and Taxation Committee be requested to prepare a summary of the report of the Land Valuation Committee, and that a copy of such summary be sent to each member of the Council." It came up accordingly on the 29th September, when it was specially appointed to be taken at the meeting of the 20th October. A further adjournment by reason of pressure of business took place until the 3rd November.

London County Council. Proceedings on reports of Local Government and Land Valuation Committees.

9. As the debate promised to occupy too much time for an ordinary meeting, it was, on my motion, resolved, upon the principle we usually adopted in those days with important theoretical subjects, that a special meeting of the Council should be held on the 13th November, for the purpose of resuming this debate, and of considering the Land Valuation Committee's report as well.

10. On the 13th November the debate proceeded accordingly, when the formal recommendation of the Local Government Committee just quoted was not considered to be satisfactory, and an amendment was moved by Mr. Stuart, and seconded by Lord Compton, to the recommendation (a) in the following terms: "That the Council is of opinion that the existing system of local taxation in the Metropolis unduly favours owners at the expense of occupiers, and that it is urgently necessary that this injustice should be redressed." For this motion, I myself, as well as the whole of the Progressives present, including Lord Hobhouse, voted; and it was carried accordingly by 59 votes to 17 on a division, this being, so far as I know, the first time that the Council had had a formal division on the subject. On being put as a substantive motion, an amendment was moved by Mr. Antrobus, and seconded by Mr. Lemon (both Moderates), to insert after the word "that," and before the words "it is urgently necessary," the following words: "subject to equitable arrangements as regards existing contracts." This amendment, after debate, was lost, and a division was not claimed. A further Moderate amendment was then moved by Mr. Beresford Hope, seconded by Dr. Forman, to add the following words to the motion:—"And that at the same time such alterations should be made in the constitution of the bodies administering the rates as will secure a direct representation to the owners adequate to the immediate interest in local expenditure which they

Amendments moved to Report of Local Government Committee.

APP. XI. "will acquire." This was lost by 48 to 20 on a division, and Mr. Stuart's words were then carried as a substantive motion.

11. He thereupon moved a further motion in the following words:—"That the Council, while recognising the advisability of dividing urban local taxation between the occupiers and other interests, is of opinion that the proportion of local taxation in the Metropolis which is borne by the capital value derived from the special advantages of London land, or its annual value, ought to be largely increased." On this a further debate arose, and it was ultimately decided, as the Council had been sitting for the customary four hours, that the debate should be adjourned.

12. I ought, perhaps, to add that at the same meeting there stood for consideration a motion by one of the Moderate whips—"That the Council do petition Parliament that, with a view to lessening the pressure of direct taxation on the London ratepayers, the London coal duties should be re-imposed." The debate on this was adjourned likewise; but I may say generally that, although many motions for this purpose were made and pressed, they were never received with any favour by the Council.

13. On the 8th December the consideration of these bracketed reports on taxation again came up, but it was deferred by reason of the pressure of ordinary business until after the Christmas recess.

14. On the 2nd February 1892 the Local Government Report came up again, when, upon Mr. Stuart's rider just referred to, Mr. Beachcroft moved a comprehensive amendment in the following words—"That, as it is most undesirable that any scheme should be formulated which has not been well matured, the proposal in the first motion be in the first instance referred to the Local Government and Taxation Committee for consideration, with instructions to report fully thereon, indicating both the method of valuation proposed and the machinery for its adoption. That it be also an instruction to the Local Government and Taxation Committee to consider the proposal that the inhabited house duty levied in the county of London should be substituted for the share of the probate duty now received from the Exchequer Contribution Account, so that the ratepayers would derive the benefit which would accrue to them from such an arrangement, and to report thereon at an early date." Lord Rosebery, as chairman, having ruled that the second part of this amendment was not in order as an amendment, and could only be put as an original motion, Mr. Beachcroft, on behalf of the Moderates, withdrew that portion, and the amendment, as altered, was put and declared to be lost without a division. Thereupon a further amendment was moved by Mr. Lloyd, and seconded by Mr. Campbell, in the following words:—"That the true policy is to consider all capital expenditure of a permanent character as appertaining to the owner, the interest and principal being repayable by him; and for the safeguarding of his property it should be provided that the owner should be made an elector; that before any capital outlay is made the sanction of Parliament or the Local Government Board should be obtained; and that the maximum limit of the rate to be levied for the above purposes should not exceed 6*d.* in the £." But this received little support, and was lost without a division, and Mr. Stuart's further words were thereupon carried.

15. Upon recommendation (b) as to the circulation of the report to the different bodies concerned, an amendment was then moved by Lord Monkswell, seconded by Mr. Hopkins—"That the following be added to the motion—'with an intimation that so far as regards the division of the rates between owner and occupier the Council accepts the report as propounding principles of reform worthy of the attention of Parliament.'"

16. After debate, this amendment was by leave withdrawn, and the recommendation (b) in the original form was put and carried—the object, in fact, being to avoid committing the Council expressly to each of the definite proposals embodied in Lord Hobhouse's report, while expressing a broad approval of it.

17. The report of the Special Committee on the Valuation of Land was then taken up, and their specific conclusions were put to the Council in the following form—(a) Your committee recommend the appointment of a Central Assessment Committee under the direction of the County Council—this might be, if thought desirable, a sub-committee of the Local Government and Taxation Committee; (b) the Central Assessment Committee should have the same powers as the surveyor of taxes under the Act of 1869, together with other powers giving them authority to secure through the local assessment committees uniformity of assessment throughout the Metropolis, and the separate assessment of all land in the county irrespective of buildings and improvements; (c) the Central Assessment Committee should be authorised to appoint an assessment clerk to act as their agent, whose duty it would be to see that valuations or assessments for

rates were made throughout the Metropolis on a uniform basis with power to appeal against inadequate valuations, and to secure the taxation of valuation bills where the charges appear to be excessive. (d) While the committee believe that even under existing Acts all land ought to be rated on its value, and adhere to the reasons set forth in paragraph 36 of this report, they recognise the fact that land not yet built upon has not in practice been rated according to its value, and they therefore propose that legal advice should be taken as to whether, under all the circumstances, such practice is legal and can only be altered by new legislation, and in the event of counsel advising that such legislation is required, your committee recommend that application be made to Parliament to obtain powers authorising rating authorities and assessment committees to calculate for rating purposes, not only the annual rent, but also the capital value of land, and to assess the property either on the rent, 'which a tenant might reasonably be expected to pay,' or on a statutory per-centage of the capital value. (e) Your committee further recommend that this report be referred to the Parliamentary Committee with instructions to take measures for obtaining from Parliament, during the present session, such powers as may be required to carry out the foregoing recommendations, and that for their guidance they be authorised to take the advice of counsel."

Land not yet built upon. Recommendations of Land Valuation Committee as to rating in respect of.

18. On the motion that recommendation (a) be adopted, a Moderate amendment was moved and seconded to defer the consideration of the report for three months. This was lost, but immediately afterwards an amendment by Lord Hobhouse was carried, that the report be referred to the County Rate Committee, which is a special committee existing for the purpose of carrying out the assessment of Penge, by reason of the peculiarities of the legal situation of that extraordinary hamlet. That committee was already considering under a special reference from the Council the operation of the Valuation of the Metropolis Act, 1869, which has, from the commencement, been the subject of much anxious consideration in the Council by reason of the fact that, when the Council came into existence, the assessments of different parishes were found to be vitiated by somewhat gross inequalities, which, as a very large and increasing amount of the total expenditure comes out of a common purse, was felt to be not only unjust but very detrimental to the government of London. The proposals of the Valuation of Land Committee as to some central assessment machinery therefore fell naturally within the reference which the County Rate Committee was at that time considering. The County Rate Committee reported from time to time upon various matters which concerned the general valuation question, deferring for the moment the question of the special valuation of land. Ultimately, however, they brought up a final report upon the matter, and this report was in effect adopted by the Council.

Central Assessment Committee. Proposal referred to County Rate Committee.

19. I find also that the Council on 6th December 1892 passed the following resolution:—  
 "That the Government be urged to introduce forthwith an amendment of the Valuation (Metropolis) Act, which shall provide, among other things, that a new valuation of the Metropolis under the Amending Act shall be commenced immediately, without waiting for the quinquennial term, and that in this new valuation the value of land be stated separately from buildings or other improvements."

20. I think the result of this report, after the effect of it had matured in the minds of those on the Council who took an interest in the question, was to establish a basis for a consideration of the question of the reform of London taxation upon bolder lines than those indicated in the propositions of Lord Hobhouse, and opinion gradually formed itself upon the lines which are now generally accepted by the Progressive party in London, and which are no longer, in my opinion, absolutely opposed by the more reasonable members of the Moderate party itself.

Reform of London taxation. Policy of Progressive party.

21. I should say, speaking for myself, that this policy may be fairly defined by saying:—  
 (1) That the entire cost of such expenditure for administration and improvement as is borne locally ought no longer to be taken out of the pockets of the occupying ratepayers as it is at present. (2) That at least a considerable proportion of it ought to be borne directly by the owners of site values. (3) That no mere system of division of rates between owner and occupier, such as was contemplated by Lord Hobhouse, will really be satisfactory. (4) That the present system of grants in aid of the occupiers' rates out of the Imperial Exchequer is not satisfactory from the point of view of the proposed reform, and is subject, in fact, to the gravest criticism from all points of view.

22. It is obvious that such proposals raise very large and difficult questions, and the history of the later discussions in the Council has, in fact, largely been concerned with clearing up ambiguities and disputed details, and obtaining, under the pressure of hostile criticism, a more exact definition of the objects sought.

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Report of  
Local Govern-  
ment and  
Taxation Com-  
mittee to  
Council in  
November  
1897.

23. I do not think it is necessary for me to trouble the Commission with the later proceedings, as they are recorded on the minutes of the Council, inasmuch as the late and the present Council have formulated with sufficient exactitude the basis on which they desire me to give evidence before the Commission in the resolutions which have been adopted upon the report of my committee which was originally brought up on the 16th of November 1897, and has been under discussion at several meetings of the Council between that date and the present time. I propose to put in a complete extract from the minutes of the Council as to the proceedings which have taken place upon this report,\* and it is only fair that I should make it clearly understood that, so far as I am to speak on behalf of the Council, I do not consider myself entitled to do more than explain and defend, so far as it may be in my power, the policy which is expressed in these acts of the Council itself. The Commission will observe that I am instructed to submit the Council's specific resolutions, which I now beg to do, and to give evidence in support of them, and that these resolutions have been approved "as forming the basis of the evidence as to the policy to be submitted to the Royal Commission" by me on its behalf. It is true that in the course of the past proceedings of the Council, efforts have been made to express the policy of placing a direct charge upon owners of site values in a still more definite and detailed form, and I myself, in consequence of the very exhaustive discussion to which such proposals have from time to time been submitted, have necessarily formed certain conclusions as to the methods by which such policy could be carried out. I do not understand, however, that it would be appropriate at this stage for the Council or for me to suggest anything in the nature of a basis for a Draft Bill. In any case it was definitely the intention of the Council that it should not be understood to take that responsibility. The object of the Council, as I understand it, is to call attention to certain grave injustice from which it believes London to be suffering at the present time in the matter of taxation, and to submit certain recommendations as to the policy in favour of which it would wish the Royal Commission to report.

24. I need not say that I am at the disposal of the Commission if they should wish me to elucidate any of the points set out in the extracts from the minutes of the Council which I now present, and that the Council leaves me entirely free to answer, upon my own responsibility, any questions which the members of the Commission may think fit to put to me, so long as it is clearly understood that if I travel outside the matters covered by the resolutions I commit myself only.

25. The minutes on which I appear before the Commission are submitted in the addendum\* to this statement. The following are the resolutions passed by the Council on the report of the Committee:—

(a.) That it is advisable that a new source of revenue should be obtained by means of some direct charge upon owners of site values.

(b.) That this charge be termed "owners' tax."

(c.) That all persons deriving a revenue, or use equivalent to revenue, from the value of a site, be liable to pay such charge.

(d.) That the site value of every property be assessed and entered in the valuation list.

(e.) That the site value be the annual rent which at the time of valuation might reasonably be obtained for the land as a cleared site if let for building by an owner in fee, subject to equitable reduction in exceptional cases in which the full site value thus defined is not being enjoyed or obtained by any person or persons.

(f.) *As amended by the Council.*—That in view of the fact that considerable expenditure has been incurred from public funds which has largely contributed to the increase of site value, the Royal Commission be asked to recommend that such owners' tax commence at the rate of 6d. in the £ per annum, and rise gradually to such sum as Parliament may determine, and that any increase of burden or expenditure for new services should be equitably shared between the present rate on occupiers and the proposed owners' tax.

(g.) That any existing or future contract or agreement by which an owner purports to exempt himself from the owner's tax, or to cause it to be paid by any other person in his stead be invalid.

(h.) That vacant land and empty property shall be liable to pay the owner's tax upon the site value as appearing in the valuation list.

(i.) *As amended by the Council.*—That a certain share of the estate duty now levied on London property should be allocated to London local taxation, and that evidence be submitted in support of the proposal.

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ment and  
Taxation Com-  
mittee. Reso-  
lutions of  
Council  
thereon.

\* See page 321.

(j.) That, as the present system of Exchequer contributions from the taxpayer to the ratepayer by means of the Exchequer grants appears to operate so as to withdraw from Londoners more than it returns to them, no system of Exchequer contributions distributed to the whole country upon the present basis of division ought to be accepted on behalf of London.

(l.) That it is desirable that the question of requiring the owners of empty tenements to pay (as is done in the City of London with regard to the sewers rate) the whole or part of the ordinary rates should be raised in connexion with the evidence to be given before the Royal Commission.

(m.) That having regard to the impossibility of locating all movable property, no suggestion be made to the Commission with regard to the local rating of such property.

(n.) That the foregoing resolutions be approved as forming a basis of the evidence as to policy to be submitted to the Royal Commission on Local Taxation now sitting, and that the chairman of the Local Government and Taxation Committee (Mr. Costelloe) be appointed to submit and give evidence in support of such resolutions; and that attention be called to the unequal grants to schools under the Voluntary Schools Act, 1897, and to the very serious wrong done to London and other urban districts by the Agricultural Rates Act, 1896, and that, in the opinion of the Council, it would be most unjust to renew that Act in 1901.

26. The following recommendation of the Committee was referred back for further consideration:—

(k.) That it is desirable to substitute as local revenue the inhabited house duty and land tax in London and other counties (adjusted as suggested in the statistical officer's memorandum) for the share of probate duty and beer and spirit duties now transferred, and that in that event it will be desirable that county councils should have power to propose from time to time, subject to approval of Parliament, schemes for amending the present incidence of inhabited house duty.

Resolution as to certain taxation arising from local sources, and as to certain services of national concern.

27. The following resolutions were subsequently passed by the Committee, and will be submitted to the Council on the 21st instant in substitution for recommendation (k):—

“(i.) That it is desirable that taxation arising from local sources should be devoted to local purposes, and that the inhabited house duty is one of those taxes which should be transferred accordingly to the counties.

“(ii.) That certain services now administered and paid for locally are so far of national concern that the burden ought to be borne by the nation.”

28. These extracts from the minutes show that upon the question dealt with by recommendation (k) in our original report, it was, with my entire approval, considered best that we should take the proposal back for further consideration, and that the proposals which will be submitted to the Council on 21st June will, if passed by the Council, be substituted for the recommendation (k) of our original report, but are to be read in other respects as if they formed part of that report itself. It will be seen, of course, that they do not profess to commit the Council to a proposition equally definite with that which was contained in the original recommendation (k); but that specific proposal was in fact subjected to strong criticism from different points of view, and it was ultimately considered by my committee that in this matter also it was hardly the duty of the Council to go further than a statement of the principles of policy which, as it appears to them, ought to guide those who are responsible for dealing with the question.

29. I need scarcely add that my committee and the Council have borne in mind the circumstance that Mr. Gomme and Mr. Harper, as the officers of the Council concerned, have already given evidence before the Commission. The prints of that evidence have been in the consideration of the committee during the subsequent discussions as to policy, and I may add that these officers have been of constant assistance to us during the whole course of the Council's discussion upon this subject.

30. If I have so far made clear to the Commission the position which I am authorised to take as a witness on behalf of the Council, I should now wish to summarise what I understand to be the policy which I am here to recommend. For this purpose it is necessary first to say that I regard the present position of local taxation in this country as deplorably chaotic, and I do not find that there is any serious difference as to this among those who are interested in the subject. It appears to me that there is no serious attempt made to distinguish those heads of charge which ought

Imperial contributions in aid of Local Taxation. Gradual development of the present system. Position of London and other urban

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districts and rural districts under this system.

to be borne locally from those which ought to be borne by the nation, and that there is also no serious attempt to discriminate between the kinds of revenue which ought to be collected and used locally and those which ought to be collected and used by the State. So far as I can see the present financial situation is a mere accident. Ever since the poor law of Elizabeth made the rates a stereotyped and more or less convenient machinery for local charge, everything which had to be paid for locally appears to have been thrown upon the rates without further consideration. On the other hand, the incidence of the rates themselves, which were originally meant to fall upon the inhabitants of each parish, according to their "ability" to give alms for the support of the poor, has been altered by a gradual movement which it is unnecessary to detail, until it has become a charge taken from the occupiers of lands and tenements, in proportion to a highly artificial standard called rateable value, which itself is by no means justly assessed in practice. In the course of the present century a great body of new or increased charges has in this way been thrown upon a single class of contributions, with the result that, after the fall produced by the reform of the poor law, the rates both in town and in country have been supposed to be rising in a very threatening manner. The volume and the effect of these increases of charge were different in rural and in urban districts; but, by reason of the operations of the Exchequer to which I will refer, it is now quite clear that there has not been any grave increase of the burthens supported by the ratepayers in rural areas, although there has been, and probably will continue to be, a great increase in the charges falling on the ratepayers of urban or semi-urban districts. The opinion in rural districts, however, appears always to have been that the rates operated as a disadvantage to agriculture. I do not know whether the parties concerned made it clear to themselves whether it was the landlord that was supposed to be damnified, or the farmer, or the consumer, or the agricultural labourer, or all of them. I think it was supposed in a vague way that the agricultural interest stood to suffer by a rise of rates, and that it was important, therefore, to prevent the rates from rising. Whether this be a correct account of the pressure or not, there certainly was a pressure from the agricultural and territorial interest, which resulted in producing a belief in the minds of successive Chancellors of the Exchequer that it was necessary for the Exchequer to come to the aid of the local ratepayers, especially in counties, by making grants in aid. It would be beside the point if I were to attempt to follow this question further than to remark that, down to 1888, Exchequer grants were in the nature of contributions by the Treasury to local authorities of the whole or of some part of the cost of certain services locally administered. The selection of these services was to my mind very curious, and I cannot, even with the assistance of Lord Welby, who has been considering this matter with us in committee, discover any principle which seems to have guided it. It is an additional complication that there was no rule as to whether the whole, or half, or any other proportion, should be contributed. The system, however, might have been adjusted upon consistent and intelligible lines but for the revolution which took place in 1888. At that time it was resolved to increase very considerably the subventions which were to be made by the Exchequer to the ratepayer, but unfortunately it was also decided that this should be done upon a new principle which, in our opinion, was much worse than the former one; that is, it was proposed to hand over *en bloc* a large amount of Exchequer moneys to be distributed among the county councils according to a certain fixed ratio. This ratio was, be it observed, quite independent of what the future needs of the various localities might be; inasmuch as the quotas were fixed, subject to certain small exceptions, by reference to the amount of the grants in aid which the different authorities had received from the discontinued grants in the years ending with 1887-88. This system was applied to the estate and customs and excise duties, although a different system was applied to the licences, in respect of which the amount collected in each area was allotted to it. The result of this arrangement, as Mr. Gomme has already explained to the Commission, was that, on both branches of the account London lost in comparison with other parts of the country; but as Mr. Gomme has given full evidence upon this branch of the subject, I do not propose to go into it again, except to say that this financial injury to London has been for years keenly felt as a grievance by both parties on the Council, and that the deficit so produced has greatly hampered the progress of London improvements of all kinds. The point which I have to bring out, and which concerns, as the Commission will observe, the proposals (Nos. i. and ii.) which will be submitted to the Council on 21st June in substitution for the original recommendation (*k*), and also the original recommendation (*j*), which was previously adopted, is of a twofold character. In the first place, the

Council desires to point out that any such Exchequer grant, even if it were more justly distributed, tends to act as a contribution from urban to rural districts, and from London to the rest of the country; and, secondly, that any such system of distributing a fixed sum according to fixed ratios, independent of local contributions or requirements, is unreasonable in itself and is particularly detrimental to the Metropolis.

31. I desire, however, to go further, and in this respect also I think I express the opinion of the Council. I submit that, in so far as the principle of the Exchequer grants, in anything like their present form, operate to transfer charges from the ratepayers of the community to the taxpayers of the community, it is open to the gravest objection. It is quite clear that the immense amount of money now transferred to the local taxation account comes out of somebody's pocket. It will be generally agreed that the relief to the ratepayers effected by the Exchequer grants is not effected at the expense of the people who pay the licences or the estate and customs and excise duties, or the beer and spirit money. In order to find out who pays it, it is clearly necessary to inquire what would have happened if it had not been transferred to the county councils. Obviously some portion of the existing Imperial revenue would have been unnecessary, and taxation to that extent would have been remitted. What particular taxation this might be is a matter of opinion, but I think it is sufficiently clear, under present conditions of financial public opinion, that it would have been either the income tax or duties such as tea duty, which stand in the way of a free breakfast table, or both. If that be true the relief to the persons who bear the rates has been provided either by the income tax payers, which, as a matter of hardship, means the lower, middle, and professional classes, or by the people who pay the duty on tea, which, as a matter of hardship, means the poor. In either event it is quite clear that the relief will have been provided by the urban population, and in far more than proportionate measure by the population of London itself.

Imperial contributions in aid of Local Taxation. Principle open to gravest objection. Source of contributions discussed.

32. It is unnecessary for me here to go into the other grave objections, from the strictly financial point of view, to the system of Exchequer doles, which have been urged forcibly by Lord Farrer and others, and which are, I think, shared by many of the financial experts on the County Council. I desire only on this head to express my belief in the great importance of observing, wherever possible, the principle that those who control local expenditure should be visibly responsible for levying the revenue out of which it is defrayed. I am quite aware that it is not possible to apply this rule with absolute rigidity, but I think that so wide a departure from it as is presented by the present system of Exchequer grants is very mischievous indeed.

33. Speaking for myself, I am of opinion that the sudden handing over to the county councils of the wine and spirit duties, with a general suggestion that they should be applied to technical education, was a singularly unfortunate operation. To throw into the lap of a number of bodies, which up to that time had no duties in the matter of technical education, a large amount of money which came to them practically as a windfall, was, I think, to make it certain that a good deal of the funds would be applied without adequate consideration of the needs and possibilities of each locality. I remember that in London we were very severely criticised because we refused to make immediate grants of large sums of money to deserving institutions, more or less at haphazard, and because we insisted upon first of all having a complete report upon the condition of London from the technical education point of view, and a scheme as to what could and should be done to make permanent improvement.

Wine and spirit duties. Objection to the purpose to which the contributions received by the county councils are applied.

34. The Council is of opinion that it is desirable that taxation arising from local sources should be devoted to local purposes, and also that there are certain services, now administered and paid for locally which are of such a character that the cost of them ought to be borne by the nation.

35. In other words, we submit that the arrangement of 1888 is indefensible, and ought to be radically altered, and we strongly hope that this Commission will report against its continuance upon its present basis. The Council has not, of course, sent me to suggest in any way that the whole of the Exchequer money should be taken away and nothing given in its place. That is an inconceivable result. We do not, however, consider it our duty to make proposals as to any detailed scheme in substitution, but the resolutions are meant to indicate that it is desirable to maintain the principle of local responsibility, and that it is desirable to classify to a much further extent than is at present attempted, both the revenue which should be local rather than Imperial and the charges which should be local rather than Imperial. I am not directed by the Council to submit to the Commission the details of such a classification, and although I am at liberty to express my own personal views on the subject, I do not feel that I am competent to do so with any authority. Mr. Gomme has already made, of his own motion, certain suggestions which have appeared in the minutes of his evidence. I

Imperial contributions in aid of Local Taxation. Reform of the principle desired. Suggested classification of charges which should be local rather than Imperial. Character of certain services, and the control thereof discussed.

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have not heard this discussed specifically by my colleagues, and should not be justified in suggesting to this Commission that the County Council as a whole would commit itself, without much more consideration, to such large proposals as the nationalization of the entire cost of education and of the poor law. As a matter of fact such a proposal was made by a Moderate member during the discussion of my resolutions, but I stated to the Council that I considered it too large and revolutionary to put forward in this connexion, and it was formally negatived. At the same time I should say that many members of the Council, myself included, are prepared to consider the possibility of very large changes in such directions, inasmuch as we feel that there is at present an extraordinary want of common sense in the methods by which the costs of these great services are met. Mr. Gomme also suggested the expenditure on lunatics. This head of charge, as well as the somewhat kindred one of industrial and reformatory schools, are expenses which were mentioned to my committee by Lord Welby in the course of the discussion, he being in fact strongly in favour of immediate action for the purpose of putting an end to the present arrangement of Exchequer doles, and of substituting for it, so far as may be, the principle of taking over charges of general concern, to be borne upon Imperial funds. I ought to say, of course, that the Council as a whole has not discussed in detail such questions as those concerning lunatics and industrial schools, and even my committee did not come to any vote upon the subject. But I think I am justified in saying that proposals of this kind would probably be acceptable to the majority of the Council. I myself can see no reason why such charges as the entire cost of the registration of voters and of elections of all kinds, the registration of births and deaths, the salaries of medical officers of health and sanitary inspectors, together with the cost of such services as vaccination, and in fact the entire charge of dealing with the stamping out of infectious disease, and many other matters of the like character, should not be defrayed out of the Imperial funds. Where the infectious disease is an agricultural matter, like pleuro-pneumonia or swine fever, the Government insists on administering the necessary funds, and not only pays for it out of Imperial moneys, but charges it against local taxation account, to the very great disadvantage of London; but where it is a question of taking precautions against cholera, or small-pox, or scarlet fever, which are quite as little local in their incidence, the Government leaves the whole cost of them to be borne by the ratepayer, and contents itself with putting on a certain amount of incidental pressure, according to circumstances, to see that he does not scamp the expense. The Commission will remember that, among the discontinued grants in respect of which the Exchequer doles are now made, there was a proportion of the charge for lunatics, the whole of the cost of criminal prosecutions, a certain fraction, which was, roughly, one half, of the cost of the police, a small proportion of the poor law charges, and certain payments in respect of main roads, vaccinators, and registrars of births and deaths. It appears to me, as I have already said, that this classification of charges cannot have proceeded upon any intelligible principle. It must be remembered, as a further item, that the operation of the Education Acts has been to throw the cost of education in part upon Imperial funds and in part, where there happens to be a school board, upon the local rates. Another case which is in point is one of those mentioned to us by Lord Welby, namely, the transference of the prisons from the county justices to the Imperial funds. I mention this, however, chiefly for the purpose of pointing out that there are two ways in which a burden may be transferred. When the prisons became a matter of Imperial rather than of local charge the whole administration of them was taken out of local hands and entrusted to the Home Office. When criminal prosecutions were dealt with in the same way the administration remained in local hands, although the entire cost was borne by the State. I think the County Council would be very jealous of any re-arrangement which would unduly extend the control of the Imperial bureaucracy over matters which are now managed locally. So far as poor law items are concerned, the question, in a sense, does not arise, because the power of the Local Government Board over poor law administration is, even under the present system, paramount. There would, therefore, be comparative simplicity in transferring to a national account such items of poor law charge as might be considered appropriate, just as for intra-metropolitan purposes, large sections of the poor law expenditure, although incurred locally, are transferred to a general metropolitan common poor fund.

36. I myself see no reason why such services as the care of lunatics and industrial and reformatory children might not be paid for out of the national account, without any great increase of the State supervision which is now for other reasons exercised over these institutions, and without any material diminution of local interest and local autonomy in these matters. But, as I have said, I do not pretend to work out a scheme of



apportionment. I desire rather to put forward the principle as an alternative to the present system of doles, and as one which, so far as it can be applied, is vastly preferable.

37. I may add that I do not see any reason why it should not be arranged, in cases where it might be supposed there would be any difficulty in the way of control, that the Exchequer should defray a fixed proportion, say, at least one half, of charges which are largely National in character. Such a principle has, in fact, long been applied to the important question of police, as to which I may say that we in London have long been convinced that we are not receiving from the Government as much as we might reasonably expect, especially as in our case the Government retains in its hands the entire administration of the force and the entire control of what we regard as its somewhat extravagant expenditure.

38. By way of concluding what I have to say on this part of the subject I may add that it was proposed in the committee, but not pressed, that we should append to our recommendations to the Council a specific suggestion that the contributions of the National Government towards any services, the burden of which was to be nationally borne, should be voted annually by Parliament upon defined conditions.

39. I do not know that I can properly add more upon this branch of the subject, and I turn therefore to the question of the possibility of distinguishing between national and local sources of revenue.

40. At the present moment no source of revenue appears to be regarded as local except the rates. Even the licences, the yield of which has been apportioned county by county, are still collected absolutely by the Government, and are regarded as a part of the Imperial subvention to local burdens. Such taxes as the inhabited house duty and the land tax seem to be just as local in their incidence as the rates are, yet they are also regarded as matters of exclusively Imperial concern. The original recommendation (*k*), put forward by my committee in the first report, proceeded upon the view that it was desirable, apart from any question of redressing the pecuniary injustice which is now done to London, to place the classification of Imperial and local revenue upon a reasonable and intelligible basis, and it was in this view that Mr. Gomme had proposed that the inhabited house duty and the land tax, subject to certain adjustments, should be substituted for the share of probate duty and beer and spirit duties now transferred. The object of this was not the financial gain, although the effect would have been to redress the present adverse balance against London to a slight extent. The object aimed at was to substitute for funds which are absolutely Imperial other funds which are local in their incidence, and to ask at the same time that there should be some reasonable measure of local control over the collection and graduation of such contributions. That recommendation, however, was not passed, and in fact I myself did not press it for various reasons, into which it is unnecessary to enter; but in the new resolutions which were subsequently brought up it will be observed that we still look to the inhabited house duty as one of the sources of revenue arising locally which we consider ought to be transferred to the counties. The omission of the land tax from this second resolution was probably due in large part to the well-known difficulty of dealing with that tax at all in any way that will be satisfactory, but it must not be supposed that the committee or the Council are inclined to negative the proposition that land tax is a source of revenue which might reasonably be claimed for local purposes. As regards both the inhabited house duty and the land tax there has long been a difficulty in inducing Progressive members of the County Council to look upon them kindly as transferable contributions, because it was felt that the details of the principles on which they are at present levied are open to very grave criticism. It will be observed that it was specifically proposed in our original resolution (*k*) that the County Council should have power to propose from time to time, subject to the approval of Parliament, schemes for amending the inhabited house duty. This suggestion, which proceeded from the late Mr. Charles Harrison, has, I find, given occasion to misconception. There was no idea whatever of attempting to place the inhabited house duty upon anybody except the occupier, but it was felt that the existing system of graduations and exemptions is most unsatisfactory, and it was considered at the time that it was fair to allow the local authorities the opportunity at least of proposing such amendments as they considered expedient. That proposition, however, is not any part of the evidence which I have to lay before the Commission, and I do not propose personally to insist upon it. I would myself much rather see the inhabited house duty properly reformed by a general Act, and see it then transferred for all purposes, including that of collection, to the category of local revenue.

Imperial contributions in aid of Local Taxation.

Reform of the principle desired.

Suggested classification of revenue, which should be local rather than Imperial.

Appropriation of certain Imperial taxes, such as the Inhabited House Duty, for local purposes, discussed.

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41. I am perfectly aware that it will be said that the transfer of the inhabited house duty to local revenue would give an enormous advantage to London as compared with other parts of the country. I do not perceive that that is any objection as things at present stand. As Mr. Gomme has already brought out in his evidence, we consider that London is at the present moment suffering by an inequitable apportionment upon the present grants to the extent of about £450,000 a year. Anything that London will gain by the transference of the inhabited house duty, as compared with other areas, would be much less than enough to redress this balance, but I would desire to point out that the figures upon which it is at present suggested that London would get too much, are figures based entirely upon the present system of collecting the tax. If the tax were collected and graduated in a more reasonable way the effect would, I think, clearly be that all urban areas would get more from it in proportion to their urban character, and that rural areas in proportion to their rural character would obtain less. This, however, is exactly, in my opinion, what ought to happen. The problem is, I take it, to do something which will prevent the growing pressure of local burdens from falling too bitterly upon the local "ratepayer," whoever, in the long run, he may prove to be. There is not the smallest doubt, in my opinion, that this pressure of local burdens tends to press more and more heavily upon urban populations, and presses in fact the more severely the more populous the district becomes. The pressure represents, in fact, the increasing necessities of the complex civilisation and administration of a congested community. If anything is to be done to "relieve rates" it is precisely in the great populous centres that it should be done most liberally. Hitherto the exact opposite is what has happened, and I am particularly bound to mention to the Commission the familiar complaint that by the operation of the Agricultural Rates Act, an enormous extra injustice, as between the rural districts and the urban districts, of which London is the chief, has been done. We assume that the appointment of the Commission is not wholly unconnected with the situation created by the enactment for temporary purposes of the Agricultural Rates Act. The Council entirely objects, without, I think, any serious division of opinion, to the re-enactment of that much criticised measure, when its original term expires, unless it is accompanied by the provision of some real and effective equivalent for the advantage of the urban population. In that case, as, we think, most unjustifiably, a grant was made out of the Exchequer—that is, broadly speaking, out of the pockets of the urban taxpayers—for the purpose of relieving rates in purely rural areas, where there does not seem to us to be any serious need of relief. Without at present discussing whether that relief went to the owner or occupier, we consider that, as between ratepayer and ratepayer, the urban communities were very badly treated by that transaction, and London, of course, suffered vastly more than any other. We distinctly desire to protest against the re-enactment of that statute at all. If it is to be re-enacted the injustice as between ratepayer and ratepayer ought at least, in our opinion, to be rectified by providing compensation which will work out to the benefit of urban communities in general and the Metropolis in particular.

42. I desire to say distinctly, and here I speak on behalf of the Council, that no such compensation will be obtained merely by giving in aid of London rates any Exchequer dole, such as those which are now received. We have gone into this question fully, and we are convinced that such a transaction would mean that for every 100,000*l.* London received, London would probably have to pay at least 125,000*l.* or 150,000*l.* If it is said that in any case the London ratepayer would be relieved at the expense of some other class, we answer that, so far we can ascertain it, the class who would contribute such a sum of money includes the whole of the London ratepayers and a large number of other persons, most of whom ought by no means to be further burdened. In fact, we do not believe that the ordinary London ratepayer, who feels the existing pressure, would, if all the facts were known, gain anything by such a transaction at all.

43. In other words, if it is proposed to continue the Agricultural Rates Act, and to give London any compensation for the contribution which she has thereby to pay to the counties, it appears to be only by some such process as the transfer of the inhabited house duty that effective compensation can be provided. That operation would at least have the effect of retaining in London for London purposes a considerable quantity of London money, which is now spent for the purposes of the whole country. That operation, if it were not countervailed by anything else, would to some extent rectify the account. I say if it were not countervailed—for it is plain that, if the Imperial taxation created to replace the inhabited house duty were such as to fall heavily on the mass of the people, London might lose again.

Agricultural Rates Act, 1896, is an injustice to London, and should not be re-enacted unless compensation, such as the transfer of the Inhabited House Duty, be given to London.

44. Having dealt with the two latest resolutions of the Council and with recommendation (j), which is connected with them, I come back more conveniently to consider the others. But I ought first to consider recommendations (i) and (m), which are logically connected with this part of the argument. It will be observed that in recommendation (i) the committee originally proposed that the Royal Commission should be informed that the Council is in favour of a municipal death duty upon immovable property held by individuals within a county with an analogous charge upon such property when it is invested in bodies corporate or unincorporate. As the resolution was not carried in that form I need not now discuss the concluding words of the proposal, which were introduced in the committee by the late Mr. Charles Harrison for the purpose of suggesting a means by which property not held in the names of individuals could be put upon a footing of equality with that which is so held. I may say, however, that broadly speaking, the purpose of that original recommendation was simply to place before this Commission, and to keep in view for further action the fact that the majority of the London County Council had always regarded favourably the idea of a municipal death duty as an alternative or an addition to any taxation of land values which could be levied upon annual revenues. Personally, I have always been in favour of this plan, and I believe that for many purposes it would be both economically and practically desirable. We were all aware, however, that the recent change in the death duties might be said to have placed upon that form of taxation as high a contribution as it can at the moment be expected to bear, and that in any case a proposal to place upon the death duties any further charge at the present time would not be likely to be received with favour by Parliament. It was proposed, accordingly, in the Council to modify the wording and to submit that a certain share of the estate duty now levied on London property should be allocated to local taxation, and I submit that proposition accordingly. The amended words did not, of course, traverse the original proposition, namely, that it is desirable, if and when it may be possible, that there should be a municipal death duty upon immovable property in the county, by which I mean that in addition to whatever death duty is required by the Imperial Exchequer there should be a certain levy, corresponding to the system known in France of *centimes additionnelles*, the proceeds of which should go to local revenue. I may shortly say that the theory of this proposal is that all immovable property in such a place as London is continually deriving a certain unearned increment of value from the collective exertions of the community, and that on every succession to such property that unearned increment passes to and is realised by a fresh person in whom it was in no way vested before. It would appear, therefore, to be very just and to be very free from all avoidable elements of hardship if the local community, which has really created that value, were enabled to take, by way of taxation, a reasonable share of it to defray the local expenses of improvement and administration out of which the increment in question has grown. The amendment as now passed is less definite, but I understand it to mean that, for the purpose of rectifying to some extent the present injustice to London, the Exchequer should relinquish in behalf of London, and, *pari passu*, I presume of other municipalities, a share of the estate duty which arises locally, on the theory that that ought to be considered, at least in part, as local revenue.

45. Recommendation (m) requires a word of explanation. The Sub-Committee of the Local Government Committee, which elaborated, after very long and mature discussion, the system of the original recommendations, was pressed by the Moderate members to consider as favourably as possible the proposals for some system for the rating of personalty, which, as it was suggested, had been in the minds of some of those who suggested the appointment of the Royal Commission. Accordingly (without, I think, any bias against such an idea) our sub-committee devoted its efforts for a considerable time to the endeavour to see whether there was any practicable means by which realised personal property other than immovables could be made subject to any form of rating. We were not unaware that it was the original intention of the poor law of Elizabeth that personalty capable of being considered as local should be taken into assessment, and that in fact it was so taken into account in the earlier period, both in England and in Scotland. I may say that members of both sides of opinion went into the discussion with every desire to find some way in which persons who chanced to occupy rateable property of relatively small value, but who enjoyed enormous revenues from accumulated personalty, might be made to contribute more than they do to local purposes; but, after full discussion, we came unanimously to the conclusion that no method had been suggested by which all personalty could possibly be referred to one or other of the local areas, and we also concluded that to allocate certain forms of personalty, which

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Estate duty.  
Allocation to  
London local  
taxation of a  
share of the  
duty levied on  
London  
property.

Movable  
property,  
rating in  
respect of.  
Council  
resolved that  
this would be  
untenable,  
owing to the  
impossibility  
of allocating  
certain forms  
of personalty.

A. P. XI. by accident might be ascribed to a particular place, while other forms of personalty escaped, would be untenable. We therefore come to the negative conclusion which is expressed in recommendation (m), and which passed the Council *nemine dissentiente*.

46. I have now, I think, laid before the Commission as much as it is my duty to say upon the first head of my evidence, which I may describe as the criticism of the present system of Exchequer doles, as it affects London, and the principles upon which any alternative suggestions should rest.

47. I may now return to the other subject with which these resolutions are concerned, namely, the question of a possible reform of the existing system of local contribution by the introduction of the principle of the taxation of land values.

48. I am aware that the Commission has invited a large number of statements from professional economists as to the theoretical questions touching the incidence of taxation. But I desire to say at once I do not consider myself authorised to give evidence on behalf of the Council as to the political economy of the subject. I will state shortly the outlines of such personal views as I hold by way of explanation of my position, but I have no pretension to speak as an expert on the subject. I believe that it is a fallacy to suppose that the incidence of taxation is the same under such conditions as prevail in London as it is under such conditions as prevail for agricultural English land. Where the pull of the market is against the landlord, and where the amount of the rates is practically a settled and well-known charge, I concede that on the contract for a simple tenancy the amount of the rates must be considered as diminishing the rent which the landlord will be able to get. I presume it is true, not only in theory but in practice, that if the settled charge in the way of rates had been 20% less, the landlord would probably have been able to get about 20% more for his farm. This proposition seems to have dominated the views of professed economists upon the subject of the incidence of rates to what I believe to be a fallacious extent. I do not consider that the proposition is fairly applicable to the conditions under which the occupying ratepayer lives in London. I do not believe it is applicable to other urban districts either; but I do not desire to speak in detail as to these, because the facts are not within my knowledge. As regards London, I consider that it is entirely untrue in practice to say that either a residential occupier, or an occupier of business premises, or a shopkeeper, does in fact deduct from the rent he is prepared to pay the real amount of the burden in the way of rates, which afterwards in practice falls on him. I think there are many reasons why this is so, but I am content for my own part to take it as a fact. It seems to me to be sufficiently proved by the circumstance that the London ratepayers have always during the time I have had anything to do with London affairs protested constantly and bitterly against every increase of rates, even where the increase was for objects which would be pecuniarily beneficial to themselves. Unless they are dominated by a universal folly, it is clear that they would be very willing to see large public benefits, such as education, or sanitation, or improvements in their own neighbourhood, effected out of the rates, if they believed that in practice the burden of the rates fell, not upon themselves, but upon their natural enemy, the landlord. Even if the increase of rates were for objects not beneficial to them personally, I fail to understand why their opposition to rising rates should be so keen and constant as it is—they being, for the most part, shrewd business men—if that increase of burden is, in fact, indifferent to them and concerns only the persons to whom they have to pay rent. In fact, the whole theory of local administration has gone upon the idea that the proper check upon local extravagance is to give control to the occupying ratepayers who have to pay the money. And in the County Council and elsewhere, any proposals to transfer the payment of any part of it, so as to be a direct charge upon owners, are constantly met by the proposal that in that case the owners whose money is being spent ought to be directly represented. It appears to me that if the theory of incidence, to which I am objecting, were correct, the occupying ratepayers would never have been the appropriate persons to trust with the prevention of extravagance, and that the claim of owners to be represented directly, if it is followed at all, would be at least as valid when the payments are immediately made by the occupying ratepayer as it would be if the payments were visibly made by the owner himself. For these and other kindred reasons I take it that it is the common sense of the business community that an increasing burden of rates in London is a matter which concerns the occupiers, and that these increases, in fact, come out of their pockets. If I am asked to suggest an economic explanation as to the reason why, I can only say that it appears to me that the rent of London is very largely not an economic rent, but that the actual amount which a landlord gets, or which a tenant is willing to pay for a particular tenement in the way of rent, is determined by a multitude

Incidence of Local Taxation in urban and rural districts. Generally speaking, the burden of taxation falls upon the landlord in rural districts. In urban districts, where rates are constantly increasing, such increases become a burden on the occupier.

of give-and-take considerations very difficult to analyse, the pull of the market being as a rule against the tenant.

49. It is also, I think, obvious to anyone acquainted with London local government statistics, that no ordinary tenant in negotiating even for a three years' agreement can tell with any approach to correctness what his aggregate payments in way of rates are likely to be. The number of authorities upon whose expenditure the charge depends is sometimes as many as 12, and the variations in the amounts of their payments from year to year is often extraordinary. In my belief the practical effect is that the tenant, so far as he attempts to estimate the rates at all, usually under-estimates even the present charge, and probably fails to allow for the probabilities of increase. As a matter of fact the aggregate charge of rates has tended during the whole of the present generation to rise progressively. The rise, however, has not been even, nor has it been predictable. On the contrary, in many cases, such as the well-known case of the School Board rate, a new charge has arisen without any warning by the passing of an Act of Parliament, accepted in part upon official assurance and general *bonâ fide* belief that the burden would only amount to two or three pence in the £, and yet that specific charge has rapidly run up to three or four times that amount. In like manner the initiation of a policy, such as that of dealing with infectious disease through the machinery of the Metropolitan Asylums Board, has come about under circumstances in which even experts were not fully aware of what was being done, and has initiated a source of expenditure which, in a few years, to the surprise of all parties concerned, has grown to be a large extra in addition to the rates previously thought of. The new services laid upon the County Council, both at the commencement of its work and under subsequent Acts, are other instances of the same thing, and as regards even the ordinary expenditure of vestries and boards of guardians there has been a continuous, but never quite clearly understood, demand for new services and new expenditure on public objects, the financial effect of which I venture to say no one—not even the expert officials of the authorities concerned—has at any time been able to forecast. The ultimate result of it is, to my mind, that even the cleverest business man cannot successfully tell to-day what the aggregate burden of his rates on a particular house, or warehouse, or shop, will turn out to be five years hence. I believe that in practice he does not seriously estimate it at all. In any case I am quite confident that these continual increases of charge by reason either of increased efficiency and cost of administration, or of specific new services discharged by public authority, or of great structural improvements, such as streets, embankments, bridges, and drains, do in fact come out of the pockets of the occupiers, and out of their living, and that they cannot be fairly considered as being borne in any intelligible sense by the receivers of rent.

50. Whether my personal views on the theory of the matter are accurate or not, there is undoubtedly a strong demand in London that some part of the constantly increasing burdens which are now laid upon the occupying ratepayers should be obviated by providing some form of direct charge upon owners of land values. It is argued by us, and I think it is the opinion of the great bulk of the ratepayers of London who give any thought to the question, that the improvements which are paid for by the increments of rate in question, go to produce in the last resort an increase of rent and an unearned increment of capital value which pass into the pockets of the owners. The occupiers feel, as I have said, that the moneys so expended do not come out of the pockets of the owners, but do come out of the living of the occupiers themselves, and they consider this a flagrant injustice. Especially is this felt, and I think most reasonably, by the great body of small shopkeepers and other struggling occupiers of business premises, and by all those upon whom occupying rates fall most heavily, such as persons—doctors, for instance—who are obliged to live in houses of comparatively high rateable value, or who are tethered by their occupations to particular localities. I have never seen any valid answer to these arguments myself, but even if the arguments were not wholly true, there is a second line of argument, which for the present purpose is equally effective.

51. We have long urged it is not merely the theoretic or ultimate incidence of a tax with which Parliament ought to be concerned, inasmuch as the apparent incidence of it is itself unimportant. It would seem to be the duty of the State to place any burden of taxation where it intends that burden to fall. If the persons from whom the money is now immediately collected feel it as a grievance that they should be charged, it is no answer to their grievance to tell them that the State really intends somebody else to pay through the operation of certain much disputed and by no means obvious economic forces. If, therefore, it is conceded, as I think it must be conceded, that the improvements produced by much of, if not by all, the kinds of expenditure of

Expenditure out of rates upon improvements produces an unearned increment of capital value, and should be met by a direct charge upon owners of land values.

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which I am speaking really go to the profit of the class of owners, and if it is held that it is just, and that it is the intention of the State, and that it is the effect of the present system that the owners should bear the burden, then I see no answer to the proposition that there ought to be found, if possible, some means of making it obvious that the burden does so fall.

52. If there were no other reason for this, it is plainly undesirable that there should be two different classes, each of which is alleging that it suffers from the same charge. Such a system doubles the irksomeness of taxation. But in addition it has what to my mind is an even worse result; it doubles the opposition to every item of useful or even necessary expenditure. Since I have known London politics there has been no circumstance so patent as the constant resistance offered by the ratepayers themselves, purely on the ground of expense, to everything in the nature of municipal civilisation. It is only with the greatest difficulty, and after long argument, that the most obvious improvements in the public service can be carried through, because you are met at every point by the plea that the burden of the rates is too heavy, and that the small shopkeeper cannot stand any increase. It is perfectly obvious to everybody concerned with London government that the one danger which every London authority seeks to avoid is the danger of being charged with increasing the rates. The danger of neglecting the public health, or the public safety, or the public service in general, is absolutely unimportant compared to the danger of alarming the ratepayers. It appears to me that this condition of things is barbarous, and I am quite certain that it makes against good government in the very gravest way. It is alleged, of course, that it is a great check upon extravagance. It has never appeared to me that it really acts in that direction, but even if it did the benefit of checking occasional waste is altogether counterbalanced by the mischief of checking every sort of improvement, even where the expenditure of the money involved would amply repay the community. Of course the resistance of the occupying ratepayers is not the only force which makes in this direction, and so far as I have observed, the influence of the owners in London is thrown, although less markedly, in the same direction.

53. I have said that a means of placing a direct charge upon owners ought to be found if it be possible, and, in fact, much of the discussion in the Council upon this subject has turned solely upon the question of possibility and of method. There are members of the Moderate party who frankly admit the argument in favour of a direct charge on owners, although they object in detail to the methods which we propose. I am myself perfectly satisfied that it is not only possible but easy to place a direct charge on owners if Parliament chooses to do so. It is not part of my commission from the Council at the moment to propose detailed machinery—the Council has already suggested more than one method. In my view the question of possibility was settled when the machinery for the scheduling of the income tax was devised. We are all of us accustomed to the operation of that system by which for many years money which is intended to be borne, and which undoubtedly is borne, as a direct tax by the landlord, is collected with perfect simplicity from the tenant, under special provisions by which he can transfer the burden. The amount of that burden has been very variable, and it has been often, and is now, very considerable in amount. I have never heard any person, economist or other, suggest that the effective burden of it comes out of anything else than the owner's rental income. The system was safeguarded by Parliament, with the common consent of all parties, by effective provisions, which rendered all contracts for changing the incidence void, and it was applied without any regard to existing conditions of tenure. I have never seen any answer to the proposition that, if this could be done with the income tax, something analogous could be done whenever Parliament chooses to levy a rate which is intended to be a direct charge coming out of rent receivable by owners.

54. I am aware that it is said on the part of the owner's advocates that if such a charge is put upon them they will succeed in transferring it to the tenant. I do not myself believe this, either as an economic or a practical proposition, provided always that the operation is carried out in an intelligent manner; but I add in reply two considerations: in the first place, if the owner's argument be true, it entirely negatives their other contention that the present rates are borne, not by the occupier, but by the owner himself. In the second place, if the argument be true it destroys itself, since the owner cannot be damnified by placing such a direct charge upon him, if, as a matter of fact, he sees his way to getting rid of it.

55. With these observations I desire to pass to the consideration of the practical scheme which the Council has adopted. The Commission will observe in the first place that the scheme is intended to create a fund which shall be kept separate from existing

Opposition to useful or even necessary expenditure out of rates comes from both occupiers and owners.

Taxation in respect of Site Values. Method of carrying out. Adoption of income tax system suggested. Possibility of owners transferring the charge to their tenants.

Taxation in respect of Site Values. Charge should begin

rates. It is intended to relieve the local budget in such a way that the pressing demands for great metropolitan improvements and other increments of expense can be duly met without increasing the burden on the occupying ratepayers at all. Such a fund should also have the effect of relieving the existing ratepayers from some part at all events of the unfair burdens laid upon them by the growing increments of recent years. It would still leave them undoubtedly with a large burden of rate. Where the dividing line should be drawn is to my mind a matter that can only be decided hereafter. I am personally of opinion that to attempt any too revolutionary a change would not be advisable, not merely because of the friction and resentment which it would provoke, but also because it might bring about a rent struggle between landlords and tenants in London on a large scale, the effect of which would be very unfortunate. If the new charge were to begin at a small figure, and to increase gradually to a reasonable amount, it would in my personal opinion have no appreciable effect on rents at all, and would amount to nothing more than a very fair and moderate contribution on the part of a class who at present receive the profits of public expenditure without paying anything like their share towards it.

56. By way of further explanation of the first series of the Council's resolutions, I ought to add that the difficulties of Londontenure make it obviously less simple than it would otherwise be to say in any case who is exactly the owner of the site value. What I call, for the sake of clearness, the site value, is defined in the Council's resolution as being the annual equivalent of the capital value which the site in question would fetch at Tokenhouse Yard, if for any reason the premises upon it were cleared away, as, for example, if they had been burnt to the ground. This is my own definition, and after most exhaustive discussions in the committee and the Council, I am convinced that it is a reasonable and correct statement in a practical form of the value which ought to be taxed. It is intended to represent the value of that parcel of ground considered as a site, and without regard to the structures which happen in fact to have been placed upon it. These structures may or may not be the ones most suitable to utilise the advantages of the site. But, apart from that consideration, these structures themselves represent the capital which has been expended upon it by some one in the ordinary course of business, and in consideration of a business return. Whatever in the rents actually derived from the site is attributable to the builder's capital and operations I call building value. That is as a matter of fact wrapped up in practice with an entirely different element, attributable merely to the advantages of that parcel of land situated where it is, resulting from the congregation of other people to the greatest centre of exchanges in the world, and from the common enterprise of the community so formed. This second element has grown up from what is often called "prairie value" to the fabulous sums which a cleared site will now fetch in the neighbourhood of the Bank. It grows in that way apart altogether from the exertions of the owner. It may be sold of course from time to time, but when I speak of "the owner" I am thinking of him in the abstract as representing the whole series of persons who hold, or have held, the legal estate in that parcel of land which our system of law recognises as a form of private property.

57. For the purposes of my argument, as I have already suggested, it is immaterial whether you consider that site value as a capital sum or as an annual rent. I do not wish to enter into the controversy as to the expediency of placing taxation on income rather than on capital. I should for myself be quite content if the community could levy by taxation a proper share of that constantly increasing urban site value by some municipal death duty, such as I have already described. That, however, is not for the moment in question, and I think that in any case it would be better to carry out such an operation as the direct taxation of land values by two concurrent methods, each of them moderate in its effect, rather than by one which would be necessarily more drastic.

58. Taking the site value, then, as represented by a certain portion of the rent in practice receivable in respect of the site and the structures upon it, the next question that arises is, Who ought to be considered the owner of it? The Council has resolved expressly that all those who derive a rental value out of it should bear whatever may be their equitable share. In other words, it is not merely the owner of the freehold reversion—who has in many cases only a small ground rent, and whose ultimate interest, valuable as it is, may be postponed for many years—who is to be charged under the Council's scheme. He will have to pay his share, which can be handed back to him by appropriate machinery. But if it should be true that some of the intermediate leaseholders, or even the occupying tenant himself, are in fact receiving a rent, or a use equivalent to rent, which is applicable not to building value but to the site value, it is

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with a small figure. Application of fund to be raised thereby.

Taxation in respect of Site Values. Definition of "site value." Suggestion that tax should be laid partly on capital value by means of a municipal death duty, and partly on annual value.

Taxation in respect of Site Values. Who are to be considered the owners?

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59. Beyond this statement of principle the Council does not at this moment desire to go. I may add that in former discussions very detailed schemes have been drawn up and proposed, but they must be regarded for the present purpose merely as materials for discussion, and the Council has never at any time professed to determine finally what might be the best theoretic or the easiest practical machinery.

60. With these observations I may leave the main resolutions of the Council to speak for themselves, subject to any questions which the Commission may desire to put to me upon them, and I therefore submit them formally—

That it is advisable that a new source of revenue should be obtained by means of some direct charge upon owners of site values.

That this charge be termed "owners' tax."

That all persons deriving a revenue, or use equivalent to revenue, from the value of a site, be liable to pay such charge.

That the site value of every property be assessed and entered in the valuation list.

That the site value be the annual rent which at the time of valuation might reasonably be obtained for the land as a cleared site if let for building by an owner in fee, subject to equitable reduction in exceptional cases in which the full site value thus defined is not being enjoyed or obtained by any person or persons.

That in view of the fact that considerable expenditure has been incurred from public funds which has largely contributed to the increase of site value, the Royal Commission be asked to recommend that such owners' tax commence at the rate of 6*d.* in the £ per annum, and rise gradually to such sum as Parliament may determine, and that any increase of burden or expenditure for new services should be equitably shared between the present rate on occupiers and the proposed owners' tax.

That any existing or future contract or agreement by which an owner purports to exempt himself from the owner's tax, or to cause it to be paid by any other person in his stead, be invalid.

61. The other resolutions, which are as follows—

That vacant land and empty property shall be liable to pay the owner's tax upon the site value as appearing in the valuation list.

That it is desirable that the question of requiring the owners of empty tenements to pay (as is done in the City of London with regard to the sewers rate) the whole or part of the ordinary rates should be raised in connexion with the evidence to be given before the Royal Commission,

are, as the Commission will observe, of a subsidiary character, and I do not know that I need at this stage offer detailed observations upon them. The Council has always been of opinion that the existing system of assessment in London does not take adequate account of the actual value of spaces of ground which are not covered with buildings or used for purposes of real economic utility. The question originally arose in the first Council over what was called the Holland Park case. It was contended by Mr. Saunders, and by a great number of the County Committee, that the assessment, according to the then existing practice, of large pleasure grounds like Holland Park was ridiculously low, considering the fact that, whatever rental might be obtainable for Holland House and the park for use in its present state as a dwelling, the actual value of the land in question was enormous, and a corresponding annual value might be obtained for it if the owner chose to sell it. It was answered, apart from technical arguments, that it was undesirable to drive open spaces of this kind into building. It has always seemed to me that the reply was irresistible—that open spaces held for private use and pleasure are not in the same category as public open spaces at all, and that in so far as it is desirable (as it clearly is) that spaces should be kept free from building for the public advantage, it is the obvious course, and in the end much the cheaper one, that these spaces should be acquired by the public and managed for the public utility.

62. The majority of the Council have always said that they were perfectly willing to assent to the treatment of open spaces in private hands, such as, for instance, the open spaces of the Temple, as proper to be regarded for assessment purposes as *quasi* public, wherever the legal owners were willing to allow reasonable public access. The whole question, however, is only indirectly connected with the present inquiry.

63. The Commission will also observe that the present exemption from local charge of empty houses is dealt with in the resolutions of the Council and in the report of the

Taxation in respect of site values. Resolutions of London County Council thereon.

Vacant land and empty property. Rating in respect of. Holland Park case.



committee by which they are prefaced. I do not think it is necessary at this stage to enter further into this branch of the subject, as to which, in my opinion, the Council is practically unanimous. I have never myself had any serious reason for continuing the present exemption of empty houses from local charge.

64. As regards the vacant land upon the borders of the building area, including building estates ripening for building value, a further series of considerations arise. It has undoubtedly been the general opinion of the Council for a long time that it is undesirable to allow speculators to hold land of this kind for indefinite periods in order that they may obtain higher prices for it when the land is, under the present system of assessment, practically unburdened with any contribution to the municipal expenses. This is obviously a strong case in which the municipal expenditure actually goes to create site values in the hands of a man who proposes to pocket the unearned increment, and does not bear his share of the burden. I am aware that it has been suggested in the later stages of the discussion that the sudden imposition of the entire local taxation upon small houses as soon as they are built on such estates acts as a check on building; and, speaking for myself, I am inclined to believe that theoretically it would have been a wiser plan to distribute the whole rating, whether it has to be paid by the occupier or the owner, between the different tenements in the Metropolis, not, as at present, according to their rateable value, but rather according to their site value. In other words, I think there is a considerable argument against including in any assessment for rating the building value which represents a return upon the investment of capital in providing accommodation. I state this view because it has been a matter of discussion, but I desire to make it perfectly clear that it has been in no sense adopted by the Council, and that I myself do not propose that any action should now be taken upon the subject. The considerations in question do not in my view in any way negative the argument that, while the present system of assessments according to rateable value is maintained, it is an injustice that speculators should be allowed to hold land which is more or less available for building within the metropolitan area, free of any reasonable contribution to metropolitan charges, not only because that arrangement appears to me to be financially unjust, but also because they are by that means induced or enabled to keep land out of the market for long periods of time, which would, if it were brought into building, tend by its competition to reduce the general level of rent in London—a circumstance most urgently to be desired, inasmuch as the housing problem is in my opinion the most grave of all those with which the Council has to deal.

B. F. C. COSTELLOE.

Spring Gardens, S.W.,  
June, 1898.

### ADDENDUM.

EXTRACTS FROM THE MINUTES OF THE LONDON COUNTY COUNCIL OF 7TH DECEMBER 1897,  
AND 1ST AND 8TH FEBRUARY 1898.

#### Report of the Local Government and Taxation Committee.

10th November 1897.

#### *New Sources of Revenue.*

1. On 26th March 1895 the Council passed the following resolution — “That, having regard to the urgent need of relief for the occupying ratepayer, the Local Government Committee be instructed to consider and report without delay as to the best means of speedily obtaining new sources of revenue, including in their consideration the rating of land values and the necessity of directing the immediate attention of Her Majesty’s Government to the great injustice done to London by the unfair allotment of the Exchequer grants and by the inadequate assessment of Government property for the purpose of contributions to the local rates.”

Since that date, however, the Council will doubtless remember that a Royal Commission has been appointed, the reference to which is—“To inquire into the present system under which taxation is raised for local purposes, and report whether

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ment and  
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 " taxation, and if not, what alterations in the law are desirable in order to secure that  
 " result."

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 ment and  
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We have endeavoured to deal simultaneously with these two cognate but distinct matters, but our proceedings on the former and more exhaustive branch have been dislocated and interrupted for several months past by the necessity of considering what immediate policy is to be advanced for the practical purposes of the Commission.

On 6th April last we reported that we had carefully considered the question of the evidence to be submitted to the Commission, and that we were of opinion that the Council's evidence might be submitted in two sections—

- (i.) Evidence to be given by the officers of the Council as to statistics showing the present distribution of local taxation as it concerns London, and as to the existing arrangements which govern such distribution.
- (ii.) Such evidence as the Council may resolve to offer as to policy by way of criticism of the present arrangements or by way of proposals tending to their amendment.

Under the first head the Statistical Officer and the Assistant Valuer were instructed to give evidence and the evidence of the former has been in part taken, and a memorandum thereof is now circulated to the Council.

It now appears to be our duty on the one hand to suggest some means of "obtaining new sources of revenue," by which phrase, according to the terms of the Council's resolution, it was intended that the rating of land values should be included. On the other hand it is our duty, and it has now become our immediate object, to make proposals to the Council as to what evidence could or should be tendered to the Royal Commission on Local Taxation on the part of the Council as to the questions of policy which arise under the Commission's reference—that is, in effect, as to the reforms which the Council might wish to propose in relation to the present system under which local taxation is raised. It will be evident that these two branches of the subject could not be properly treated in the same way, and the difficulties concerning our labours have been greatly increased by the fact that we were necessarily working on two different lines at once. For the present purpose it may be taken that we are reporting solely from the point of view of the proposals which we consider that the Council might submit by way of evidence on policy to the Royal Commission.

We submit recommendations which we propose should be laid before the Commission, and we have given instructions for all the documents considered by us in connexion with the whole subject to be sent to each member of the Council.

#### *A.—Local Taxation of Land Values.*

Our first recommendations relate, as will be seen, to the question of the rating of land values. It will also be observed that this matter is not only one which in our judgment may now properly be submitted to the Royal Commission as a proposal for a reform of the present system of local taxation, but that it is also a matter on which by the reference of 26th March 1895, following upon many previous resolutions, the Council has long since decided. Our main duty in the matter would seem to be that of putting into shape for the present purpose, as a basis of evidence to be tendered to the Commission, such proposals as will submit the local taxation of land values in an intelligible form for their consideration. We do not consider it proper for us at the present stage to put these proposals into the form of heads for a Draft Bill, or to recommend to the Council the precise machinery by which such a tax might be collected from the proper persons. If the Royal Commission declines to entertain the proposal at all, it would be evidently useless for the Council to elaborate a detailed plan. If on the contrary the Commission desires that such details should be furnished, it remains perfectly open for the Council to consider and decide upon them if it should think fit. Neither has it been considered either necessary or proper to submit to the Council what may be called an economic treatise upon the extremely complicated and much disputed question of the ultimate incidence of rating under the present or any other system. It is well known that opinions are divided, not merely among members of the Council, but also among theoretic economists, as to this matter, which is in the end a question not of opinion or policy, but of science.

In the view presented in this report, however, the solution of it is not really relevant to the question at issue. Whether the ultimate burden of the London rates falls exclusively upon the occupier or exclusively upon the owner, or in varying proportions upon the one and the other, it appears to us that there is as a matter of policy "urgent

“need of relief for the occupying ratepayer.” It equally appears that the present system by which the whole of the local rates comes immediately out of his pocket without any direct means by which (as in the case of the landlord’s property tax) he can visibly and certainly transfer the burden, is not only inexpedient but unjust. It is certain that a large body of persons of very varying opinions, not merely as to the incidence of taxation, but as to political questions generally, are agreed that this system, which is a mere accident in itself, is not desirable, and ought not to continue.

If this be so the duty of the Council would seem to be to recommend some new form of local taxation which can be placed in a direct, or practically direct, manner upon the owners as distinguished from the occupiers.

In considering this problem it is obviously necessary first of all to consider who are “the owners.” In the consideration of this subject, which has now extended for many years, it appears to be generally agreed, that “the owners” ought to be understood as meaning those persons who are in possession of some value or interest which arises out of the site value (*i.e.*, the value of the ground regarded simply as a site) as distinguished from the intrinsic value of the buildings (*i.e.*, the portion, if any, of the actual value of any premises which is attributable to the capital expended upon them in erections of any kind). It was in the attempt to work out this distinction that the definition of site value which is set out in recommendation (e) was arrived at. It is admitted that under that or any other system of definition there may be exceptional cases in which what is called the site value is to some extent unrealisable. We are of opinion, and we have recommended that machinery should be provided for equitable reduction in such cases; but exactly how they should be met, what cases should be provided for, and to what tribunal they should be referred, appear to us to be matters of detail which can only be dealt with in the drafting of a Bill, and after the many general questions of machinery and collection have been determined.

The definition of site value has been criticised on the ground that in some instances the value indicated would not practically take the form of an obtainable annual rent, although it might exist in the shape of a capital value which could be practically realised at Tokenhouse Yard. We think that even if this objection applied to any large number of cases, it would not afford any reason against the imposition of the tax proposed. It is, however, necessary to add that the proposal for a so-called owners’ tax does not pretend to be, any more than any existing tax pretends to be, a mathematically correct apportionment of burdens. It is submitted in the belief that while it would afford a material relief to the occupiers at present suffering from continual increase of taxation, it would on the other hand place upon “the owners” who would bear it, a contribution which will not exceed the share of the cost of administering and improving London which they may justly be expected to bear directly.

Who are “owners” in this sense we have defined in principle in our recommendation (c). For distributing the proportionate shares among the persons who satisfy this definition in each case under the absurdly complex conditions of London tenure, machinery will of course be required. Until the principle is accepted it seems to us that it is not the duty of the Council to express any view as to which machinery is the most appropriate. Many schemes have already been proposed, some of which are set out in the papers now circulated. We have not rediscussed them at the present stage, but we are satisfied that if the principles now recommended are adopted as a basis for legislation, there will be no serious difficulty in devising the necessary details.

The position may be summed up as follows—the occupying ratepayer is justly complaining of a continually increasing burden. He feels that this increase does come out of his living, and that much of the fruit of it goes into the owners’ pocket. Whatever the abstract economics may be, this is a grave and urgent social grievance. It can be redressed only by making owners as such pay their share. This can be done if Parliament so resolves. The Council’s present duty is therefore, in our opinion, to propose this to the Commission, and we recommend—

- (a.) That it is advisable that a new source of revenue should be obtained by means of some direct charge upon owners of site values.
- (b.) That this charge be termed “owners’ tax.”
- (c.) That all persons deriving a revenue, or use equivalent to revenue, from the value of a site, be liable to pay such charge.
- (d.) That the site value of every property be assessed and entered in the valuation list.
- (e.) That the site value be the annual rent which at the time of valuation might reasonably be obtained for the land as a cleared site if let for building by an

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owner in fee, subject to equitable reduction in exceptional cases in which the full site value thus defined is not being enjoyed or obtained by any person or persons.

(f.) That in view of the fact that considerable expenditure has been incurred from public funds which has largely contributed to the increase of site value, the Royal Commission be asked to recommend that such owners' tax commence at the rate of 6*d.* in the £, and rise gradually to such sum as Parliament may determine, and that any increase of burden or expenditure for new services should be equitably shared between the present rate on occupiers and the proposed owners' tax.

(g.) That any existing or future contract or agreement by which an owner purports to exempt himself from the owners' tax, or to cause it to be paid by any other person in his stead, be invalid.

As supplementary to the above recommendations we considered—(i.) a suggestion for payment of an owner's tax upon vacant land and empty property, and (ii.) as to a proposal for the imposition of a municipal death duty or other equivalent charge on immovable property within the county. It may be pointed out that both these reforms have in previous times been endorsed by the Council.

With regard to (i.) it is well known that the system of local taxation in London always proceeded, until about the year 1855, on the footing that the owner of empty houses derived a large benefit in many ways from the local administration, and that he ought to pay at least a mitigated rate, being generally half the rate usually levied. It is clear that the exemption of empty houses from rating tempts the owner to hold them for a higher rent, and thereby seriously tends to raise the standard of rent all over the Metropolis. Since the pressure of rent in London is a very grave social question, it would appear that the change which was effected about 1855 by exempting empty properties from all local charge was most undesirable. It is well known that that change was never in fact made in the City, and that empty property in the City continues to pay half the sewer rates to this day. It is worth while to add that the present exemption of empty property produces very serious friction and irritation as between the local authorities in London and the central authorities, and is largely responsible for the great variation between the apparent amount in the pound of the central precepts and the amounts in the pound which are locally levied in order to cover them. As regards the proposal that vacant land should bear the owner's tax, that would appear also to require little comment. The proposal was originally made by the Housing Commission presided over by the Prince of Wales. The present arrangement would seem to be indefensible. It exempts from contribution to local charge either lands within the area of continuous building, which the owner chooses to keep out of their ordinary economic use, or lands upon the fringe of the building area which, by the direct effect of the administration and improvement of London, are endowed in the hands of some speculative holder with a rapidly increasing unearned increment. The reason why vacant land, either in the heart of London or on the outskirts, is not at present bearing any real share of local burdens, is probably the theory that it can only be rated in respect of some annual value which it is actually producing. It would appear that this is a very fallacious argument—not only because in most cases the owner is simply foregoing a possible annual value because he is obtaining at the same time a greater capital increment, but also because in many cases, such as that of the Council's sewage works, enormous rating charges are laid under the present law upon tenements which produce no annual income at all. As regards the much discussed case of large gardens or parks at present held with houses in districts within the building area, the Council has long affirmed that there is no reason why the owners of private pleasure grounds, who decline to allow the public any access, should not be reasonably assessed upon an annual figure having some relation to the true value of the land which they choose to keep out of its reasonable economic use, especially as that choice has the indirect result of raising the rents of London and further increasing the difficulties of the problem of housing the population. If it be said that many of these grounds ought not to be forced into the builders' hands—which is quite true—the answer is that it would be cheaper and more just to buy them for public use.

With regard to (ii.), as to the imposition of what has been commonly called a "municipal death duty," we considered it our duty to submit to the Commission the fact that the Council had already proposed such a plan, as a means of intercepting at death some portion of the constant increase of site values in London, to relieve the ratepayers from some part of the burden of the taxation which goes to produce that increment of value itself. In view of the fact that the Imperial death duties have lately been so largely increased, we recognise that the proposal is not likely at the present moment to be effective; but the possibility should be borne in mind, inasmuch

as it is not likely that any owner's charge, taking the form of an annual rate, will contribute as much out of the unearned increment of site value as the occupying ratepayers might reasonably propose. We have therefore resolved merely that the proposal should be laid before the Royal Commission, as being a possible supplement to any form of owners' rate. We have also adopted a further suggestion which is connected with this one. The Corporate Property Duty was devised as some equivalent, in the case of corporations, for the succession duty paid by individuals. A great part of the immovable property in London is held by corporations, which never die. At present, by reason of various exemptions, such as that of the enormous London property of the Ecclesiastical Commissioners, the duty only produces (even for the Exchequer) the ludicrously small amount of 33,000*l.* If it were extended on just principles, we think that the Council ought to share in the revenue, and that it might afford a further considerable relief to the occupying ratepayers. We recommend—

(*h.*) That vacant land and empty property shall be liable to pay the owners' tax upon the site value as appearing in the valuation list.

(*i.*) That the Royal Commission on Local Taxation should also be informed that the Council is in favour of a municipal death duty upon immovable property held by individuals within the county with an analogous charge on such property when it is vested in bodies corporate or unincorporate.

#### *B.—Revision of Exchequer Contributions.*

It has long been our opinion that London is unfairly treated with regard to the present system of making grants from the Imperial funds in aid of local taxation, and, under this head of the Council's reference, we submit a return prepared in continuation of a previous return, showing the relationship of London to other counties and county boroughs in respect of rateable value, rates raised and contributions received from Imperial taxes for the year 1893–94, and in respect of the proportions of local taxation borne by Imperial taxes and by rates. This return contains ample proof that the process of Exchequer contributions does not in effect relieve the London ratepayer or, to speak more exactly, the inhabitants of London at all. It is included among the documents now sent out to members with this report.

On the principle that grants from Imperial taxation should be and are in fact intended to be in accordance with the necessities of each locality, London suffers considerably by the present system, as the statistical officer has demonstrated. Seven years have elapsed since the present apportionment of local taxation grants came into operation, and as five years is the period fixed upon in the Local Government Act of 1888 for a revision of the basis of payments from county councils to local authorities within the counties, it is all the more urgently necessary to London that a revision of the basis of grants from the local taxation fund to the counties should take place. If it can be shown that such a revision could be effected without any disturbance to Imperial finance, upon a principle admitted to be sound by the best economic authorities, and with perfect fairness to each county, and if, in addition to these considerations, the yield of certain strictly local taxes could be substituted for an apportionment of Imperial taxes, there is no reason why London should be content to wait during an indefinite period for redress.

We are satisfied that such a reform is possible on the lines set forth in the statistical officer's report on New Sources of Revenue, now before the Council, and after exhaustive discussion of the suggestion there made, we have decided to ask the Council to submit it to the Commission in the form set out in our recommendation (*k.*).

Previous proposals of this nature have frequently been objected to on the ground that the present incidence of the inhabited house duty is very defective, and that the Council would desire that it should be largely altered if it were to become a portion of its own revenues. It is for this reason that the final clause has been added to recommendation (*k.*). We therefore recommend—

(*j.*) That, as the present system of Exchequer contributions from the taxpayer to the ratepayer by means of the Exchequer grants appears to operate so as to withdraw from Londoners more than it returns to them, no system of Exchequer contributions distributed to the whole country upon the present basis of division ought to be accepted on behalf of London.

(k.) That it is desirable to substitute as local revenue the inhabited house duty and land tax in London and other counties (adjusted as suggested in the statistical officer's memorandum) for the share of probate duty and beer and spirit duties now transferred, and that in that event it will be desirable that county councils should have power to propose from time to time, subject to approval of Parliament, schemes for amending the present incidence of inhabited house duty.

*C.—Rating or Partial Rating of Empty Tenements.*

It will be observed that the following recommendation is not inconsistent with recommendation (h), although it proposes that a second system of rating of empty tenements should be submitted to the Commission. Even if the Commission declines to entertain the general proposals for taxation of site values, the arguments for the rating or partial rating of empty houses, which have been stated above, will remain unaffected. We recommend—

(l.) That it is desirable that the question of requiring the owners of empty tenements to pay (as is done in the City of London with regard to the sewers rate) the whole or part of the ordinary rates should be raised in connexion with the evidence to be given before the Royal Commission.

*D.—Rating of Movable Property.*

It is unnecessary to discuss at length the following negative recommendation as regards the local rating of personal property. It is well known that in connexion with the appointment of the Royal Commission, suggestions were current as regards some possible rating of what is roughly called "personalty," and we came, after careful consideration to the conclusion that no such schemes were practicable or expedient. We recommend—

(m.) That having regard to the impossibility of locating all movable property, no suggestion be made to the Commission with regard to the local rating of such property.

We have not at present proceeded further in the detailed consideration of any of the above proposals, and we are of opinion that it is unnecessary to do so until the Council is informed how far, if at all, the Royal Commission is prepared to enter into or recommend any of the suggested reforms. We recommend—

(n.) That the foregoing recommendations be approved as forming a basis of the evidence as to policy to be submitted to the Royal Commission on Local Taxation now sitting, and that the chairman of the Local Government and Taxation Committee (Mr. Costelloe) be appointed to submit and give evidence in support of such recommendations.

B. F. C. COSTELLOE,  
*Chairman.*

RESOLVED—That the report be received.

(1a.) On the motion to adopt recommendation No. 1 (a) :

Amendment moved by Mr. Harris, seconded by Sir Harry Poland—That, with a view to the Royal Commission framing proposals for alterations in the law in the event of its coming to the conclusion that "site values" do not contribute equitably to taxation, the recommendations of the Committee under section A, viz., (a) to (i) of this report, be submitted to the Commission as suggestions for its consideration, and that there also be submitted to the Commission the report of the statistical officer bearing on the question whether and how far all kinds of property contribute equitably to taxation, and the report of the valuer upon the incidence of rates as between owners and occupiers.

After debate and a resolution that the question be now put,

Amendment put to the vote, and, the Council having divided (at 6.16 p.m.), there appeared :—

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*For the Amendment—50.*

Abrahams, M.	Fardell, Sir T. G.	Mountmorres, Viscount
Antrobus, R. C.	Fletcher, J. S.	Onslow, Earl of.
Banning, H. T.	Fox, W. H.	Payne, W. H. C.
Beachcroft, R. M. (V.C.).	Gooding, R.	Poland, Sir H. B.
Bicker-Caarten, G.	Goulding, E. A.	Porter, J. B.
Boulnois, E.	Hardwicke, Earl of.	Probyn, Lt.-Col. C.
Bull, W. J.	Harris, Sir G. D.	Robinson, R. A.
Campbell, C. H.	Harris, H. P. (Teller).	Rotton, Lt.-Col. A.
Campbell, Col. F.	Haydon, W.	Urquhart, W.
Chapman, C. M.	Hayter, L. H.	Westacott, T. B.
Clarke, Henry.	Hubbard, Hon. E.	Wetenhall, W. J.
Corbett, T. L.	Jerome, C.	White, E.
Dimsdale, Sir J. C.	Legge, Hon. H.	White, J. (Teller).
Dixon, J.	Longstaff, G. B.	Whitmore, C. A.
Dumphreys, J. M. T.	Lushington, Sir G.	Williams, D.
Elliott, G. S.	Matthews, W.	Wilson, Sir A.
Emden, T. W. L.	Middleton, R. W. E.	

*Against the Amendment—53.*

Baker, J. A.	Hoare, A.	Russell, Earl.
Bayley, E.	Hubbard, N. W.	Sears, J. T.
Benn, J. W.	Hunter, T.	Shaw Lefevre, Rt. Hon.
Blake, W. F.	Hutton, Sir John.	G. J.
Branch, J.	Idris, T. H. W.	Smith, A.
Bruce, W. W.	Jones, Edwin.	Spokes, R. (Teller).
Burns, J.	Laughland, J.	Strong, R.
Cooper, B.	Lawson, H. L. W.	Stuart, J.
Cooper, G. J.	Leon, A. L.	Taylor, H. R.
Cornwall, E. A.	McDougall, J.	Thornton, J.
Costelloe, B. F. C. (Teller).	Monkswell, Lord	Torrance, A. M. (D.C.).
Crooks, W.	Napier, T. B.	Ward, H.
Davies, W.	Parker, R.	Webb, Sidney.
Ford, Lt.-Col. C.	Parkinson, W. C.	Welby, Lord.
Freak, C.	Ponsonby, Hon. A. G.	Williams, C. Fleming.
Goodman, W.	Radford, G. H.	Wood, T. McKinnon.
Harrison, C.	Roberts, R.	Yates, W. B.
Heward, S. B.	Robinson, N.	Young, Sir W. L.

Amendment declared to be lost.

Original motion put to the vote, and, the Council having divided (at 6.25 p.m.), there appeared—

*For the Motion—55.*

Baker, J. A.	Hoare, A.	Robinson, N.
Bayley, E.	Hubbard, N. W.	Russell, Earl.
Benn, J. W.	Hunter, T.	Sears, J. T.
Bicker-Caarten, G.	Hutton, Sir John.	Shaw Lefevre, Rt. Hon. G. J.
Blake, W. F.	Idris, T. H. W.	Smith, A.
Branch, J.	Laughland, J.	Spokes, R. (Teller).
Bruce, W. W.	Lawson, H. L. W.	Strong, R.
Burns, J.	Leon, A. L.	Stuart, J.
Cooper, B.	Lyon, Robert.	Taylor, H. R.
Cooper, G. J.	McDougall, J.	Thornton, J.
Cornwall, E. A.	Monkswell, Lord.	Torrance, A. M. (D.C.)
Costelloe, B. F. C. (Teller).	Mountmorres, Viscount.	Ward, H.
Crooks, W.	Napier, T. B.	Webb, Sidney.
Davies, W.	Parker, R.	Welby, Lord.
Ford, Lt.-Col. C.	Parkinson, W. C.	Williams, C. Fleming.
Freak, C.	Ponsonby, Hon. A. G.	Wood, T. McKinnon.
Goodman, W.	Radford, G. H.	Yates, W. B.
Harrison, C.	Roberts, R.	Young, Sir W. L.
Heward, S. B.		

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*Against the Motion—47.*

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Abrahams, M.	Fardell, Sir T. G.	Onslow, Earl of.
Antrobus, R. C.	Fletcher, J. S.	Payne, W. H. C.
Banning, H. T.	Fox, W. H.	Poland, Sir H. B.
Beachcroft, R. M. ( <i>V.C.</i> )	Gooding, R.	Porter, J. B.
Boulnois, C.	Goulding, E. A.	Probyn, Lt.-Col. C.
Bull, W. J.	Harris, Sir G. D.	Robinson, R. A.
Campbell, C. H.	Harris, H. P. ( <i>Teller</i> ).	Rotton, Lt.-Col. A.
Campbell, Col. F.	Haydon, W.	Urquhart, W.
Chapman, C. M.	Hayter, L. H.	Westacott, T. B.
Clarke, Henry.	Hubbard, Hon. E.	Wetenhall, W. J.
Corbett, T. L.	Jerome, C.	White, E.
Dimsdale, Sir J. C.	Legge, Hon. H.	White, J. ( <i>Teller</i> ).
Dixon, J.	Longstaff, G. B.	Whitmore, C. A.
Dumphreys, J. M. T.	Lushington, Sir G.	Williams, D.
Elliott, G. S.	Matthews, W.	Wilson, Sir A.
Emden, T. W. L.	Middleton, R. W. E.	

Motion declared to be carried.

RESOLVED—That it is advisable that a new source of revenue should be obtained by means of some direct charge upon owners of site values.

(1 *b* and *c*.) RESOLVED—That the several recommendations of the Committee, Nos. 1 (*b*) and (*c*), be adopted.

(1 *d*.) On the motion to adopt the recommendation of the Committee, No. 1 (*d*),

Amendment moved by Lt.-Col. Ford:—That the following words be added: “As a separate and distinct class of assessable hereditament, and when so entered as such shall be in common with all other hereditaments entered in such valuation list subject to all taxation, and not merely to a particular surtax upon the Landlords Property Tax of any fixed or given amount on all persons from the occupier down to the first landlord and regardless of the tenement being used as a shop or as a house.”

The amendment was not seconded.

After debate,

Motion put.

A division having been demanded and granted, but tellers for the “Noes” not being nominated,

Motion declared to be carried.

RESOLVED.—That the site value of every property be assessed and entered in the valuation list.

(1 *e*.) Motion made—That the recommendation of the Committee, No. 1 (*e*), be adopted.

After debate,

Motion made—That the recommendation of the Committee, No. 1 (*e*), be adopted.

After debate,

Motion put and declared to be carried.

RESOLVED accordingly.

(1 *f*.) On the motion to adopt the recommendation of the Committee, No. 1 (*f*).

Amendment moved by Col. Hughes, seconded by Dr. Gooding—That the words “per annum” be inserted before the word “and” in line 3.

The Chairman of the Committee having intimated his willingness to accept the amendment,

Amendment put and declared to be carried.

After debate,

Original motion, as amended, put and declared to be carried.

RESOLVED—That in view of the fact that considerable expenditure has been incurred from public funds which has largely contributed to the increase of site value, the Royal Commission be asked to recommend that such owners' tax commence at the rate of 6*d*. in the £ per annum, and rise gradually to such a sum as Parliament may determine, and that any increase of burden or expenditure for new services should be equitably shared between the present rate on occupiers and the proposed owners' tax.

(1 *g*.) On the motion to adopt the recommendation of the Committee, No. 1 (*g*),

Amendment moved by Mr. Westacott, seconded by Mr. Cohen—That the words “existing or” be omitted from line 1.

After debate,

Amendment put and declared to be lost.



Original motion carried.

RESOLVED—That any existing or future contract or agreement by which an owner purports to exempt himself from the owner's tax, or to cause it to be paid by any other person in his stead, be invalid.

(1 *h.*) Motion made—That the recommendation of the Committee, No. 1 (*h.*), be adopted.

Motion put to the vote, and, the Council having divided (at 4.42 p.m.), there appeared—

*For the Motion—56.*

Baker, J. A.	Hughes, Col. E.	Robinson, N.
Bayley, E.	Hunter, T.	Russell, Earl.
Benn, J. W.	Hutton, Sir John.	Sears, J. T.
Blake, W. F.	Idris, T. H. W.	Shaw Lefevre, Rt. Hon. G. J.
Branch, J.	Jones, Edwin.	Smith, A.
Carrington, Earl.	Laughland, J.	Spicer, E.
Cooper, B.	Lawson, H. L. W.	Steadman, W. C.
Cooper, G. J.	Leon, A. L.	Strong, R.
Cornwall, E. A. ( <i>Teller</i> ).	Lyon, Robert.	Stuart, J.
Costelloe, B. F. C. ( <i>Teller</i> ).	McDougall, J.	Taylor, H. R.
Crooks, W.	Monkswell, Lord.	Thornton, J.
Davies, W.	Moss, Nathan.	Tweedmouth, Lord.
Dickinson, W. H.	Napier, T. B.	Ward, H.
Ford, Lt.-Col. C.	Organ, T. A.	Webb, Sidney.
Freak, C.	Parker, R.	Welby, Lord.
Goodman, W.	Parkinson, W. C.	Wood, T. McKinnon.
Heward, S. B.	Pearce, W.	Yates, W. B.
Hoare, A.	Radford, G. H.	Young, Sir W. L.
Hubbard, N. W.	Roberts, R.	

*Against the Motion—48.*

Abrahams, M.	Farquhar, Lord.	Middleton, R. W. E.
Antrobus, R. C.	Fletcher, J. S.	Morton, A. H. A.
Banning, H. T.	Forman, E. B.	Onslow, Earl of.
Beachcroft, R. M. ( <i>V.C.</i> )	Fox, W. H.	Payne, W. H. C.
Boulnois, E.	Gooding, R.	Poland, Sir H. B.
Campbell, C. H. ( <i>Teller</i> ).	Goulding, E. A.	Porter, J. B. ( <i>Teller</i> ).
Campbell, Col. F.	Hardwicke, Earl of.	Probyn, Lt.-Col. C.
Chapman, C. M.	Harris, Sir G. D.	Remnant, J. F.
Clarke, Henry.	Harris, H. P.	Robinson, R. A.
Cohen, B. L.	Haydon, W.	Rotton, Lt.-Col. A.
Corbett, T. L.	Hayter, L. H.	Urquhart, W.
Denbigh, Earl of.	Jerome, C.	Westacott, T. B.
Dimsdale, Sir J. C.	Legge, Hon. H.	Wetenhall, W. J.
Dixon, J.	Longstaff, G. B.	White, E.
Emden, T. W. L.	Lushington, Sir G.	Whitmore, C. A.
Fardell, Sir T. G.	Matthews, W.	Williams, T. W.

Motion declared to be carried.

RESOLVED.—That vacant land and empty property shall be liable to pay the owner's tax upon the site value as appearing in the valuation list.

(1 *i.*) On the motion to adopt the recommendation of the Committee, No. 1 (*i.*),

Amendment, moved by the Vice-Chairman of the Council, seconded by Mr. Fletcher—That the recommendation be referred back to the Committee with an instruction to consider and report whether in lieu of informing the Royal Commission that the Council is in favour of a municipal death duty, it would not be preferable to suggest that a certain share of the estate duty now levied on London property should be allocated to London local taxation.

Amendment put and declared to be carried.

On its being put as a substantive motion,

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London County  
Council.

Amendment moved by Mr. Cornwall, seconded by Mr. N. W. Hubbard—That all words after the word "That" in line 1 down to and including the word "that" in line 4 be omitted.

Amendment put and declared to be carried.

On the motion as amended being put,

It was agreed that the following words should be added to the motion—"and that evidence be submitted in support of the proposal."

Motion as altered put and declared to be carried.

RESOLVED—That a certain share of the estate duty now levied on London property should be allocated to London local taxation, and that evidence be submitted in support of the proposal.

(1 *j.*) RESOLVED—That the recommendation of the Committee, No. 1 (*j.*), be adopted.

(1 *k.*) On the motion to adopt the recommendation of the Committee, No. 1 (*k.*),

Amendment moved by Mr. Shaw Lefevre, seconded by Lt.-Col. Ford—That the recommendation be referred back to the Committee.

After debate,

Amendment put to the vote, and, the Council having divided (at 4.30 p.m.), there appeared—

*For the Amendment—50.*

Baker, J. A.	Hunter, T.	Russell, Earl.
Bayley, E.	Hutton, Sir John.	Sears, J. T.
Benn, J. W.	Idris, T. H. W.	Shaw Lefevre, Rt. Hon. G.
Blake, W. F.	Jones, Edwin.	J. ( <i>Teller</i> ).
Branch, J.	Laughland, J.	Smith, A.
Bruce, W. W.	Lawson, H. L. W.	Spokes, R.
Cooper, B.	Leon, A. L.	Steadman, W. C.
Cooper, G. J.	Lyon, Robert.	Strong, R.
Cornwall, E. A.	McDougall, J.	Taylor, H. R.
Costelloe, B. F. C.	Napier, T. B.	Thornton, J.
Crooks, W.	Organ, T. A.	Torrance, A. M. ( <i>D.C.</i> ).
Davies, W.	Parker, R.	Ward, H.
Ford, Lt.-Col. C. ( <i>Teller</i> ).	Parkinson, W. C.	Webb, Sidney.
Freak, C.	Pearce, W.	Williams, C. Fleming.
Goodman, W.	Radford, G. H.	Wood, T. McKinnon.
Heward, S. B.	Roberts, R.	Yates, W. L.
Hubbard, N. W.	Robinson, N.	Young, Sir W. L.

*Against the Amendment—42.*

Abrahams, M.	Fletcher, J. S.	Matthews, W.
Antrobus, R. C.	Forman, E. B.	Middleton, R. W. E.
Banning, H. T.	Fox, W. H.	Payne, W. H. C.
Beachcroft, R. M. ( <i>V.C.</i> )	Gooding, R.	Porter, J. B.
Bull, W. J.	Harris, Sir G. D.	Probyn, Lt.-Col. C.
Campbell, C. H.	Harris, H. P. ( <i>Teller</i> ).	Robinson, R. A.
Campbell, Col. F.	Haydon, W.	Rotton, Lt.-Col. A.
Clarke, Henry.	Hayter, L. H.	Urquhart, W.
Corbett, T. L.	Hoare, A.	Westacott, T. B. ( <i>Teller</i> ).
Dimsdale, Sir J. C.	Jerome, C.	Wetenhall, W. J.
Dixon, J.	Legge, Hon. H.	White, E.
Dumphreys, J. M. T.	Longstaff, G. B.	White, J.
Elliott, G. S.	Lushington, Sir G.	Williams, D.
Emden, T. W. L.	Maple, Sir J. B.	Wilson, Sir A.

Amendment declared to be carried. Carried also as a substantive motion.

RESOLVED—That the recommendation be referred back to the Committee.

(1 *l.*) RESOLVED—That the recommendation of the Committee, No. 1 (*l.*), be adopted.

(1 *m.*) On the motion to adopt the recommendation of the Committee, No. 1 (*m.*).

Amendment moved by Mr. Urquhart, seconded by Mr. Bicker-Caarten—That all words after the word "That" in line 1 be omitted, and that the following be added—  
 "in order to afford substantial relief to the occupying ratepayer, a suggestion be made to the Royal Commission that all classes of property yielding rent or interest should contribute equitably towards such portions of local taxation as are expended on education and the maintenance of the poor."

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Council.

After debate,

Amendment put and declared to be lost.

Original motion carried.

RESOLVED accordingly.

(1 *n.*) The Chairman of the Committee altered recommendation No. 1 (*n.*) as follows—That the foregoing resolutions, together with those passed by the Council on 7th December last and 1st February, be approved as forming a basis of the evidence as to policy to be submitted to the Royal Commission on Local Taxation now sitting, and that the Chairman of the Local Government and Taxation Committee (Mr. Costelloe) be appointed to submit and give evidence in support of such resolutions.

On the motion to adopt the recommendation as altered,—

Amendment moved by Mr. Porter, seconded by Mr. C. H. Campbell—That the Chairman of the Local Government and Taxation Committee (Mr. Costelloe) be named to give evidence upon the resolutions passed by the Council, but so as not to commit the Council in any way to views other than those expressed in the Council's resolutions.

Amendment put and declared to be lost.

Amendment moved by Lieut.-Col. Ford, seconded by Mr. Organ—That the following words be inserted after the word "resolutions" in line 2—"together with the suggestion contained in the resolution of the Council of 13th April last as to whether, in view of the action of Parliament in granting out of the Imperial revenues money in relief of local rates in agricultural districts, it was advisable that representations should be made to Parliament with a view to a grant in aid of London rates, having regard to the very exceptional conditions appertaining to the metropolis of the empire."

After discussion,

Amendment by leave withdrawn.

Amendment moved by Mr. Shaw Lefevre, seconded by Earl Russell—That the following words be added—"and that attention be called to the unequal grants to schools under the Voluntary Schools Act, 1897, and to the very serious wrong done to London and other urban districts by the Agricultural Rates Act, 1896, and that in the opinion of the Council it would be most unjust to renew that Act in 1901."

After debate,

Amendment put to the vote, and, the Council having divided (at 5.20 p.m.), there appeared—

*For the Amendment—49.*

Baker, J. A.	Hayter, L. H.	Russell, Earl.
Bayley, E.	Heward, S. B.	Sears, J. T.
Benn, J. W.	Hoare, A.	Shaw Lefevre, Rt. Hon.
Bicker-Caarten, G.	Hunter, T.	G. J. ( <i>Teller</i> ).
Blake, W. F.	Hutton, Sir John.	Smith, A.
Branch, J.	Idris, F. H. W.	Spokes, R.
Bruce, W. W.	Jones, Edwin.	Steadman, W. C.
Cooper, B.	Laughland, J.	Taylor, H. R.
Cooper, G. J.	Leon, A. L.	Thornton, J.
Cornwall, E. A.	McDougall, J.	Torrance, A. M. ( <i>D.C.</i> )
Costelloe, B. F. C. ( <i>Teller</i> ).	Napier, T. B.	Ward, H.
Crooks, W.	Organ, T. A.	Webb, Sidney.
Davies, W.	Parker, R.	White, J.
Dickinson, W. H.	Parkinson, W. C.	Williams, C. Fleming.
Ford, Lt.-Col. C.	Pearce, W.	Wood, T. McKinnon.
Freak, C.	Radford, G. H.	Yates, W. B.
Goodman, W.	Robinson, N.	

*Against the Amendment, 37.*

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Council.

Abrahams, M.  
Antrobus, R. C.  
Banning, H. T.  
Beachcroft R. M. (V.C.)  
Benn, W. J.  
Campbell, C. H.  
Campbell, Col. F.  
Clarke, Henry.  
Corbett, T. L.  
Dixon, J.  
Dumphreys, J. M. T.  
Elliott, G. S.  
Forman, E. B.

Fox, W. H.  
Gooding, R.  
Harris, Sir G. D.  
Harris, H. P.  
Haydon, W.  
Hubbard, N. W. (Teller).  
Legge, Hon. H.  
Longstaff, G. B.  
Lushington, Sir G.  
Lyon, Robert (Teller).  
Matthews, W.  
Payne, W. H. C.  
Penfold, A.

Porter, J. B.  
Probyn, Lt.-Col. C.  
Remnant, J. F.  
Robinson, R. A.  
Rotton, Lt.-Col. A.  
Urquhart, W.  
Westacott, T. B.  
Wetenhall, W. J.  
White, E.  
Williams, D.  
Williams, T. W.

Amendment declared to be carried.

Original motion as amended carried.

RESOLVED.—That the foregoing resolutions, together with those passed by the Council on 7th December last and 1st February, be approved as forming a basis of the evidence as to policy to be submitted to the Royal Commission on Local Taxation now sitting, and that the chairman of the Local Government and Taxation Committee (Mr. Costelloe) be appointed to submit and give evidence in support of such resolutions; and that attention be called to the unequal grants to schools under the Voluntary Schools Act, 1897, and to the very serious wrong done to London and other urban districts by the Agricultural Rates Act, 1896, and that in the opinion of the Council it would be most unjust to renew that Act in 1901.

## APPENDIX XII.

**Memorandum prepared for the Commission by Mr. Edmund Victor Huxtable, on behalf of the Corporation of London, and the City Rating Authorities. [See MINUTES OF EVIDENCE, QUESTIONS 20,449-20,782.]**

## APP. XII.

1. Witness is Manager of the Assessment Department of Messrs. Rexworthy, Barnard & Co., solicitors to the City of London Union, the Parish of St. Pancras, Holborn Union, and other Metropolitan and Provincial Authorities. He has had the conduct of Assessment Appeals for the last 14 years. He has had wide experience, having been engaged on Appeals against both Quinquennial and other Valuation Lists; on Appeals against Totals for the City of London and Holborn Unions against the London County Council: on Appeals against the Assessment of Railway Companies' Lines and Stations; Gas, Telephone, Hydraulic Power, and other Companies' Works, Mains, &c.; Public and semi-public Buildings, including Workhouses, Free Libraries, Drill Halls, properties coming under Local Acts, Livery Halls, Exchanges, Licensed premises, Banks, Insurance Companies' and other properties. He has also wide experience of the proceedings on objection and on valuations of property for rating purposes.

Div. 2 (a).  
City of  
London:  
Allegation  
of under-  
assessment.

2. The Witness will reply to the allegations that the only district in which it would be fair to say that under-assessments were prevalent was within the City of London, and to the assertion that such under-valuation results in a loss of at least 700,000*l.* per annum, by evidence giving a brief general description of the character of property in the City.

Under this head, the Witness proposes to point out certain features which distinguish City properties within the City District from properties within all other Metropolitan Rating Districts, and upon which consideration no general criterion of value for rating purposes is applicable, and the Witness will show that on account of such peculiar features, City property cannot be included in any general allegation of under-assess-

ment, or any allegation which is based upon some general principle of valuation. Such features, peculiar to the City, arise (1) out of the character of the population, (2) of the trading, and its concentration into a small area, and into special centres within that area, (3) out of the character of the buildings, the occupation and the occupiers, the tenure and their suitability for purposes which the exigencies of trade have forced upon them, all such peculiarities being based upon an exceptional demand for property within a limited area.

APP. XII.

3. The City differs from all other Rating Districts; for, with the exception of occupation by caretakers and housekeepers and residents in the few City Hotels (not including Public Houses and other licensed premises), there is practically no residential property in the City. The residential or sleeping population is now about 30,000. The day or business population has been ascertained by the Day Census, taken by the Corporation of London, to be upwards of 300,000, whilst the number of persons resorting to the City in one day is upwards of 1,100,000.

Div. 2 (b).  
City of  
London:  
Character of  
property,  
population,  
&c.

There are about 6,000 buildings within the City. These buildings are distributed over 668 acres—the area of the City. Practically all the property in the City area is devoted to business purposes.

4. In considering the value of City buildings for Assessment purposes, the Witness will show—

That the great majority of City buildings are devoted to Banks, Insurance Companies, Mercantile Companies and wholesale Firms, and to professional and commercial men occupying offices; and these occupations differ in their character from occupations for commercial and professional purposes without the City:

That property mainly devoted to retail shopkeeping in the City bears little resemblance to property of this description without the City, in that the upper floors of buildings with shops in the City are not as in other districts occupied by the shopkeeper for residential purposes:

That, with the exception of Hotels, the trading in all classes is confined to certain hours of the day, there being practically no night trading, with the exception of certain licensed and other premises where they do no day trading, and in others where they do all night and all day trading:

That the occupiers are in practically all cases men of credit and reliable tenants:

That it is absolutely essential to their business that they shall retain their premises, and unlike occupiers of residential property or even many occupiers of premises devoted to commercial pursuits in other districts, they would in the very great majority of cases suffer severe loss by removal:

That, except in particular spots where sole occupation is essential, particularly in the case of Banks, Insurance Offices and trading Corporations, a large proportion of the buildings are sub-divided floor by floor, and generally again sub-divided into offices or rooms occupied by different tenants, such rooms or offices being also in many cases occupied jointly:

That in a number of cases the basements of such buildings are now generally so occupied, and in many cases the roofs are utilised for various purposes, such as telephone wires and call wires:

That in certain cases the building is occupied floor by floor by several tenants, who are devoted to one commercial or professional pursuit:

That in other cases the building is occupied floor by floor by tenants devoted to various trades and businesses, with varying deductions and allowances to the occupier or hypothetical tenant under the Act:

That in other cases (in certain classes of property peculiar to and common in the City, *i.e.*, buildings which are mainly devoted to the letting of floors for offices and general commercial purposes, but include Halls, machinery, lifts, Safe deposits, Licensed premises, easements and other rateable hereditaments and which are generally owned by public companies), on account of the character of the property and the occupation, the buildings have as a result of certain legal decisions to be rated upon exceptional considerations of value:

That the population being a day population, the occupier does not exist in the great majority of cases in the sense of his being a resident, and that in the case of a very large proportion of rated property within the City, the owner (either occupier for business purposes or not) is the ratepayer:

That in consequence of the peculiar character of the tenancies, the great proportion of the buildings represent and produce a revenue to the rated owner and occupier which is considered on the determination of the annual value:

APP. XII.

That the buildings generally within the City are either Freehold or Leasehold, few buildings being held on annual tenancy; there are very few quarterly, monthly or weekly tenancies; if any exist, they would apply to small properties bordering upon poorer districts:

That the buildings held on Freehold or Leasehold tenure are, however, sub-divided into leasehold and annual under tenancies; such leases varying as to term of tenancy and covenants, and proportion of rental value:

That there is no district in the Metropolis where the diversity of structure is so pronounced.

Unlike the majority of Metropolitan Districts, where the rows of houses in a street, and even streets themselves, are alike brick for brick, and there are only minor considerations to affect the value, practically each house in the City differs in character from its neighbour, and a number of considerations often arise upon the user and the value of occupation to the particular tenant within the City area generally, or in special spots, which affect the question of annual value.

Another distinction is in the number of Livery Halls to be found within the City, and the peculiar character of this class of property for assessment purposes.

5. Excluding churches, chapels and other places of worship, there are certain descriptions of property exempt by law from assessment in the City, and which are peculiar to the City. Witness will refer to these properties, and remark upon the action taken thereon by the Assessment Committee of the City of London Union.

6. He will also refer to such special properties as licensed premises and hereditaments falling under Classes 8, 9, 10 and 11 of the 3rd Schedule to the Act of 1869. Witness will show in his evidence under Division 6 how these properties differ for assessment purposes from other properties of the same description or class without the City area.

Upon the question of site or land values, and the proportion of ground value to structural value, and ground rent to rack rent, this Witness will also show certain distinctions between the City and outlying districts.

He will deal with the peculiar incidents of value arising in the cases of Leasehold properties within the City under Division 4 of his proof.

The Witness will subsequently deal with the varying rates of repairs and insurance, and exceptional outgoings and expenses within the City, in which that district differs from the majority of Metropolitan Districts.

Another distinction arises out of the well-known fact that the City area is studded with special centres for the transaction of particular pursuits, professional and commercial. Thus one district may be wholly devoted to Stockbroking, another to dry goods and drapery, another to the legal profession, another to Banking and Insurance, another to Shipping Agents, another to Newspapers, another to Markets for meat, poultry, fish or vegetables, and so on; and for which reason, and in consequence of abnormal demands and limited accommodation, certain difficulties arise on the estimates of the annual value for assessment purposes in numerous cases.

Another distinction arises from the fact that, from various causes, some of which cannot be defined, the value of City property is subject to extraordinary fluctuations in particular areas at irregular periods, and which are more or less temporary; these fluctuations being much greater in the City than elsewhere. This is often a serious consideration on the determining of the annual value.

Another distinction which constantly arises in the City is accounted for by the fact that, although the City covers such a small area, it comprises some 112 parishes. Very often the Committee have to assess buildings which are situate in two and three and even more parishes; this arises more especially in the case of Banks or large blocks of buildings devoted to offices. In allocating the gross and rateable values in these cases, the rent of the whole building must be (of necessity) one consideration only.

Other questions have to be taken into account on the assumption that the hypothetical tenant would rent the whole building, viz., that the value of one portion is relative to the other, but the contribution, each to each, varies, owing to the distribution of frontage, the position of the lifts, and the number and position of halls, passages, &c.; and these considerations are again relative to the question of empties, and the proportionate costs of upkeep and the distribution of the charge for rates and tithes.

7. Hereditaments within the City fall almost without exception within Classes 5, 9, 10, and 11 of the 3rd Schedule to the Act of 1869. On the other hand, other classes in which the maximum deductions are high, are (practically) absent from the City Valuation Lists.

City of  
London:  
Exempted  
properties.

Licensed  
premises,  
and other  
special pro-  
perties:  
Valuation of.

City of  
London:  
Rateable  
value of  
property in

8. The following table\* shows very broadly the approximate values of all classes of houses and buildings within the City:—

APP. XII,  
each class referred to in Schedule to Valuation (Metropolis) Act.

	Maximum rate of Deduction.	Rateable Value.
Class 1 - - - -	25 per cent. or $\frac{1}{4}$	240,000
" 2 - - - -	20 " " $\frac{1}{5}$	
" 3 - - - -	16 $\frac{2}{3}$ " " $\frac{1}{6}$	
" 4 - - - -	20 " " $\frac{1}{5}$	
" 5 - - - -	16 $\frac{2}{3}$ " " $\frac{1}{6}$	3,693,500
" 6 - - - -	10 " " $\frac{1}{10}$	
" 7 - - - -	5 " " $\frac{1}{20}$	—
" 8 - - - -	33 $\frac{1}{3}$ " " $\frac{1}{3}$	63,500
Classes 9, 10 and 11 no maximum. Special Properties -	-	575,750

9. Witness will explain the practice adopted by the City of London Union Assessment Committee on the assessment of property and their reasons therefor. The particular allowances in each case are referred to under the consideration of the several classes and descriptions of property in other Divisions of this proof, and will, it is contended, be found to be consistent with the peculiar conditions and incidents of value obtaining in the City.

10. Generally, the Witness will give evidence as to the employment of valuers by the Overseers and Assessment Committee; the action taken by the Surveyors of Taxes in the City; the methods adopted by the Overseers and the Surveyors of Taxes for ascertaining values; the special qualifications of such Overseers, Committee, Surveyors of Taxes, and of the Valuers; the number of objections received, the number of Appeals to the Committee's decisions; and will refer to the following Schedule of increases in the Valuation Lists since 1881:—

City of London: Gross and Rateable value from 1882 to 1898.

#### SCHEDULE OF REVISIONS SINCE 1881.

Year.	Gross Value.	Rateable Value.	Year.	Gross Value.	Rateable Value.
	£ s. d.	£ s. d.		£ s. d.	£ s. d.
1882 -	4,210,660 10 0	3,566,394 16 0	1891 -	4,933,909 0 0	4,100,798 10 0
1883 -	4,242,496 10 0	3,593,062 6 0	1892 -	4,971,187 0 0	4,132,222 10 0
1884 -	4,280,612 0 0	3,617,820 8 6	1893 -	5,022,847 0 0	4,175,613 10 0
1885 -	4,358,044 0 0	3,658,447 8 6	1894 -	5,056,276 10 0	4,202,345 0 0
1886 -	4,510,753 0 0	3,754,241 16 6	1895 -	5,086,178 10 0	4,229,750 15 0
1887 -	4,527,859 18 0	3,767,321 16 6	1896 -	5,361,441 10 0	4,492,827 0 0
1888 -	4,602,096 18 0	3,828,228 16 6	1897 -	5,364,067 0 0	4,496,269 0 0
1889 -	4,634,637 18 0	3,860,759 6 6	1898 -	5,423,566 10 0	4,572,296 0 0
1890 -	4,672,820 18 0	3,884,183 6 6			

11. The Witness will give evidence generally with reference to the basis of the charge of under-assessment in the City of London, and will refer to the statements of previous witnesses under this head, and comment on the lack of evidence tendered in support of the charge.

City of London: Allegation of under-assessment.

He will also give evidence as to the qualifications of witnesses making the charge, impersonally considered; the source of such charge with reference to the County Council Appeal against City Totals in 1890-91; and with reference to the individual cases set out in support of such appeal. He will also read extracts from evidence given and statements made, and *obiter dicta* of the Court of Assessment Sessions on these Appeals; and will also give evidence as to the method adopted by the County Council in obtaining evidence to support their Appeal in 1890-91, and in support of this charge.

12. The Witness will tender evidence on behalf of the City Rating Authorities upon the general charge of under-assessment throughout the Metropolis (and including the City), arising from the practice of allowing the maximum statutory deductions on the determination of the annual value of certain classes of property specified in the Third Schedule to the Valuation (Metropolis) Act, 1869, as follows:—

Div 3 (a).  
Repairs, Insurance, &c.: Deductions for Allowance of maximum deductions.

\* Owing to certain reasons which witness will give, it is estimated that to obtain the actual figures under these separate classes would take at least four months.

APP. XII.

As to the adoption of the practice by all Metropolitan Authorities of allowing the maximum instead of the actual per-centage for repairs, insurance, and other expenses. Under this head, Witness will tender evidence to prove that there can be no doubt that it is the universal practice of the Rating Authorities throughout the Metropolis and in Urban Districts outside that area where Schedule 3 of the Act of 1869 has been adopted to allow the maximum deductions under that Schedule:

That the Court of Quarter Sessions also allow such maxima in practice, except on property coming under Class 8; and that such practice was adopted by the London County Council in their Appeals.

The Witness will also tender evidence drawn from the Report of the Conference proceedings that Resolutions 3, 4, and 6 of the Conference Resolutions were settled on the basis of maximum deductions being allowed after a discussion of the question of the true allowance for statutable.

Div. 3 (b).

13. The Witness will tender evidence upon the general practice of the allowance of the maximum deductions for Statutables, historically considered, with an explanation of the reason of the adoption of the practice, and deal with a consideration of various Valuation Acts, and of the reading of the 3rd Schedule with certain sections of the Act of 1869, and of precedents thereon, as follows:—

Evidence as to the practice of the Metropolitan Rating Authorities upon the matter of allowance, before the Act of 1869; with reference to the County Rate Act of 1852; to the Valuation Acts of 1862, 1864, and local Acts (Metropolitan), under which Metropolitan parishes made their Assessments:

To certain remarks of Mr. Gathorne Hardy on the introduction of the Valuation (Metropolis) Act, 1869:

To the Act of 1869:

To the object of that Act and the basis of value under that Act:

To sections 4-52 and the 3rd Schedule of the 1869 Act:

To the note to such schedule:

To the practice adopted in certain Metropolitan parishes after the passing of the 1869 Act:

To reference thereto by Authorities:

To the case of the Holborn Union Assessment Committee *v.* Waterlow and Son, at the first Court of General Assessment Sessions in 1871:

To the practice of the Assessment and Quarter Sessions since that date, as to the allowance for statutable deductions, except in Class 8.

To the practical reasons for the adoption of the practice at the present time, and thereunder:

(a.) Reasons general to the Metropolis.

(b.) Reasons special to the City—and including a brief consideration of what the “repairs, insurance, and other expenses, if any (including renewals), necessary to maintain the hereditament in a state to command the rent”—consist:

The Witness will refer to the printed proceedings of the Conference under this head.

Div. 3 (c).

14. The Witness will tender evidence upon a consideration of the adoption of the principle of actual outgoings for Statutables, as applied generally to certain descriptions of property in the Metropolis, and within the City area, and to all classes of property enumerated in the 3rd Schedule to the Act of 1869, as applied to—

Weekly and monthly tenancies—Resolution (1) of Conference proceedings.

Property held on Lease - - - (3) ”

” Freeholds - - - (4) ”

Rows of similar houses - - - (5) ”

Licensed premises - - - (6) ”

Special properties - - - (8) ”

As applied to all classes of property within Schedule 3 of the Act of 1869 upon which Witness will comment.

As applied to properties underlet, under which Witness will draw certain comparisons between the City and other districts of the Metropolis.

Witness will refer to *Reg. v. St. Georges Union, Allchurch and Hendon, Allan and Liverpool, Horton and Walsall*, and other precedents under this head; and will give hypothetical cases to show the basis of the general adoption of a fixed standard of deduction.

Div. 3 (d).

15. The Witness will tender evidence upon a consideration of the recommendation of the Conference, that with respect to the deductions shown in Table B. annexed to the Conference Resolutions (being the maxima allowed by the Act in respect to



Classes 1 to 5 in the 3rd Schedule of the Valuation (Metropolis) Act, 1869), such maxima ought not to be allowed in full, where the site value exceeds one third of the total value, and specially with reference to the application of this recommendation to property within the City of London—and thereunder Witness will show that :

- (1) The recommendation referred to under this head is the result of actual resolution of the Conference.
- (2) The maximum deductions set out in the 3rd Schedule to the Act of 1869 are practically allowed throughout the Metropolis.
- (3) Will comment: (a) On the indefiniteness of language in the Resolution; (b) On the effect of its limitation to properties where the site value exceeds one third of the total value; (c) On the effect of its application in connexion with certain other Resolutions of the Conference; (d) On the effect of its limited application to Classes 1 to 5 of the 3rd Schedule of the Act of 1869; (e) On the effect of its limited application to land covered with buildings.
- (4) The Witness will read extracts from the Conference proceedings on the framing of the Resolution as to its object, and submit conclusions on the application of the Resolution: (a) To certain districts; (b) To properties held under certain tenures in specified districts, and generally; (c) To certain classes and descriptions of buildings; (d) To hereditaments occupied by certain classes of ratepayers.
- (5) The Witness will comment on the application of the principle of determining the site value for the purpose of ascertaining the true statutable deductions, whatever the relation of the site value to the total value: (a) Generally; (b) Considered in connexion with the Metropolitan practice of allowing the maximum deductions; (c) Considered in relation to the object of the Act of 1869, and with reference to Section 4 of that Act; (d) Considered briefly in relation to the theory of the sub-division of the site and structural value for assessment purposes.

Under this head, the Witness will explain that, although the City Assessment Committee do not recognise the separate assessment of site value as a principle, they do recognise the fact that the maximum deduction is allowed by them, and they do provide therefor on revision of the Valuation Lists.

16. The Witness will tender evidence in reply to the specific charge of under-assessment as applicable solely to the City district in the case of Repairing Leases, in determining the value of which description of property it is alleged, that, since the Resolution of the first Assessment Conference in 1890, promoted by the London County Council, an addition of 10 per cent. of the rent reserved under an ordinary Repairing Lease to such rent to find the gross value has been made with practical uniformity in all Metropolitan Districts, except the City of London.

*Div. 4 (a)*  
Repairing  
Leases:  
Addition to  
rent reserved  
to ascertain  
gross value.

(1) By evidence *generally* in rebuttal of the allegation, and

On a reference to short heads of evidence to be put in and given in reply to charges under Division 1, Sections (a), (b), (c), (d), and under this Division of his proof.

On a reference to the total value of the City, as set out in the Schedule put in under this Division (allegation C), head 4, as to the total value of property within the City, and the total value of property held on repairing lease with a reference to the estimates tendered by three witnesses before this Commission.

(2) Further evidence will be tendered in reply to the above charge.

On a reference to the Report of the Conference proceedings on the discussion and settlement of the form of Resolution 3, and thereunder;

On a reference to the Conference proceedings in 1890;

On a reference to, and consideration of, various amendments which were proposed to be made to Conference Resolution 3 during the 1893-94 Conference, but which were not carried;

On a consideration of a Schedule put in by the Chairman, on March 20th, 1893—p. 9 of the Conference proceedings—containing the answers returned by the Metropolitan Rating Authorities to the London County Council at the time of the convention of that Conference, in reply to the question as to what per-centage addition was adopted in their respective Districts in the case of Repairing Leases to find the Gross Value from the Rack rent;

On a reference to opinions expressed by the Chairman and by certain Delegates at the Conferences 1890, 1893-94, as to the application of the Resolution.

APP. XII.

(3) Further evidence will be tendered by the Witness in reply to the above allegation :—

On a consideration of the relative maximum deductions under certain classes of the 3rd Schedule to the Valuation (Metropolis) Act, 1869, with practical application to the Conference Resolution 3, and as applicable to Leasehold property within and without the City ;

On a consideration of the relative maximum deductions under Classes 1, 2, 3, 4, 5, 6 and 8 of the 3rd Schedule to the Act of 1869 ;

On a consideration of the application of the Conference Resolution 3 to Classes 1 to 5 of the 3rd Schedule only, omitting Classes 6 and 8 in such Schedule.

(4) With reference to the evidence given in Division 1, contention C of this proof, as to the distribution of various descriptions and classes of property into various districts or areas of the Metropolis, the Witness will show :—

- (1) A similar general distribution with particular regard to leasehold tenures throughout the Metropolis.
- (2) That such distribution depends upon certain demands of particular occupiers, the credit of such occupiers and the character of the occupation.
- (3) That the contention that the rack rental is a criterion of the Rateable Value under Section 4 of the Act of 1869 is illusory.
- (4) Further evidence will be tendered to show that no inference can be drawn of the creation of a principle capable of general application from the fact that the Resolution does apply to particular properties.
- (5) Witness will give hypothetical and actual cases within his own knowledge of properties let on lease in certain districts and within the City, in demonstration of the above facts and contentions.
- (6) Further evidence will be tendered in reply to the above allegation, and with reference to the theory of taxation of ground values ; so far as such theory is incident to the allegations of under-assessment within the City.

Div. 4 (b).

17. Witness will reply to the charge that the City Rating Authorities alone take the amount of the rack rent under lease as the gross value, and tender evidence in rebuttal of the charge contained in such clause, viz. :—

(1.) Evidence drawn from an examination of City Valuation Lists by the Witness, and information supplied him thereon.

(2.) On a reference to Division 1, Sections (a), (b), (c), and (d), of this proof, and allegation A of this Division.

(3.) On a consideration of legal precedents of Appeals to Assessment Sessions and Quarter Sessions, with reference to the principle of the addition of 10 per cent. to the rent to find the gross value, and thereunder with reference to certain statements made by Delegates at the 1893-4 Conference.

(4.) On a consideration of certain *obiter dicta* of Sir Peter Edlin on the 'Totals Appeals of the London County Council in 1893-4, and generally within the knowledge of the Witness.

Div. 4 (c).

Metropolitan  
Common  
Poor Fund.  
Effect of  
under-asses-  
ment upon  
Fund.

18. Witness will tender evidence in reply to the allegations as to the annual loss to the Metropolitan Common Fund through the alleged practice of the City Rating Authorities, as follows :—

(1.) Witness will refer to the Estimates before referred to of the annual loss under this head, owing to the alleged adoption by all Metropolitan Authorities outside the City of the 1893-4, Conference Resolution 3. And to the Schedule put in under this Division.

(2.) Witness will also refer to the following short statement of the different descriptions of leaseholds for assessment purposes, *i.e.*, of dwelling-houses under Classes 2 and 3 of the 3rd Schedule to the 1869 Act, buildings under Classes 4, 5, 6, and mills and factories under Class 8, and will show that for assessment purposes and on the test of beneficial occupation, all these classes have to be considered with reference to the district, the demand for property held under leasehold tenure, and on the differing deductions for Statutables. And thereunder Witness will show that such classes are capable of a variety of further sub-divisions for assessment purposes on account of the character of the occupation, whether residential or commercial, or both, and on account of considerations arising out of (1) the description (ordinary repairing building or renewed), and (2) the length of the term of or the covenants in the Lease, and (3) the position and structural quality of the building, for the purpose to which it is put, and whether such building is occupied by under-tenants, and, if so, whether such occupation is residential or commercial, or both.

19. Witness will, as in head 3 of Section *a* of this Division, give hypothetical and actual cases within his own knowledge of properties let on lease in certain districts and within the City, in demonstration of the above facts and contentions, and will refer to the Conference proceedings under this head. APP. XII.

20. He will also make a short statement with reference to certain questions of value generally incident to the determination of the assessment of Leasehold property within the City arising out of the peculiar features of tenure, user and character of structure, with a general comparison of the maintenance and other expenses within and without the City, with a Schedule, and thereunder will refer to certain questions of value for rating purposes arising out of the following considerations:—

General considerations—

The demand for property devoted to commercial purposes within a limited area and within fixed centres of special trades within that area.

Fluctuations of value general to the City and special to Districts therein, created by frequent abnormal demands for particular properties at particular periods.

The necessity for a fixed and stable tenure of long duration; there being no migratory residential population.

From various causes striking diversities in structural values, and thereunder, the unsuitability of buildings or their failure for the commercial purposes for which they are used or for which they have been designed.

Special considerations arising on covenants (restrictive or otherwise) in certain leases on the length of the term, and when created:—

The user for commercial purposes peculiar to the City; and thereunder considerations of the case of leasehold properties underlet.

On a general comparison of the maintenance expenses within and without the City.

21. The Witness will also refer to the expenses which are considered for rating purposes to be borne by the Landlord in their order:—

(1.) Repairs.—Under which head he will broadly compare the per-centages within and without the City. Repairs,  
Insurance,  
&c.: Deductions for.

(2.) Insurance.—Special features within certain City Districts and comparative per-centages.

(3.) Renewals.—Features peculiar to City property and the per-centages within and without the City.

(4.) Other expenses.—Under this head general and special outgoings peculiar to City properties, and certain burdens cast upon the Landlord arising out of the fact that the Landlord pays the rates and tithes in certain properties held upon lease.

22. The Witness will briefly compare the additional burdens to the present heavy rates which would be created in the City District with the additional burden in other Metropolitan Districts, and comment thereon. The Witness will demonstrate the application of Conference Resolutions 3 and 7 to the rating properties held under freehold, leasehold, and annual tenancies in certain portions of the City, and will refer to the methods adopted by the City of London Union Assessment Committee on the conflicting considerations set out in this and other Divisions of this proof; the basis being the beneficial occupation to the annual tenant.

23. The Witness will tender further evidence in reply, and will produce a Schedule of Totals of aggregate values of buildings within the City, divided into broad classes, and showing the rateable values of buildings held on repairing lease. Class 5 applies to the majority of buildings in the City (of the gross value of 40*l.* and upwards), and includes freeholds, leaseholds, and buildings held under ordinary tenancy. These several tenures are on broad bases approximately estimated at the following annual values:— City of London :  
Rateable value of property held under freehold, leasehold, and ordinary tenancies.

	Rateable Value.
	£
Freeholds	2,017,000
Leaseholds	1,890,000
Ordinary tenancies	90,000

24. The Witness will tender evidence with reference to certain alleged causes of under-assessment, mainly consisting of stated defects of law and practice, and relative to the main charges of general (Metropolitan) and specific (City) under-assessment; and under this head will submit evidence as to the form of the occupier's return. Div. 5 (a).

## APP. XII.

25. The Witness will put in form of return in ordinary use, and will refer to Section 57 of the Act of 1869. He will also refer to the practice of the City Assessment Committee in ordinary cases, and with reference to properties coming under Classes 9, 10, and 11 of the Third Schedule to the Act of 1869; and will give his experience of the present practice in calling for returns as required by the Act, and will, if desired, make certain suggestions upon Sections 55, 56, and 57 of the Act of 1869, and with reference to the form of the return.

Surveyors of Taxes :  
Powers and duties.

26. Witness will give evidence as to the position, powers, and duties of the Surveyors of Taxes; and will refer to Sections 8, 12, 19, and 32 of the Act of 1869; to the attendance of the Surveyors of Taxes on the preparation of the valuation lists, and the practice in the City; to the attendance of the Surveyors of Taxes on the hearing of objections before the Assessment Committee, and the practice in the City; and to certain Appeals by Surveyors of Taxes to the Assessment Sessions.

27. Witness will, if desired, make certain suggestions as to the enlargement of the powers of the Surveyors.

County Council :  
Position and duties.

28. Witness will, if desired, refer generally to the position and duties of the County Council under the Act of 1869 and the Act of 1888; and will comment, if desired, on the question whether the Council should be represented *ex-officio* or otherwise on the hearing of objections or in addition or substitution for this suggestion should have the power as a Central Authority to issue byelaws. He will also comment, if desired, on the question whether their present powers of objection shall be extended to all classes of property or to special classes of property in any District.

Quarter Sessions not adequate to cope with number of appeals.

29. He will comment, if desired, on his view of the adequacy of the present Court of Quarter Sessions to cope with the cases brought before it on appeal against the Metropolitan Valuation Lists, such comments being based on his experience and on a consideration of the number and character of appeals to the Quarter Sessions in 1891-1896, and with reference to the effect of the Act of 1888, and with reference to the time devoted to the hearing of such appeals by the Court of Quarter Sessions.

30. The Witness will also, if desired, comment briefly on the Machinery for making assessment and appeals against the Rate before 1869 under the Acts of 1862, 1864, or local Acts; and will refer to the jurisdiction of the four Courts of Quarter Sessions before 1869; to the jurisdiction of the Assessment Sessions given by the Act of 1869; to the appointment of Assessment Committees; to the appointment of a Central Assessment Committee or of a Valuation Board to secure uniformity of action between Districts, with a comparison of the present power of appeal of parish against parish, and to a suggested special power in such Central Committee to object to the assessment of certain classes of hereditaments.

31. He will likewise refer to Section 24 of the Act of 1869 and Section 42 (10) of the Local Government Act, 1888, especially with reference:—

- (1) To the alterations of the character of the Courts for hearing Appeals;
- (2) To the places for hearing Appeals under Section 29 of the Act of 1869 and the present place appointed for hearing such Appeals;
- (3) To the representation of the City of London upon the hearing of Appeals under the Act of 1869 and the Act of 1888.

Also with reference to the establishment of a Special Court for hearing Appeals; to the establishment of Commissioners to hear Appeals; and with reference to the arguments put forward from time to time by the County Council, that they should be empowered to make a basis for the County Rate under similar conditions and powers to those in the County Rate Act of 1852; with reference to the ground of this suggestion and with reference to the working of the Act of 1852 in the Metropolis.

Div. 5 (b).  
Properties where site value bears a high proportion of total value :  
Valuation of.

32. The Witness will give evidence in reply to a specific but minor charge, applying solely to the City, and incident to the alleged causes of under-assessment before referred to in this Division, viz. :—“ That the Surveyor of Taxes has been unable to raise the City Valuation in respect to Properties where the Site Value is enormous compared with the value of the Structure, because the City Committee have preferred to be guided by the opinion of experts of the highest standing.”

33. The Witness will give evidence within his own knowledge upon this statement and upon the result of inquiries he has made; to an examination of this statement as to the practical object of any such protest; and briefly with reference to the basis of

value under the Valuation Acts and the method and order in which the annual Gross and Rateable Values are directed to be obtained under such Acts. Also to certain Appeals of Surveyors of Taxes to the Assessment Sessions.

34. The Witness will tender evidence in support of a proposition (based on a comparison of the per-centage allowances in certain of the Conference Resolutions and other considerations with the practice and methods of the City of London Rating Authorities) of over-valuation in certain classes of property within the City area, and a probable unequal proportion of contribution to the Central Authority by the City of London District for the Common Rates of the Metropolis.

Div. 6.  
City of  
London:  
Overvalua-  
tion in.

(1.) As to the rating of Unoccupied Property, he will give evidence with reference to—(a) Certain local Acts applying to the rating of unoccupied property in the Metropolis, and will tender evidence as to the application of such Acts by the Rating Authorities; (b) With reference to the approximate number of buildings unoccupied, quantity of land uncovered and the rateable value of unoccupied properties in the several Rating Districts of the Metropolis—and the comparative periods of *non user* in the several Districts—for rating purposes; (c) With reference to the assessment of the various kinds of vacant land for assessment purposes; (d) With reference to the assessment of empty buildings—ready for occupation but not occupied—or buildings partially occupied—and with reference to Resolution 11 of the Conference 1893-4 and the Conference proceedings; (e) With reference to the action taken by the Rating Authorities in the several Districts and by the City on the assessment of the above-named descriptions of property.

(2.) With reference to Properties specially exempt from rating (wholly or partially) by Statute. With reference to Resolution 10 of the Conference 1893-94. With reference to the action taken by the Rating Authorities of the City of London Union.

(3.) With reference to properties coming within Resolution 1 of the Conference 1893-94; the per-centage of this class of property within and without the City; to the total value in each District; and with reference to the deductions and allowances under such Resolution and within Witness's knowledge. And upon the question of Equalisation within Districts—the practice of the City Rating Authorities compared to other Rating Authorities of the Metropolis under 32 & 33 Vict. c. 41 (Compounding with Owners).

(4.) With reference to the deductions and allowances under Resolution 1 of the Conference 1893-94 in the case of Artizans' dwellings and thereunder:—

On a consideration of the assessment of buildings and houses let out in separate tenements:—For residential purposes—Lodgings, Flats.

For business purposes—Offices, Warehouses.

For various purposes—Residential and Commercial.

With a consideration of a rough division into Districts of these special properties:

With a consideration of the deductions and allowances made by the several Metropolitan Assessment Committees in respect to properties so sub-let:

With a consideration of the note to the Third Schedule to the Act of 1869:

With a consideration of various legal precedents as to the method of rating such premises, and the ratepayer designated by such precedents:

With (briefly) a further consideration of the working of the Equalisation of Rates Act, 1894, in respect of such properties.

(5.) Evidence upon Resolution 3 of the Conference proceedings (the test of the annual value in the case of Leaseholds) has been dealt with under Division 4 of this proof.

(6.) Witness will give evidence as to Resolution 4 (the test of annual value in the case of Freeholds) and thereunder with reference to the case of Freehold buildings partly or wholly occupied by the owner, and rated therefor or for part of such buildings. With a comparison of the per-centage of the ground rent to the capital value of site—within and without the City—and a consideration of the reasons for such variance. The structural value of buildings—within and without the City—and the per-centages determined in such Resolution compared with the per-centages adopted in the City—and on special consideration incident to the estimate of annual value of Freeholds in the City referred to in Division 2 of this proof.

(7.) Witness will give evidence as to resolution 5 of under-assessment in the case of rows of similar houses without the City—the rule having no practical application within the City.

(8.) Witness will give evidence as to Resolution 6 as to the general character of licensed premises within the City compared with licensed premises in other Districts, as stated

APP. XII. in Division 2 of this proof. And under this head Witness will give evidence with reference to the per-centages commonly employed by the Assessment Committee to determine the gross value in the case of Public Houses and as applied to other licensed premises, to indicate the gross value and the reasons therefor. Upon a consideration of the value of the *goodwill* in the case of certain licensed premises within the City and in other Districts, with a further consideration of the estimate of what is due to the licence and what to the goodwill out of the premium paid. Upon a consideration of certain legal precedents.

(9.) Witness will give evidence upon Resolution 7, and will refer to Division 3 (d) of these proofs, and the explanation that while the City of London Rating Authorities do not recognise the separate assessment of site value as a matter of principle, they do take the question of the proportion of site value to structural value into account in estimating the annual value of City property. That Resolution 7 does not provide for the districts where the site value does not exceed one-third of the total value, but represents from one-third to one-sixth of the total value, and in which cases no consideration is to be given to the relative value of the site to the total value.

(10.) Witness will give evidence upon Resolution 8, and the application within the City of the principle stated under Resolution 7 to property of a special character and the per-centages generally taken in determining the annual value, compared with the per-centages recommended in the Conference Resolution.

(11.) Witness will also tender evidence drawn from preceding Divisions of these proofs. Evidence based upon the general practice of allowance of the maxima in Classes 1 to 5 specially, and generally in certain other Classes of the 3rd Schedule to the Act of 1869.

(12.) Evidence as to the practice of Metropolitan Authorities in rating Class 8 (Machinery) and Classes 10 and 11, considered in relation to certain distinctions arising from :—(a) The character of such property in the City compared with other Districts in the Metropolis; (b) The distribution of such classes of property throughout the Metropolis; (c) The action taken by the City Rating Authorities as compared with other Metropolitan Authorities on the rating of certain classes.

(13) The Witness will also tender evidence upon assumed estimates of the value of building land sites—where land covered—and where land uncovered—with a comparison between certain Districts and the City.

Div. 7.  
Under-  
assessment  
in the Metro-  
polis.

35. The Witness will also tender evidence on behalf of the City Rating Authorities, with reference to certain general charges of under-assessment in specified descriptions of property, as applied to the whole of the Metropolis and including the City;—

- (a) In the case of freehold properties occupied by the owner;
- (b) In the case of properties including machinery;
- (c) In the case of licensed premises;
- (d) In the case of public buildings occupied by public bodies, and from which no private profit accrues;
- (e) In such large undertakings as tramways, canals, docks, gas and water works.

Witness will comment on the fact that no evidence (as far as he is aware) has been tendered in support of this allegation.

Witness assumes the charge is based upon certain difficulties, as stated at the Conference proceedings, as to some of these classes of property in estimating the annual values. Witness will refer thereto, and draw conclusions therefrom, as to the premises upon which the charge is based.

Witness will upon this charge of general under-assessment draw attention to the alleged acceptance of the Conference Resolutions 1890, 1893-94, by other Metropolitan Authorities, and the Conference Proceedings.

Witness will refer to Divisions 2 and 6 of this proof :—As to the peculiar character of properties within the City. As to the action taken by the Rating Authorities. To certain precedents on value of these classes of property.

Div. 8.  
Rates in  
City of  
London :  
Allegation  
that City  
escapes a  
portion of  
the rates  
levied upon

36. Witness will tender evidence in connexion with an allegation that, owing to certain differentiation in rates between Metropolitan Districts, the City of London escapes a rate of 13s. 10d. per 100l. of rateable value, thus throwing upon the rest of the County a proportionately larger contribution.

He will prove that by the Local Government Act, 1888, Sec. 41 (Sub.-sec. 3), the City parishes are exempt from assessment to the Special County Rate of the London County Council in respect of certain contributions from which those parishes were exempt at the date of the passing of the Act.

That such exemptions are in connexion with the following matters:—Lunatics—City of London Asylum. Industrial Schools. Prison Pensions. Asylum and Industrial School Pensions. Housing of the Poor. Maintenance of Bridges. Maintenance of Pauper Lunatics. The Office of City Coroner (Inquests and Charges). Inspection of Weights and Measures. The Petroleum Acts. The Shop Hours Act. Gas Meter Testing. The Explosives Act. The Medical Officer of Health. Dangerous Structures.

APP. XII.  
—  
other dis-  
tricts in  
Metropolis.

That these costs, charges and expenses are provided for in the City either out of the City's Cash or by rate levied by the City Union Authorities or the Corporation, either by means of a County rate (as in the case of the enlargement of the City of London Lunatic Asylum), or by the Consolidated Rate.

That although the City parishes do not admit any liability under the Act of 1888 to contribute to the County Rate in respect of the expenses incurred and sums paid by the County Council with reference to the registration of County Voters, or the expenses incurred by the County Council under the Electric Lighting Acts for lighting when the County Council is acting as Local Authority in respect of roads under their control; [the cost of Electric Lighting was cast upon the County Council by a series of Provisional Orders made by the Board of Trade in 1889, and confirmed by Parliament after the passing of the Local Government Act;] yet in accordance with an Agreement entered into with the London County Council in 1891 (and after both Authorities had taken the opinion of their respective Counsel), they do now contribute.

That due allowance does not appear to have been made in the estimate put before Witness and given in evidence before the Commissioners, for the fact that even if City Ratepayers were to contribute to the General Rate in the same proportion as those outside the City for the special expenses now borne by the City Ratepayer—as before detailed—the City assessment being about one seventh of that of the whole of the Metropolis, six-sevenths of that amount would still have to be borne by those who now bear the whole amount. To this burden would have to be added the cost of such special expenses for maintenance of these administrative purposes within the City, which would then naturally increase the present General County expenses and the General County Rate to the extent of the cost within the City.

That, moreover, one of the results of the exemption of the City Ratepayers from bearing the burden of some of the items of special City expenses, which are voluntarily undertaken by the Corporation, and which are provided for out of corporate funds, is to raise the rental value of City property in proportion to such exemption, and consequently to increase its annual value for assessment purposes and the City's burden for the general County Rate, the result being a proportionate diminution of contribution for such purposes by other Metropolitan Districts.

That without taking the last argument into account, the actual loss to other Metropolitan Districts upon the figures for the year 1892 was carefully worked out for the purposes of the Royal Commission on Unification in 1892, and amounted to 0·29 of a penny, or a fraction over a farthing in the pound.

That when Mr. Gomme, the Statistical Officer of the County Council, was being examined before the Royal Commission on Unification in 1893, he admitted, in reply to a question from Mr. Homewood Crawford, one of the Royal Commissioners (Q. 4342), that, taking the two previous years (1891 and 1892), no financial benefit whatever would have accrued to the County of London by amalgamation with the City.

That if the London County Council really desire to arrange, on a fair basis, for a cessation of the whole or any of the exemptions before detailed, full power is given by the Local Government Act of 1888, section 41 (7), for an Agreement being come to between the London County Council and the Common Council having this object in view.

That the Corporation would be perfectly willing to discuss any proposals for a solution of the question.

That the London County Council up to the present have, however, shown no desire for even a Conference on the subject.

## APPENDIX XIII.

**Memorandum prepared for the Commission by Mr. William Henry Wagstaff on behalf of the Corporation of London, and the City Rating Authorities.** [See *MINUTES OF EVIDENCE, QUESTIONS 20,783-20,885.*]

APP. XIII.

1. Witness is Vice-Chairman of the City of London Union Assessment Committee; and has been a member of that Committee for the past nine years. He is a Member of the Corporation of London, and has had wide experience of values of all classes of City property extending over a period of 40 years. He will tender evidence with reference to the constitution, powers, and work of the City Rating Authorities, and as to their practice and labours in the preparation, examination, and final revision of the Valuation Lists.

City of London.  
Two Overseers to each parish.

2. The area of the City is 668 acres. The City of London comprises 112 parishes. For assessment purposes all these parishes are represented by separate bodies of Overseers. These Overseers are elected by the several Vestries. There are two Overseers to each parish. They are invariably elected year after year. These Overseers are officially represented in each parish.

Valuation Lists, preparation of. Surveyors of Taxes assist Overseers.

On the preparation of the several lists it is the practice of such Overseers to view the properties, and discuss values or alterations of value. On such preparation of lists (Quinquennial or otherwise), the Surveyors of Taxes for the several districts (there are eight Surveyors' districts within the City area) are invited to attend the Meetings of the Overseers to discuss the figures, and it may be said that they always avail themselves of the opportunity to assist, and they undoubtedly do materially assist the Overseers.

The Surveyors of Taxes in the City Districts specially devote themselves to the published records (Newspapers, &c.) of sales of property, or transfers, &c., within their districts. It is also the practice of the various Clerks and Overseers to note such changes, and the area, in all cases, being limited, very little escapes these authorities.

The Surveyors of Taxes for the several districts are occasionally changed by the Inland Revenue Authorities.

Assessment Committee. Constitution and extent of work.

3. The Assessment Committee of the City of London Union is a body of 12 Members of the Board of Guardians, and is elected each year by the Board. The Members of this Committee are re-elected year by year as a rule. This is necessary in consequence of the difficulties of assessment of City Property, and the never-ending general and local peculiarities, and some experience is required, even although they generally have a wide acquaintance with City values. The Committee meet once a fortnight all through the four years preceding the Quinquennial period, to hear objections to provisional lists. In the Quinquennial year the Committee meet from four to five times each week, and very often sit to hear objections from 10 o'clock until 7 o'clock, without pause. The Members of the Committee are not in any way recompensed for their labours.

City of London. Number of objections and appeals.

4. Because of the infinite variety of buildings and tenures, and of the large annual values of city properties, the record of work done each year is greater than that of any other Union or Parish in the Metropolis. There are about 12,995 assessed hereditaments in the City.

The following table shows the number of objections to the Valuation Lists heard by the Committee, and the number of appeals against the Lists:—

Year.	Number of objections to Valuation Lists.	Number of Appeals.
1893	1,133	—
1894	1,257	—
1895	1,740	1
1896	3,361	18
1897	1,119	—
1898	1,831	—



5. The Surveyors of Taxes are always present at the meetings of the City Assessment Committee. They have notice sent to them of every meeting of the Committee by the Clerk, with a copy of the agenda of the various properties and objections to be taken. They take an active part in the debates, and volunteer information and suggestions which are invariably adopted and acted upon—generally speaking both parties possessing local knowledge—and the Committees and Surveyors work amicably together.

APP. XIII.  
—  
Surveyors of Taxes attend meetings of Assessment Committee. Surveyors should have statutory power to attend all meetings of Overseers and Assessment Committee.

Although the Committee generally fall in with the views of the Surveyors of Taxes, there have been a few cases of properties of large annual value with complicated considerations, upon which the Committee and the Surveyors have not been able to agree. In these cases they have appealed to the Sessions, and on one, or perhaps two occasions, have been successful.

6. The City Assessment Committee would not object to a change in the law giving the Surveyor of Taxes Statutory power to attend the Overseers' meetings and the meetings of the Assessment Committee.

7. The general practice of the City Assessment Committee in ascertaining the annual value does not differ from that of other Districts, but in one particular the Committee exercise a vigorous rule. When the Quinquennial Valuation has to be made, each owner or occupier is called on to make a return, giving particulars showing the annual value of his premises. All cases of refusal or neglect to comply with the request to furnish such return are brought to the notice of the Committee.

Returns by owners and occupiers. If no return furnished valuation is increased.

In such cases the Committee consider that such refusal or neglect is *prima facie* evidence of an attempt to evade—they take the fact into account on examination of the Overseers' figures and always insert a higher figure in the Valuation List as the decision of the Committee and give the Ratepayer notice of such increase.

8. As soon as the returns with answers to the questions therein are sent to the Overseers they examine them with the Surveyor of Taxes, go into the figures and pass them on to the Assessment Committee, together with a statement as to what they consider should be.

In the returns presented by the City of London Committee, there is a column for the owners' or occupiers' own figure and another for the Overseers' Valuation. In some cases fair returns are made and the figures agree. In other cases the Overseers are not satisfied that the return is sufficient and their figure is a higher one. If the two valuations differ the case goes through the ordeal of a careful investigation by the Assessment Committee and the Surveyor of Taxes.

9. If the Assessment Committee confirm the increase made by the Overseers on the return, notice is sent to the Owner of the amount of the increase made, and if he agrees the thing is at an end. If he disagrees with the valuation, he gives notice and is called before the Committee to object. If the decision of the Committee does not satisfy him, he has a right of appeal to the Sessions.

Objections and appeals.

10. Ordinarily the returns work satisfactorily, but the City Committee would not object to an amendment of Secs. 57 and 58 of the Valuation (Metropolis) Act, 1869, by making the Sections more drastic or giving the Committee some statutory power of surcharge.

11. Generally the City Assessment Committee are uniquely favoured in their means of procuring evidence of the true annual value of the several hereditaments.

As to the buildings, owing to the small area of the City, their comparatively small number, and the constant revision of values by the Overseers and Members of the Committee, and the active interest taken by the Surveyors of Taxes, the Committee have been enabled to attain in course of time a peculiar local knowledge of almost each house.

City of London Assessment Committee have special facilities for obtaining information.

Moreover, as applicable to all classes of property, owing to the general high values prevailing, the objections are nearly always supported by expert witnesses, and in a great number of cases also both the Overseers and the Committee employ valuers.

In this respect the Committee have more means of obtaining information than the other Metropolitan Rating Authorities.

## APPENDIX XIV.

**Memorandum prepared for the Commission by Mr. Walter Barnett on behalf of the Corporation of London and the City Rating Authorities.**—[See *MINUTES OF EVIDENCE, QUESTIONS 20,886–20,985.*]

APP. XIV.

1. Witness is an Architect and Surveyor and is Valuer to the Assessment Committee of the City of London Union, and has had an experience of 30 years in the valuation of property in the Metropolis, and will prove that for the last 20 years he has devoted himself more particularly to the valuing of property for rating purposes within the City of London District.

He has valued the great majority of hereditaments for rating purposes within, among others, the Districts of the following Metropolitan Unions and Parishes:—City of London; St. Mary Abbots, Kensington; St. Leonard's Shoreditch; St. Margaret and St. John, Westminster; and Holborn.

*Div. 9.*  
Banks and  
Insurance  
Offices in  
City of  
London,  
Valuation of.

2. Upon the charge of under-assessment as applicable solely to the City in the case of Banks, Insurance Offices, and Public Buildings (including Livery Halls, &c.) Witness will tender evidence as to certain peculiar incidents of value arising upon the assessment of these buildings, and more particularly with reference to the tenure, user and the character of the structures.

3. With regard first to Banks and Insurance Offices, he will state that he is not aware of any evidence in support of the statement that these properties are generally under-assessed. The great majority of these properties are situate in the central parishes of the City of London Union. Generally speaking, these buildings represent the finest character of structures devoted to commercial purposes. The buildings generally are situate in the finest positions, and occupy the most valuable sites within the City area. There are very few, if any, of these buildings which are not occupied by the owners. The freeholds are in the majority of cases owned by the occupiers. In other cases the occupiers hold on long leaseholds.

4. Owing to particular advantages of a position within what is termed the Banking area, the most inflated and fancy prices are paid in some cases by tenants who require them for their particular purposes, and to remain in the same locality as that in which they have for years carried on business. It does not follow, as is clearly shown in the cases of mortgages by the purchaser or lessees, that the cost price represents the true value, or is a criterion of the annual value.

5. Banks and Insurance Companies' properties have been the subject of continual revision by the various Overseers and the Assessment Committee of the City of London Union, assisted in some cases by expert evidence; and in a number of cases the figures have been actually settled on appeal to the Sessions.

6. With reference to certain legal precedents, Witness will refer to decided cases at the Assessment and Quarter Sessions of the County of London, as to the basis of value in these particular cases, and will show that the peculiar considerations incident to the occupation and tenure of these properties have been taken into account by the Court on appeal.

Livery Halls,  
Valuation of.

7. With reference to the charge generally, this Witness will give numerous instances of actual cases within his own knowledge, where, owing to the exigencies of the

particular business and the requirements of the particular tenant, prices have been paid to secure a site, or for the renewal of a lease, which represent no real or just criterion of the true value.

8. Upon the charge of under-assessment as regards Livery Halls, Witness will prove that there are 33 of these Halls within the City of London, some of which are situate in the main streets, but the great majority are to be found in less frequented thoroughfares.

9. In the great number of cases, the Livery Hall is on an upper floor, the ground floors being utilised for shops, &c., which are of course brought into assessment. The Halls are used for the meetings of the Companies and for philanthropic purposes, and sometimes are lent, but in no case for money payment. In most cases the Halls would not be used more than from 12 to 15 times in the year for the purposes of the Company or otherwise, and in all cases the user would be intermittent and infrequent.

10. If the Halls were put up for letting, the fact that they are useful for one purpose only—and that is the one for which they are used—would first arise. It is true the buildings in which these Halls are found, occupy a large area of ground and take up, in some cases, important positions in the City, and no doubt the land on which some of these buildings are erected is of high value.

11. There are Halls on which large sums have been expended in decoration; but it has been laid down in numerous precedents that such properties could not be assessed on the same basis as a building where the same sum has been expended with the object of producing a revenue.

A large portion of the outlay has in every case been spent in ornamentation and elaborate decoration, and in many cases decorative work representative of the objects of the Company, which would not add to the letting value to the hypothetical tenant. In cases where you have a piece of land, which, as a clear site, would be of great value, and a costly non-revenue-producing building upon it, that building would have to be removed, and its cost sacrificed before the letting value of the land could be secured.

If these buildings in which the various Halls are found were pulled down, and offices, banks, or warehouses erected on the site, the valuation would probably be much heavier than the present figure; but until confiscatory powers are obtained the buildings are not likely to be used for any such purposes.

12. Witness has examined some of the figures placed against these buildings in the London County Council's Appeal against City Totals in 1890-91, and he can only assume that the method of valuation has been to take the interior decoration as if the money expended on these buildings had been invested originally with an eye to profit. Legally, this position is untenable, and it must be borne in mind, from inquiries made, that many of them can only be used for the purposes of meetings of the particular company.

Witness will tender evidence and give details as to the assessment of certain properties appearing in the City Valuation Lists, and quoted in support of the general charge of under-assessment within the City of London District:—

Dic. 10.

27, Bush Lane	-	-	-	Parish of All Hallows the Great.
36, Bishopsgate Street	-	-	-	St. Helen's, Bishopsgate.
Bank of England	-	-	-	St. Bartholomew by the Exchange.
"	-	-	-	St. Christopher-le-Stock, and
"	-	-	-	St. Margaret, Lothbury.
Consolidated Bank	-	-	-	St. Benet Fink.
7, 8, and 9, Throgmorton Street, and Capel Court	-	-	-	St. Bartholomew by the Exchange.
15 to 21, Throgmorton Street	-	-	-	St. Benet Fink.
Mercers' Hall.				

## APPENDIX XV.

APP. XV. TABLE showing, as regards CERTAIN BENEFICES in ENGLAND and WALES, the GROSS INCOME from all SOURCES OF RATES TO NET INCOME

[NOTE.—The figures in columns 3 and 4 represent the gross annual value in each case. For instance, if the House and the Glebe are received is given, but if the tenant pays the rates, such rates are added to the rent received by the Incumbent, and are also included in column 9. not. So far as the rates do not fall upon the Incumbent, the gross income and rates paid are over-stated, but as they appear upon both sides with the net income derived from the Benefice, as may be seen by a comparison of columns 3 and 19.]

BENEFICE.	GROSS INCOME FROM ALL SOURCES.					OUTGOINGS.			
	Tithe Rentcharge.	Value of Parsonage House.	Value of Glebe.	Other Sources.	Total.	Amount of Rates on			
						Tithe Rentcharge.	Parsonage House.	Glebe.	All Rateable Property.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
<i>Devonshire.</i>	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Loxbear (Rector) -	79 14 5	28 3 9	70 19 9	0 16 0	179 13 11	8 18 4	3 3 9	3 14 9	15 16 10
<i>Essex.</i>									
High Easter (Vicar) -	280 1 3	37 4 7	—	5 17 5	323 3 3	45 16 2	5 14 7	—	51 10 9
North Fambridge (Rector).	231 10 8†	32 12 0	8 14 0	—	272 16 8	50 0 6	6 12 0	0 11 3	57 3 9
<i>Herefordshire.</i>									
Kimbolton (Vicar) -	142 19 6	‡	51 15 10	53 18 8§	248 14 0	10 11 8	‡	1 15 10	12 7 6
<i>Hertfordshire.</i>									
Harpenden (Rector) -	546 13 0	92 0 0	10 0 0	27 12 5	676 5 5	64 19 2	12 0 0	0 13 3	77 12 5
<i>Huntingdonshire.</i>									
Keyston (Rector) -	267 1 3	39 7 6	31 18 0	1 17 6	348 4 3	30 18 4	4 7 6	1 19 6	37 5 4
Molesworth (Rector) -	23 2 8	34 4 0	187 5 3	0 5 0	194 16 11	5 12 0	4 4 0	20 3 3	29 19 3
<i>Lincolnshire.</i>									
Marsh Chapel (Vicar)	147 19 5	16 4 0	13 10 0	2 0 0	178 13 5	23 5 3	2 4 0	0 12 5	26 1 8
North Somercotes (Vicar).	346 0 9	20 2 3	2 6 4	3 10 0	371 19 2	51 10 2	3 1 3	0 6 4	54 17 5
Theddlethorpe, St. Helens (Rector).	388 19 5	25 4 3	66 13 11	1 0 0	481 17 7	45 14 6	3 4 0	5 11 4	54 9 10
<i>Norfolk.</i>									
Edingthorpe (Rector)	164 10 11	35 0 10	16 8 1	1 0 0	216 19 10	28 10 4	6 0 10	1 11 5	36 2 7
Hilgay (Rector)†† -	1,105 13 8	40 6 5	104 14 1	4 0 0	1,254 14 2	148 13 3	4 6 5	7 11 11	160 11 7
<i>Northampton.</i>									
Grafton Underwood (Rector).	—	48 6 8	128 18 11	1 0 0	178 5 7	—	5 6 8	12 16 9	18 3 5
<i>Suffolk.</i>									
Barnardiston (Rector)	173 7 8	33 6 8	10 4 7	2 11 0	219 9 11	51 17 6	8 6 8	2 3 9	62 7 11
Kenton (Vicar) -	104 3 2	26 3 0	47 13 9	2 17 6	182 17 5	12 12 0	3 3 0	1 11 1	17 6 1
<i>Wiltshire.</i>									
North Bradley (Vicar)	443 13 0	51 6 0	19 10 6	11 0 0	525 9 6	66 13 1	6 6 0	1 9 6	74 8 7
<i>Yorkshire.</i>									
Wressell (Vicar) ¶¶ -	98 19 3	43 12 9	25 12 10	10 0 0	178 4 10	10 1 10	3 12 9	1 7 10	15 2 5
<i>Denbighshire.</i>									
Bettws-yn-Rh6s (Vicar)	277 19 4	41 8 6	10 9 6	0 18 2	330 15 3	22 6 6	3 8 6	0 9 6	26 4 6

\* Compiled from information supplied by the Incumbents and the Overseers or Assistant Overseers of the Parishes.

† The gross value of the Tithe Rentcharge is that calculated from the Tithe averages for the year. The Incumbent states that owing to inundation through the bursting of the sea-wall he has only received 197l. 13s. 7d. for the year 1897-8.

‡ There is no Parsonage House attached to this Benefice, and the rates paid by the Incumbent on the house in which he lives are not included in Queen Anne's Bounty.

§ For Poor and Highway Rates only; the whole of the Tithe Rentcharge was not rated to the Lighting Rate.

¶ Includes repayment of principal and interest on loan from Queen Anne's Bounty.

\*\* First and second half-years respectively.

APPENDIX XV.

OUTGOINGS, NET INCOME, RATEABLE VALUE upon which the Rates were paid, and the PER-CENTAGE of Rates to Net Income for the Year 1897-98.\*

When the Incumbent, the rates are added to the gross estimated rental; if the Glebe is let, and the Incumbent pays the rates, the rent received in the last case the reason for so including the rates is that presumably some portion falls upon the incumbent, although the whole of them may not be paid. The net income in column 19 is strictly correct. It may also be noted that the Houses attached to the Benefices are not always commensurate with the rates.

OUTGOINGS.								Net Income after deduction of outgoings, that is, col. 6 less col. 18.	Rateable Value upon which Rates shown in cols. 7, 8, and 9 were Paid.	Per-centage of Rates (col. 10) to Net Income (col. 19).
Parishes' Rents.	Payments to District Churches.	Pension to Retired Incumbent.	Repairs and Insurance of Chancel.	Cost of Collection of Tithe Rent-charge.	Land Tax.	Other necessary Outgoings.	Total.			
11.	12.	13.	14.	15.	16.	17.	18.	19.	20.	21.
s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
—	—	—	1 9 6	—	—	0 8 2	17 14 6	161 19 5	138 3 11	9.8
—	—	—	—	14 0 0	13 0 0	—	78 10 9	244 12 6	247 7 6	21.1
—	—	—	—	9 18 0	10 1 0	7 1 0	84 3 9	188 12 11	192 10 0	30.3
—	—	—	—	—	3 9 0	—	15 16 6	232 17 6	170 0 0	5.3†
15 8	—	117 8 6	1 10 0	25 1 0	23 4 3	25 16 8	458 8 6	217 16 11	441 4 0	35.6
—	—	—	13 0 6	1 0 0	13 3 10	2 19 0	67 8 8	272 15 7	269 1 0	13.7
—	—	—	1 5 7	0 10 6	8 7 0	38 4 8¶	78 7 0	116 9 11	178 1 9	25.7
—	—	—	0 4 0	0 7 6	0 17 9	—	27 10 11	151 2 6	145 11 9	17.3
—	—	—	—	21 12 7	13 16 5	30 17 7¶	121 4 4	250 15 0	263 14 0	21.9
—	200 0 0	—	2 10 0	18 0 0	17 18 2	—	292 18 0	188 19 7	{ 359 9 6** 324 1 11** }	28.8
—	—	—	2 17 0	—	—	6 18 10	45 18 5	171 1 3	160 15 0	21.1
0 0	60 0 0	—	—	—	29 9 9	19 15 9	569 17 1	684 17 1	1,146 9 0	23.4
—	—	—	0 11 3	—	7 4 10	1 6 1	27 5 7	151 0 0	172 11 6§§	12.0
—	—	—	—	—	—	—	62 7 11	157 2 0	155 0 0	39.7  ‡
—	—	—	—	4 12 0	—	0 7 10	22 5 11	160 11 6	125 15 0	10.6
0 0	—	—	—	17 17 1	—	22 17 10	250 3 6	275 6 0	414 15 0	27.0
—	—	—	—	—	—	19 12 6	34 14 11	143 9 11	{ 133 11 5** 141 1 5** }	10.5
—	—	—	—	11 3 6	4 5 0	26 11 9	68 4 9	262 10 6	267 0 0	10.0

\* Including Tithe Rentcharge of the commuted value of 5l. rated in the parish of Southery.  
 † Including the Drainage Tax.  
 ‡ Rateable value is 21l. 11s. 6d. above the net income, the reason being that the Glebe land, farmhouse, buildings, and cottages were let for four years and the rateable value thereof in 1897-98 was 23l. 10s. above the rent received.  
 § For Rate in this parish was 6s. 8d. in the £ in the year 1897-98, and the Highway Rate was 1s. 8d., making a total rate levied of 8s. 4d.  
 ¶ From October 6, 1899, there will be an addition to the Incumbent's income of 24l. from Queen Anne's Bounty. The gross estimated value of the Parsonage House as given in the Valuation List is 40l., but the Incumbent states that he considers that not more than 27l. could be let for the house if let, the tenant paying the rates.

APPENDIX XVI.

STATEMENT showing for the YEAR 1896 the GROSS INCOME from all Sources (excluding the Value of the Parsonage House) and the OUTGOINGS of CERTAIN BENEFICES where the Rates, Curates' Stipends, or other necessary Outgoings reduce the Gross Income to a small Amount.  
 (Extracted from the Memorandum prepared for the Commission by Mr. A. G. Boscawen, M.P., representing the Church Committee in the House of Commons.  
 See Part II. of Appendix to Vol. I. of Minutes of Evidence, pp. 349 to 354.)

PARISH.	GROSS INCOME FROM ALL SOURCES (excluding Value of Parsonage House).				OUTGOINGS.					Net Income in addition to Parsonage House (col. 5-col. 10.)
	Tithes Rentcharge.	Glebe.	Other Sources.*	Total.	Rates on Tithes Rentcharge.	Curates' Stipends.	Pension to Retired Incumbent.	Other necessary Outgoings.	Total.	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
<i>Norfolk.</i>										
Kesteven and Bourthorpe†	£ s. d. 51 11 4	—	£ s. d. 1 5 5	£ s. d. 52 16 9	£ s. d. 20 7 6	—	—	£ s. d. 0 0 0	£ s. d. 36 7 8	£ s. d. 32 9 2†
<i>Essex.</i>										
Lindzell	152 11 10	—	4 12 9	157 4 10	59 0 6	—	—	7 6 0	46 6 0	105 9 10
Murden	197 8 0	—	—	197 8 0	33 16 3	—	—	4 0 0	20 15 0	104 12 0
Tollebant Major	122 16 8	1 10 0	—	124 6 8	27 6 0	—	—	7 3 6	34 9 0	105 15 0
<i>Kent.</i>										
Schroton	214 0 0	—	—	214 0 0	50 0 0	—	50 0 0	13 4 0	113 4 0	101 0 0
<i>Sussex.</i>										
Norfolk	423 6 6	—	66 19 0	490 5 6	97 0 1	300 0 0	—	20 7 6	427 7 11	63 17 5
Lymington	239 9 2†	—	—	239 9 2	38 11 1	181 0 0	—	23 3 0	254 11 1	66 10 1
Uckfield	247 6 4	—	—	247 6 4	23 17 0	165 4 15	—	23 11 4	219 19 4	51 12 7
West Dean	117 10 0	4 10 0	2 12 0	124 0 0	26 5 5	—	—	4 10 0	34 15 5	102 4 0
<i>Hants.</i>										
Andover	124 12 7	—	63 0 0	187 12 7	9 14 2	150 0 0	—	6 4 0	165 14 2	22 0 0
<i>Gloucestershire.</i>										
St. Andrew	97 17 0	—	15 7 0	113 4 0	20 8 2	—	—	7 4 0	28 2 2	85 2 2

ROYAL COMMISSION ON LOCAL TAXATION

\* Derived from Census Return, 1891, and other sources. † Includes the value of the Parsonage House.